GEORGIA INSTITUTE OF TECHNOLOGY

Annual Financial Report

Georgia Tech

FOR FISCAL YEAR ENDED JUNE 30, 2023
INCLUDING INDEPENDENT AUDITOR'S REPORT

GEORGIA INSTITUTE OF TECHNOLOGY
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2023

Introductory Section

Message from the President

I am pleased to report that, during the 2023 fiscal year, Georgia Tech continued to make substantial strides in research, innovation, and student success in line with the goals set forth in the Institute's strategic plan. Our commitment to developing exceptional leaders, serving the public good, and making technology more accessible has led to greater impact both at home and around the globe.

With the support of our state government, investments from federal agencies, and important philanthropic contributions from individuals and organizations across the nation, our faculty and staff delivered a banner year: record-breaking applications and enrollment, top graduation rates, historic research awards and sponsored activities, best-in-class return on investment for students, and the highest economic impact for the state of Georgia. With 3,800 first-year students in our new incoming class this fall, our undergraduate student population has reached more than 19,000 for the first time in Georgia Tech's history, and our total enrollment now nears 48,000, making us the fastest-growing public university in the country over the past decade.

To accommodate our rapid enrollment growth, we have invested heavily in our physical infrastructure. I am excited about the improvements and additions that we have completed and others that are underway. The John Lewis Student Center, Penny and Roe Stamps Student Commons, Pavilion, and Exhibition Hall are all complete and fully operational. Design and construction are ongoing at Science Square and on the George and Scheller towers in Tech Square, and we plan to open a new first-year residence hall on Northside Drive in 2026. We will also complete Georgia Tech's Comprehensive Campus Plan this year, which will emphasize developing the southwest portion of our campus, expanding our residential capacity, and supporting the projected growth of the Georgia Tech Research Institute (GTRI).

Alongside these needed campus upgrades, we are also investing in our faculty and staff. We expanded our academic faculty by 5% (80 new positions) and our research faculty by 4% (about 70 new positions in GTRI). Our budget allocated more than $5 million to support instruction, $1 million to strengthen our research administration, another $1 million to modernize our research systems, and $10 million to support new research facilities.

Our targeted investment in increasing faculty numbers has led to impressive returns. This past year, our faculty won research awards totaling $1.45 billion — an Institute record and a 14% increase over last year. This funding supports nuclear security, clean energy, carbon capture, cybersecurity, artificial intelligence, and more. Driven by our vision to be a global model of inclusive innovation, our colleagues are spearheading discoveries that continue to carry out our mission to develop leaders who advance technology and improve the human condition.

Expanding access to Tech, while continuing to attract the world's best and brightest minds, remains a top priority. We have made progress in the total number of Pell Grant–eligible students we serve with hopes of increasing the number of lower-income students by 15 to 20% by 2025. To help us realize this goal, we have expanded the G.

Wayne Clough Georgia Tech Promise Program and established the Georgia Tech Val-Sal Scholarship. Now, not only will Georgia high school valedictorians and salutatorians be granted automatic admission, but those with demonstrated need will also receive up to $5,000 in financial aid each year. With one of the highest returns on investment among national universities, we offer the No. 1 best value degree in the United States according to *The Princeton Review*, and we are the only university in the state, and one of only 34 institutions in the nation, to receive five stars from *Money* magazine.

Looking ahead, we remain focused on tapping new revenue sources and finding ways to further bolster growth at Georgia Tech, such as Transforming Tomorrow: The Campaign for Georgia Tech, which we launched last summer. With this five-year initiative, we are trying to raise more than $2 billion to support students and faculty, maximize our impact, and achieve our ambitious goals.

On behalf of the Institute community, we extend our profound gratitude to our state government and the University System of Georgia for supporting this great institution. As we move into another successful year, we will continue to evolve as a campus community and pave new paths toward achieving excellence.

In Progress and Service,

Ángel Cabrera
President
Georgia Institute of Technology

Letter of Transmittal

September 18, 2023

To: President Ángel Cabrera
Georgia Institute of Technology

The Annual Financial Report (AFR) for the Georgia Institute of Technology includes the financial statements for the year ended June 30, 2023, as well as other useful information to help ensure the Institute's accountability and integrity to the public. The AFR also includes Management's Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the Institute's financial position as a result of operations for the fiscal year ended June 30, 2023.

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

The Institute's financial records are audited by the State of Georgia Department of Audits and Accounts (DOAA) on an annual basis. Georgia Tech's internal auditors also perform fiscal compliance and performance reviews, sharing the results with the Institute's management. The audit of the Institute's compliance with major federal programs is performed by Cherry Bekaert in conjunction with the statewide Single Audit.

Sincerely,

James G. Fortner
Vice President for Finance and Planning and Interim Chief Financial Officer
Administration and Finance

Financial Section

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Regents of the University System of Georgia
and
Dr. Ángel Cabrera, President
Georgia Institute of Technology

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the Georgia Institute of Technology (Institute), a unit of the University System of Georgia, which is an organizational unit of the State of Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the Institute as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Institute are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only those portions of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the State of Georgia that are attributable to the transactions of the Institute. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2023, the changes in its financial position or, where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As described in Note 1 to the financial statements, in 2023, the Institute adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-Based Information Technology Arrangements*. The Institute restated beginning balances for the effect of GASB Statement No. 96. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute'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 Institute's internal control over financial reporting and compliance.

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

Respectfully submitted,

Greg S. Griffin
State Auditor

December 14, 2023

GEORGIA INSTITUTE OF TECHNOLOGY
Management's Discussion and Analysis

Introduction
The Georgia Institute of Technology (Georgia Tech or the Institute) is one of the twenty-six (26) institutions of higher education within the University System of Georgia (USG) and a leading research university committed to improving the human condition through advanced science and technology.

Founded in 1885 to help move Georgia's economy into the industrial age, Georgia Tech exceeded the expectations of its founders by becoming a multi-faceted research institution that serves as a source of innovation and a driver of economic development. Georgia Tech provides a focused, technologically-based education to over 45,000 undergraduate and graduate students. The Institute has many nationally recognized programs, all top-ranked by peers and publications alike, and is ranked among the nation's top public universities by *U.S. News & World Report*. Georgia Tech offers degrees through the Colleges of Computing, Design, Engineering, Sciences, the Scheller College of Business, and the Ivan Allen College of Liberal Arts, in addition to numerous certificate programs offered online.

Accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), Georgia Tech is a member of the Association of American Universities (AAU), an association of 71 leading research universities in the United States and Canada. As a leading technological institute, Georgia Tech has well over 100 research centers and laboratories that consistently contribute vital research and innovation to government, industry, and business on a national and international scale focusing on strategic goals of championing innovation, amplifying impact and connecting globally. Equipped with the extremely rich resources of our outstanding students, faculty, and staff, strong partnerships with business, industry, and government, and support from alumni and friends, Georgia Tech is creating a culture of deliberate impact, innovation, and inclusion.

In support of the growth that Georgia Tech has realized over the last several years, Georgia Tech's student and faculty populations have increased as follows:

	FACULTY	STUDENT HEADCOUNT	STUDENT FTE
Fiscal Year 2023	1,520	45,296	33,466
Fiscal Year 2022	1,458	43,859	32,243
Fiscal Year 2021	1,439	39,771	29,662

Overview of the Financial Statements and Financial Analysis
The Institute is pleased to present its financial statements for fiscal year 2023. The emphasis of discussions about these statements will be on current year data. There are three business-type activity financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. There are also two fiduciary fund financial statements presented: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. This discussion and analysis of the Institute's financial statements provides an overview of its financial activities for the fiscal year. Comparative data is provided for fiscal year 2023 and fiscal year 2022 for business-type activities.

Statement of Net Position
The Statement of Net Position is a financial condition snapshot as of June 30, 2023 and includes all assets (both current and noncurrent), deferred outflows of resources, liabilities (both current and noncurrent) and deferred inflows of resources. The differences between current and noncurrent assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received, despite when cash is actually exchanged.

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

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

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

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

A summary comparison of the Institute's net financial position as of June 30, 2023 and June 30, 2022 is as follows:

CONDENSED STATEMENT OF NET POSITION	June 30, 2023	(Restated) June 30, 2022
ASSETS		
Current Assets	$ 788,596,236	$ 771,033,643
Capital Assets, Net	2,248,704,122	2,155,296,339
Intangible Right-to-Use Assets, net	322,298,950	348,054,486
Other Assets	121,243,263	105,825,449
TOTAL ASSETS	3,480,842,571	3,380,209,917
DEFERRED OUTFLOWS OF RESOURCES	624,098,844	359,190,332
LIABILITIES		
Current Liabilities	251,530,588	243,819,012
Non-Current Liabilities	2,290,414,103	1,817,057,304
TOTAL LIABILITIES	2,541,944,691	2,060,876,316
DEFERRED INFLOWS OF RESOURCES	253,652,384	453,661,422
NET POSITION		
Net Investment in Capital Assets	1,791,795,006	1,685,763,848
Restricted, Nonexpendable	86,487,022	87,512,577
Restricted, Expendable	39,160,314	38,081,724
Unrestricted (Deficit)	(608,098,002)	(586,495,638)
TOTAL NET POSITION	$ 1,309,344,340	$ 1,224,862,511

In fiscal year 2023, the Institute implemented GASB Statement No. 96, Subscription-based Information Technology Arrangements (SBITAs). For SBITAs that convey control of the right-to-use another entity's non-financial asset, the Institute is required to recognize a subscription obligation and an intangible right-to-use asset. This resulted in a net restatement of capital assets of $12,650,701, a restatement of intangible right-to-use assets of $19,918,980, and a restatement of liabilities of $7,268,279 for fiscal year 2022. This change is in accordance with generally accepted accounting principles.

Total assets and deferred outflows of resources increased for the year by $365.5 million. This was due to an increase of $93.4 million in Capital Assets mainly due to construction in progress and equipment purchases, as well as an increase of $264.9 million to Deferred Outflows of Resources. The increase in Deferred Outflows is attributable to an increase in deferred loss for Employees' Retirement System (ERS) and Teachers' Retirement System of Georgia (TRS) pension plans of $273.9 million and a decrease in deferred loss for Other Post-Employment Benefits (OPEB) of $9.0 million due to changes in actuarial assumptions.

Total liabilities and deferred inflows of resources increased for the year by $281.1 million primarily due to an increase in non-current liabilities of $473.4 million. This increase in non-current liabilities is attributable to an increase in the Net Pension Liability of $658.1 million and a decrease in the Net OPEB Liability of $145.0 million, both due to changes in the actuarial assumptions and rates utilized in the calculation. The decrease in Deferred Inflows of Resources is also due to these changes in the actuarial assumptions.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of $84.5 million.

Statement of Revenues, Expenses and Changes in Net Position

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

A summary comparison of the Institute's activities as of June 30, 2023 and June 30, 2022 is as follows:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2023	June 30, 2022
Operating Revenue	$ 2,014,955,424	$ 1,878,110,821
Operating Expense	2,487,055,829	2,147,523,276
Operating Loss	(472,100,405)	(269,412,455)
Nonoperating Revenue and Expense	510,885,054	411,483,030
Income (Loss) before Other Revenues, Expenses, Gains or Losses	38,784,649	142,070,575
Other Revenues, Expenses, Gains or Losses	45,697,180	19,366,902
Change in Net Position	84,481,829	161,437,477
Net Position at Beginning of Year	1,224,862,511	1,063,425,034
Net Position at End of Year	$ 1,309,344,340	$ 1,224,862,511

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, with an increase in net position at the end of the year. Some highlights of the information presented on this statement follow on the next few pages.

Revenues

For the years ended June 30, 2023 and June 30, 2022, Revenues by Source were as follows:

REVENUES BY SOURCE	June 30, 2023	June 30, 2022
Tuition and Fees	$ 455,830,022	$ 487,330,902
Grants and Contracts	1,352,929,858	1,198,204,715
Sales and Services	40,527,378	36,177,485
Auxiliary Enterprises	160,234,414	148,783,666
Other Operating Revenues	5,433,752	7,614,053
Total Operating Revenues	2,014,955,424	1,878,110,821
State Appropriations	480,505,901	414,103,186
Grants and Contracts	15,522,087	28,068,570
Gifts	552,644	1,228,480
Investment Income	42,262,029	(1,116,004)
Total Nonoperating Revenues	538,842,661	442,284,232
State Capital Gifts and Grants	8,779,581	5,009,533
Other Capital Gifts and Grants	37,268,438	2,638,924
Total Capital Gifts and Grants	46,048,019	7,648,457
Additions to Permanent and Term Endowments	193,140	11,750,099
Total Revenues	$ 2,600,039,244	$ 2,339,793,609

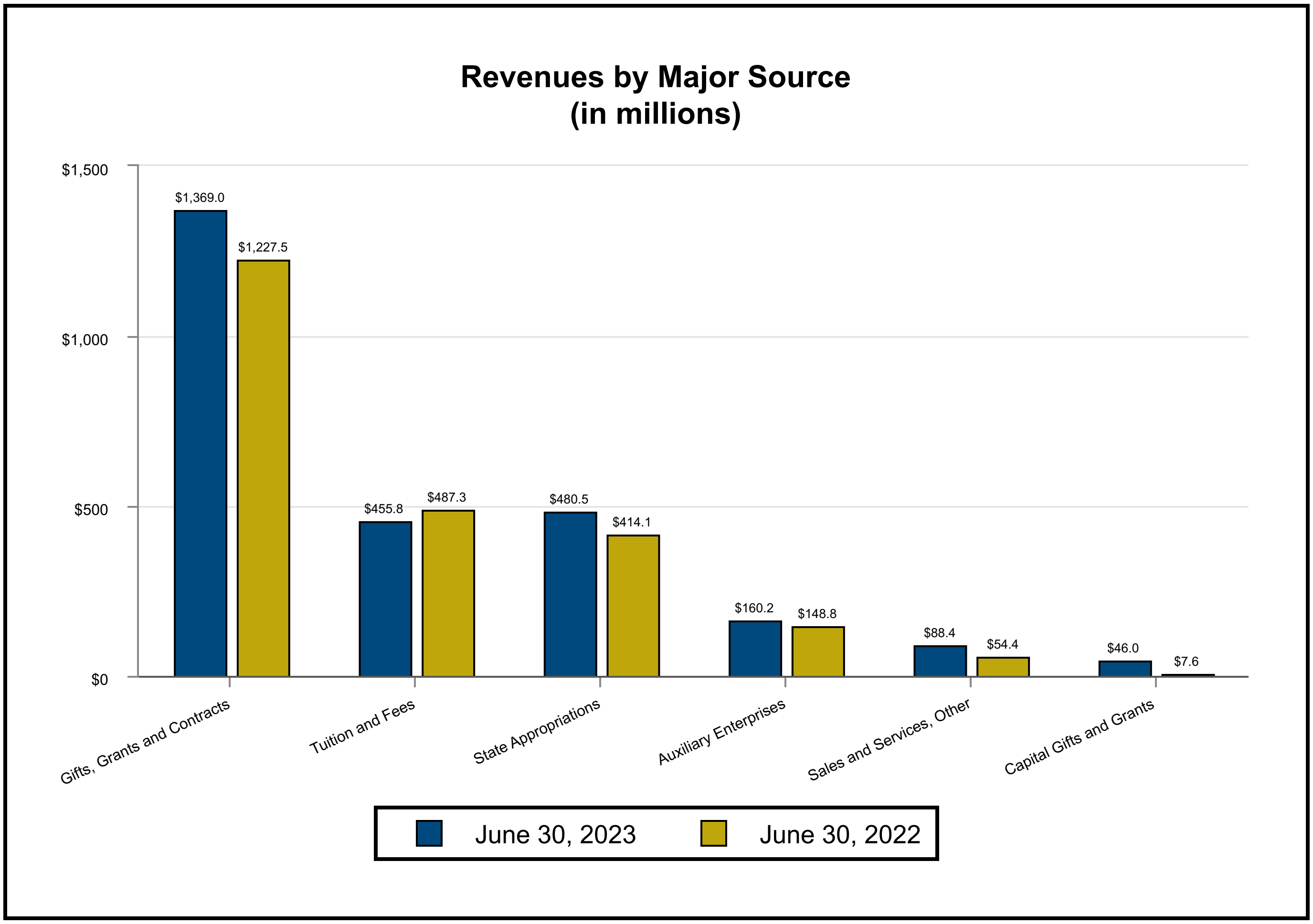
Total revenue increased by $260.2 million (11.12%) from fiscal year 2022 to fiscal year 2023. The largest driver for the increase was Operating Grants and Contracts which increased by $154.7 million. This increase represents solid performance for multi-year awards. The next categories with increases include State Appropriations which increased by $66.4 million, Investment Income which increased by $43.4 million, and Capital Gifts and Grants which increased by $38.4 million.

Operating revenue increased by $136.8 million (7.29%) over the prior fiscal year. This increase is a combination of an increase in Operating Grants and Contracts of $154.7 million (12.91%), an increase in Auxiliary Enterprises of $11.5 million (7.70%), and a decrease in Tuition and Fees of $31.5 million (6.46%). As stated above, the increase in Grants and Contracts represents solid performance for multi-year awards. The increase in Auxiliary Enterprises is primarily due to increases in Food Services, Housing, and Parking & Transportation. The decrease in Tuition and Fees is the result of the removal of the special institutional fee. The removal of this fee also resulted in an increase in State Appropriations mentioned below.

Nonoperating revenue which includes categories like state appropriations, grants and contracts, gifts and investment income increased by $96.6 million (21.83%) for fiscal year 2023. This increase is mainly due to increases in State Appropriations of $66.4 million and Investment Income of $43.4 million.

Capital Gifts and Grants increased by $38.4 million (502.06%), largely due to the donation of the Kendeda Building for Innovative Sustainable Design (Kendeda) and 781 Marietta Street (Habersham) from Georgia Tech Facilities, Inc. (a component unit) during the year.

The illustration below is a comparison of the Institute's revenue sources by major category for fiscal years ended June 30, 2023 and June 30, 2022.



Total revenue was $2,600.0 and $2,339.8 million for fiscal year 2023 and fiscal year 2022, respectively, an increase of $260.2 million. The largest driver of this increase was revenue from Operating Grants and Contracts which totaled $1,352.9 million, an increase of $154.7 million over the prior year. This revenue source includes $98.6 million of direct expense reimbursements from the Georgia Tech Foundation, an increase of $21.5 million over the prior fiscal year. Tuition and Fees decreased $31.5 million due to the elimination of the Special Institutional Fee.

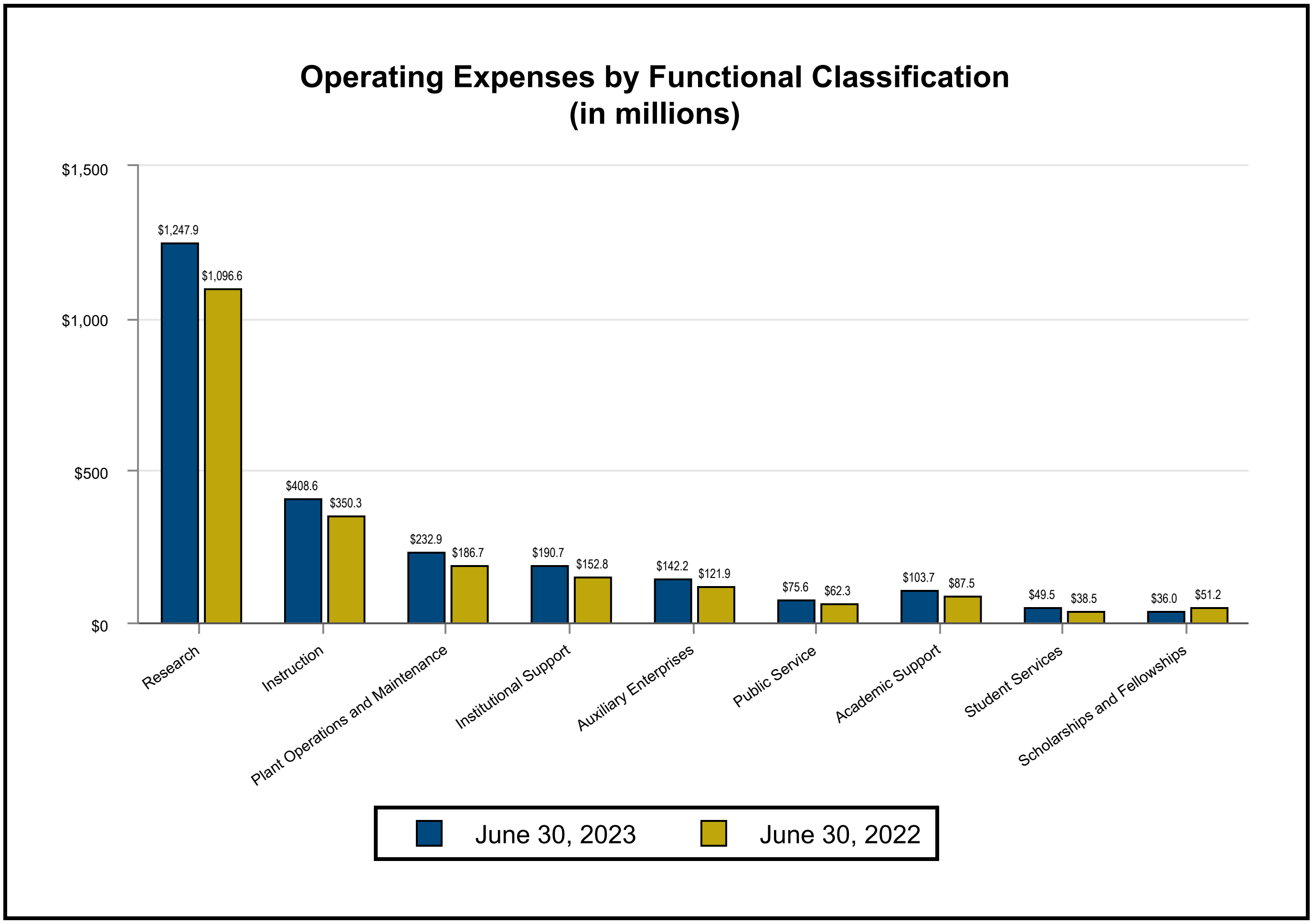
Expenses

For the years ended June 30, 2023 and June 30, 2022, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2023	June 30, 2022
Instruction	$ 408,571,259	$ 350,298,973
Research	1,247,923,349	1,096,552,646
Public Service	75,550,613	62,254,890
Academic Support	103,661,162	87,467,161
Student Services	49,511,552	38,461,441
Institutional Support	190,665,249	152,782,603
Plant Operations and Maintenance	232,926,355	186,660,512
Scholarships and Fellowships	36,046,717	51,178,388
Auxiliary Enterprises	142,199,573	121,866,662
Total Operating Expenses	2,487,055,829	2,147,523,276
Interest Expense and Other Nonoperating Expenses	27,957,607	30,801,202
Special / Extraordinary Item	543,979	31,654
Total Nonoperating Expenses	28,501,586	30,832,856
Total Expenses	$ 2,515,557,415	$ 2,178,356,132

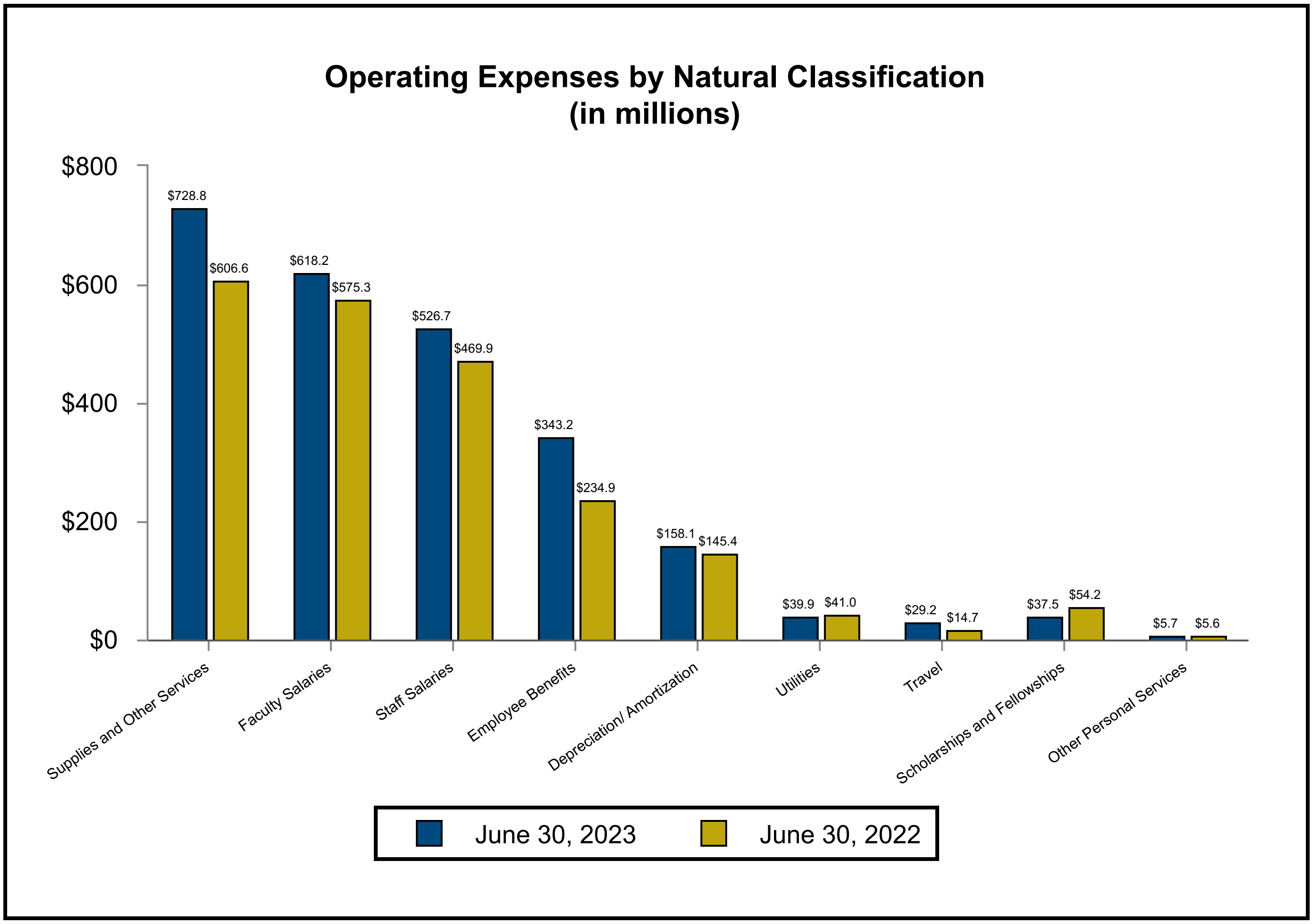
Total expenses were $2,515.6 million in fiscal year 2023, an increase of $337.2 million (15.48%) compared to the prior fiscal year. The increase in operating expense is primarily attributable to the following functional classifications: Research ($151.4 million); Instruction ($58.3 million); Plant Operations and Maintenance ($46.3M); and Institutional Support ($37.9 million). Scholarships and Fellowships decreased $15.1 million (29.57%) mainly due to less spending of Higher Education Emergency Relief Fund (HEERF) funds in fiscal year 2023. These funds were fully expended in fiscal year 2023.

The illustration below is a comparison of the Institute's operating expenses by functional classification for the fiscal years ended June 30, 2023 and June 30, 2022.



Total operating expenses were $2,487.1 and $2,147.5 million for fiscal year 2023 and fiscal year 2022, respectively. This represents a $339.5 million (15.81%) increase over the previous fiscal year. Operating expenses for all functional classification areas other than Scholarships and Fellowships increased from fiscal year 2022 to 2023. Operating expenses for Research and Auxiliary Enterprises increased a collective total of $171.7 million. This increase corresponds to the increase in operating revenue of $166.2 million for those functional areas.

The illustration below is a comparison of the Institute's operating expenses by natural classification for the fiscal years ended June 30, 2023 and June 30, 2022.



The net increase in operating expenses of $339.5 million is attributable to increases in all of the natural classifications except for Utilities and Scholarships and Fellowships. Operating expenses for Supplies and Other Services increased by $122.2 million primarily as a result of increased spending for contracted services. Faculty and Staff Salaries increased by $42.9 million and $56.8 million, respectively, mainly due to increases in the number of employees and wage increases. Employee Benefits increased by $108.3 million primarily due to changes in the actuarial assumptions for the pension calculation. Travel increased by $14.5 million as travel returned to pre-Covid levels. Depreciation/Amortization increased by $12.7 million due the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangement* and Right-to-Use leased asset additions.

Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2023 and June 30, 2022 were as follows:

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2023	June 30, 2022
Cash Provided (Used) by:		
Net Cash Used by Operating Activities	$ (279,665,181)	$ (173,806,447)
Net Cash Provided by Non-Capital Financing Activities	496,840,330	454,648,127
Net Cash Used by Capital & Related Financing Activities	(251,576,456)	(182,761,615)
Net Cash Provided by Investing Activities	26,492,265	14,384,483
Net Change in Cash & Cash Equivalents	(7,909,042)	112,464,548
Cash & Cash Equivalents, Beginning of Year	552,260,968	439,796,420
Cash & Cash Equivalents, End of Year	$ 544,351,926	$ 552,260,968

Capital & Intangible Right-to-Use Assets

Capital assets, net of accumulated depreciation, at June 30, 2023 and June 30, 2022 were as follows:

CAPITAL ASSETS, net of accumulated depreciation and amortization	June 30, 2023	(Restated) June 30, 2022
Land	$ 63,304,416	$ 61,425,231
Capitalized Collections	18,637,782	18,214,704
Construction Work-in-Progress	81,424,579	44,311,925
Infrastructure	83,606,552	85,495,829
Building and Building Improvements	1,646,082,442	1,632,303,761
Facilities and Other Improvements	65,275,820	65,083,477
Equipment	236,363,800	196,208,734
Library Collections	36,063,551	32,081,868
Software	17,945,180	20,170,810
Capital Assets, net of accumulated depreciation and amortization	$ 2,248,704,122	$ 2,155,296,339

The Institute had three significant capital asset additions for fiscal year 2023: Kendeda Building for Innovative Sustainable Design (Kendeda), 781 Marietta Street (Habersham), and 600 Means Street.

Kendeda was donated to the Institute by Georgia Tech Facilities, Inc. (a component unit) and recorded as a capital asset addition to Buildings in the amount of $20.5 million.

Habersham was donated to the Institute by Georgia Tech Facilities, Inc. (a component unit) and recorded as a capital asset addition to Buildings in the amount of $6.3 million and as a capital asset addition to Land in the amount of $0.8 million.

600 Means Street was purchased from the Georgia Tech Foundation (a component unit) and recorded as a capital asset addition to Buildings in the amount of $7.6 million and as a capital asset addition to Land in the amount of $1.1 million.

Intangible Right-to-Use assets, net of accumulated amortization, at June 30, 2023 and June 30, 2022 were as follows:

INTANGIBLE RIGHT-TO-USE ASSETS, net of accumulated amortization	June 30, 2023	(Restated) June 30, 2022
Building and Building Improvements	$ 295,595,161	$ 321,507,714
Facilities and Other Improvements	8,197,562	6,627,792
Subscription-Based IT Arrangements (SBITAs)	18,506,227	19,918,980
Intangible Right-to-Use Assets, net of accumulated amortization	$ 322,298,950	$ 348,054,486

The change in intangible right-to-use assets is due to annual amortization offset by additions of right-to-use assets from new lease arrangements and SBITAs. For additional information concerning Capital and Intangible Right-to-Use Assets, see Notes 1, 6, 8 and 13 in the Notes to the Financial Statements.

Long-Term Liabilities

The Georgia Institute of Technology had Long-Term Liabilities of $852.0 million of which $114.7 million was reflected as a current liability at June 30, 2023.

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

Notes to the Financial Statements

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

Economic Outlook

The financial position of the Georgia Institute of Technology is strong, as evidenced by the Institute's fiscal year 2023 operating results. Management anticipates that fiscal year 2024 will result in a modest increase from the prior year in terms of operating revenues and expenses as a result of strong state support and projected enrollment growth. Management intends to continue to maintain a close watch over resources in order to respond to emerging challenges and opportunities. Key to this effort is monitoring the primary sources of revenue, especially student tuition and fees, state appropriations, and sponsored programs. Management also will continue to exercise prudent controls on capital and other reserves, in part to support ongoing operations and meet contractual obligations spanning multiple years.

Tuition

Georgia Tech's enrollment is expected to increase in alignment with the Institute Strategic Plan with a modest 3.00% to 4.00% enrollment increase anticipated in fiscal year 2024. For fiscal year 2024, the Board of Regents (BOR) chose to maintain the 2023 tuition rates for all student categories. For future years, 0.00% to 2.00% rate increases are anticipated, and enrollment growth is expected to continue, in alignment with the Institute Strategic Plan.

The three for-credit online Master's programs at scale – Online Masters in Computer Science (OMSCS), Analytics (OMSA), and Cybersecurity (OMSEC) - have stabilized in terms of growth. It is expected that these three OMS programs at scale will experience modest growth in fiscal year 2024, with more constant or stable enrollments in subsequent years.

State Appropriations

The University System of Georgia (USG) operates under a funding formula that provides the Governor and General Assembly a basis for new system funding. The formula aggregates the funding needs of all institutions for the "Resident Instruction" fund, which supports core instructional, research, facilities, student services, and other institutional needs. The formula determining new system requirements is principally based on system-wide changes in enrollment and square footage, but the amount available to the system is contingent upon the State Legislature's approval of new system funding. Allocations to Georgia Tech and other individual USG institutions are determined by the BOR's allocation strategy, which considers the enrollment of system schools. The General Assembly appropriated a $2,000 Cost of Living Adjustment (COLA) for all eligible employees in fiscal year 2024 along with additional funds for the funding formula, maintenance and operations, health insurance and Teachers' Retirement System. The State of Georgia and the USG are expected to continue to recognize Georgia Tech's strong academic performance and steady enrollment increases, as witnessed by the Institute's receipt of an increase in total state funding of 6.04% in fiscal year 2024 over 2023.

The state earmarks funds for the Georgia Tech Research Institute (GTRI) declined slightly by 5.34% due to the transfer of the K-12 rural Georgia computer science pilot program from the GTRI program budget to a Special Funding Initiative (SFI) in the state budget. Enterprise Innovation Institute (EI2) received a modest increase of 0.67%.

Sponsored Funding

In fiscal year 2023, Georgia Tech continued to grow its sponsored operations from both a financial and infrastructure perspective. Continuing to grow significantly in both basic and applied research, the Institute received a record $1.45 billion in new sponsored awards during the fiscal year. This increase in awards is 13.96% greater than the previous year and once again the highest total on record. Direct and Indirect sponsored expenditures exceeded $1.32 billion for the fiscal year, an increase of 11.00% from the previous year. Georgia Tech anticipates that sponsored activity will remain very strong in fiscal year 2024, as we continue to focus not only on our areas of strength but also on growing and emerging research areas that are of interest and value to our sponsors.

Reserves

As permitted under state law, Georgia Tech has succeeded in carrying over a portion of its indirect cost revenue for over 10 years and up to 3.00% of tuition revenue for four years, including fiscal year 2023. These funds are earmarked for capital reserves, faculty start-up, deferred maintenance, and other funding priorities in succeeding years.

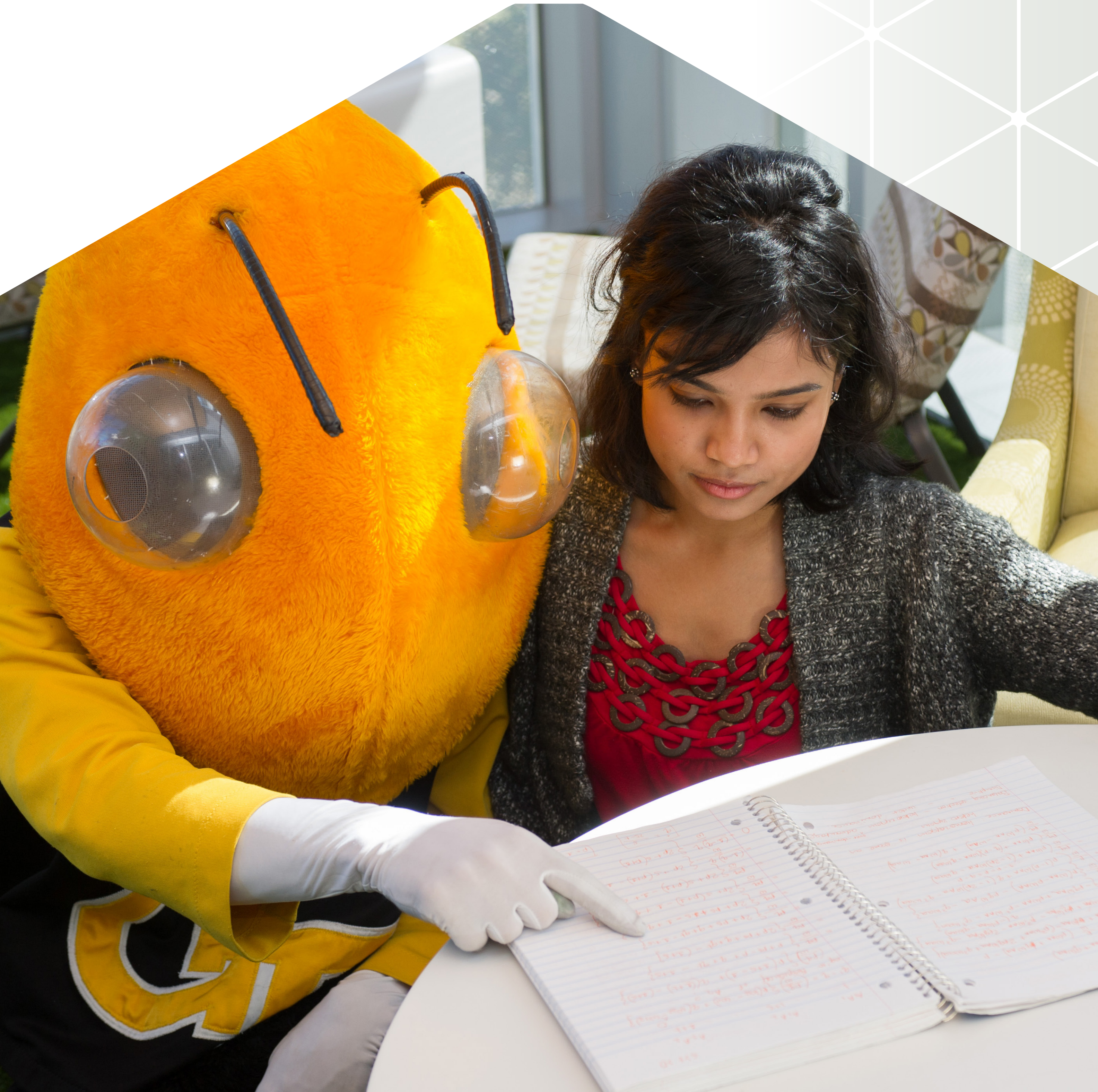
Auxiliary Enterprises

Georgia Tech's Auxiliary Enterprises continue to maintain solid reserves necessary to cover required capital improvements anticipated for future years. Auxiliary programs are principally funded through both mandatory student fees for such services as transportation, student activities, and student health, and elective fees for housing, parking, dining, and other service areas. From Auxiliary reserves, the Institute was able to fund fiscal year 2024 cost increases for all areas. All areas were able to maintain their levels of service, despite directives to minimize or avoid fee increases.

Ángel Cabrera, President
Georgia Institute of Technology

James G. Fortner, Vice President for Finance and Planning
Georgia Institute of Technology

Financial Statements



GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Georgia Institute of Technology	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 367,054,286	$ 291,610,936
Cash and Cash Equivalents (Externally Restricted)	177,131,648	36,629,041
Accounts Receivable, net		
Federal Financial Assistance	37,123,211	—
Affiliated Organizations	4,718,409	385,388
Component Units	128,444,436	—
Primary Government	—	14,737,288
Pledges and Contributions	—	41,689,584
Other	27,589,258	287,860,362
Notes Receivable, net	—	1,310,000
Investment in Financing Lease Arrangements - Primary Government	—	21,753,576
Investment in Financing Lease Arrangements - Other	—	(711,273)
Inventories	2,419,910	—
Prepaid Items	44,115,078	2,261,487
Other Assets	—	2,678,694
Total Current Assets	788,596,236	700,205,083
Non-Current Assets		
Accounts Receivable, net		
Primary Government	—	86,428,594
Due From USO - Capital Liability Reserve Fund	3,041,020	—
Pledges and Contributions	—	59,600,575
Other	5,253,575	10,630,000
Investments	—	472,941,061
Notes Receivable, net	8,302,832	—
Investment in Financing Lease Arrangements - Primary Government	—	398,662,443
Investment in Financing Lease Arrangements - Other	—	33,904,976
Other Assets	—	25,528,605
Non-current Cash (Externally Restricted)	165,992	4,792,981
Short-term Investments (Externally Restricted)	—	2,461
Investments (Externally Restricted)	104,479,844	2,208,528,517
Capital Assets, net	2,248,704,122	416,023,278
Intangible Right-to-Use Assets, net	322,298,950	132,525,279
Total Non-Current Assets	2,692,246,335	3,849,568,770
TOTAL ASSETS	3,480,842,571	4,549,773,853
DEFERRED OUTFLOWS OF RESOURCES	$ 624,098,844	$ 8,476,880

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Georgia Institute of Technology	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 95,612,717	$ 17,643,655
Salaries Payable	1,845,690	—
Benefits Payable	1,741,999	—
Contracts Payable	5,695,050	—
Retainage Payable	3,086,623	627,767
Due to Affiliated Organizations	408,070	—
Due to Component Units	658,185	—
Due to Primary Government	—	128,444,436
Advances (Including Tuition and Fees)	24,014,713	119,431,649
Deposits	3,709,959	6,766,511
Deposits Held for Other Organizations	—	101,978,960
Other Liabilities	26,542	1,488,181
Subscription Obligations	2,381,102	—
Notes and Loans Payable - External	3,332,013	29,079,433
Notes and Loans Payable - Component Units	21,753,578	—
Lease Obligations - External	15,631,939	18,897,240
Lease Obligations - Component Units	18,081,181	—
Revenue Bonds and Notes Payable	—	29,070,000
Liabilities Under Split Interest Agreements	—	2,171,000
Pollution Remediation	573,331	—
Claims and Judgments	—	4,861,702
Compensated Absences	52,977,896	633,000
Total Current Liabilities	251,530,588	461,093,534
Non-Current Liabilities		
Due to Affiliated Organizations	—	1,745,000
Advances (Including Tuition and Fees)	9,255,835	23,700,693
Other Liabilities	—	16,540,000
Subscription Obligations	6,001,815	—
Notes and Loans Payable - External	22,204,536	74,149,330
Notes and Loans Payable - Component Units	398,662,442	
Lease Obligations - External	179,913,067	121,313,946
Lease Obligations - Component Units	99,620,767	—
Revenue Bonds and Notes Payable	—	876,786,290
Liabilities Under Split Interest Agreements	—	19,246,000
Claims and Judgments	—	6,994,436
Compensated Absences	30,852,272	—
Net Other Post-employment Benefits Liability	658,435,893	—
Net Pension Liability	885,467,476	—
Total Non-Current Liabilities	2,290,414,103	1,140,475,695
TOTAL LIABILITIES	2,541,944,691	1,601,569,229
DEFERRED INFLOWS OF RESOURCES	253,652,384	97,534,071
NET POSITION		
Net Investment in Capital Assets	1,791,795,006	(40,609,462)
Restricted for:		
Nonexpendable	86,487,022	1,941,731,662
Expendable	39,160,314	394,580,029
Unrestricted (Deficit)	(608,098,002)	563,445,204
TOTAL NET POSITION	$ 1,309,344,340	$ 2,859,147,433

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

	Georgia Institute of Technology	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	$ 455,830,022	$ —
Grants and Contracts		
Federal	1,029,676,986	1,120,026,120
State	21,915,494	26,262,277
Other	301,337,378	93,312,266
Sales and Services	40,527,378	89,949,232
Rents and Royalties	487,808	118,262,961
Auxiliary Enterprises		
Residence Halls	81,900,750	—
Bookstore	2,691,721	—
Food Services	39,445,244	—
Parking/Transportation	21,012,523	—
Health Services	12,543,124	—
Other Organizations	2,641,052	—
Gifts and Contributions	—	104,526,119
Endowment Income	—	79,409,000
Other Operating Revenues	4,945,944	8,252,762
Total Operating Revenues	2,014,955,424	1,640,000,737
OPERATING EXPENSES		
Faculty Salaries	618,206,039	—
Staff Salaries	526,661,966	49,025,296
Employee Benefits	343,163,408	9,477,400
Other Personal Services	5,665,617	—
Travel	29,211,001	8,043,228
Scholarships and Fellowships	37,460,810	10,386,536
Utilities	39,870,766	2,356,111
Supplies and Other Services	728,761,672	1,470,387,356
Depreciation and Amortization	158,054,550	31,500,014
Total Operating Expenses	2,487,055,829	1,581,175,941
Operating Income (Loss)	$ (472,100,405)	$ 58,824,796

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

	Georgia Institute of Technology	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	$ 480,505,901	$ —
Grants and Contracts		
Federal	15,522,087	—
Gifts	552,644	—
Investment Income	42,262,029	23,878,424
Interest Expense	(26,090,340)	(41,051,295)
Other Nonoperating Revenues (Expenses)	(1,867,267)	1,223,117
Net Nonoperating Revenues (Expenses)	510,885,054	(15,949,754)
Income Before Other Revenues, Expenses, Gains or Losses	38,784,649	42,875,042
Capital Grants and Gifts		
State	8,779,581	—
Other	37,268,438	13,304,228
Additions to Permanent and Term Endowments	193,140	36,291,250
Extraordinary Item	(543,979)	—
Total Other Revenues, Expenses, Gains or Losses	45,697,180	49,595,478
Change in Net Position	84,481,829	92,470,520
Net Position, Beginning of Year	1,224,862,511	2,775,354,102
Prior Year Adjustments	—	(8,677,189)
Net Position, Beginning of Year, Restated	1,224,862,511	2,766,676,913
Net Position, End of Year	$ 1,309,344,340	$ 2,859,147,433

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2023

	Georgia Institute of Technology
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	$ 664,343,899
Grants and Contracts (Exchange)	1,340,152,664
Payments to Suppliers	(1,077,465,434)
Payments to Employees	(1,170,878,534)
Payments for Scholarships and Fellowships	(37,460,810)
Loans Issued to Students	(6,159,776)
Collection of Loans from Students	6,852,464
Other Receipts	950,346
Net Cash Used by Operating Activities	(279,665,181)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	480,505,901
Gifts and Grants Received for Other Than Capital Purposes	16,267,871
Other Non-Capital Financing Receipts	66,558
Net Cash Flows Provided by Non-Capital Financing Activities	496,840,330
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	339,415
Purchases of Capital and Intangible Rights-to Use Assets	(165,618,983)
Principal Paid on Capital Debt and Leases	(60,722,764)
Interest Paid on Capital Debt and Leases	(25,574,124)
Net Cash Used by Capital and Related Financing Activities	(251,576,456)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	26,492,265
Net Cash Provided by Investing Activities	26,492,265
Net Decrease in Cash and Cash Equivalents	(7,909,042)
Cash and Cash Equivalents, Beginning of Year	552,260,968
Cash and Cash Equivalents, End of Year	$ 544,351,926

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2023

		Georgia Institute of Technology
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	$	(472,100,405)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization		158,054,550
Change in Assets and Liabilities:		
Receivables, net		(7,646,725)
Inventories		(365,764)
Prepaid Items		(12,684,767)
Notes Receivable, Net		692,689
Accounts Payable		5,253,613
Salaries Payable		(2,919,262)
Benefits Payable		(1,034,451)
Deposits		1,114,132
Advances (Including Tuition and Fees)		(3,119,913)
Other Liabilities		13,960
Compensated Absences		6,119,734
Due to Component Units/Affiliated Organizations		479,364
Pollution Remediation		351,466
Net Pension Liability		658,075,957
Net Other Post-Employment Benefit Liability		(145,031,809)
Change in Deferred Inflows/Outflows of Resources:		
Deferred Inflows of Resources		(200,009,038)
Deferred Outflows of Resources		(264,908,512)
Net Cash Used by Operating Activities	$	(279,665,181)
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Capital Financing Activities Noncash Items:		
Current Year Accruals Related to Capital Financing Activities	$	571,907
Gift of Capital Assets	$	45,476,108
Loss on Disposal of Capital Assets	$	(6,960,398)
Accrual of Capital Asset Related Payables	$	11,625,626
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	$	19,788,292
Intangible Right-to-Use Assets Acquired by Incurring SBITAs	$	3,319,098
Accrual of Capital Financing Interest Payable	$	1,312,201
Other Capital Financing Activities Noncash Items	$	210,765
Unrealized Gain on Investments	$	15,769,764

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Custodial Funds
ASSETS	
Receivables	
Other	$ 10,147,938
Total Assets	10,147,938
LIABILITIES	
Cash Overdraft	8,610,410
Total Liabilities	8,610,410
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	$ 1,537,528

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

	Custodial Funds
ADDITIONS	
Federal Financial Aid	$ 65,153,488
State Financial Aid	98,116,956
Other Financial Aid	23,288,466
Clubs and Other Organizations Fund Raising	2,933,363
Total Additions	189,492,273
DEDUCTIONS	
Scholarships and Other Student Support	189,101,639
Student Organizations Support	658,627
Total Deductions	189,760,266
Net Decrease in Fiduciary Net Position	(267,993)
Net Position, Beginning of Year	1,805,521
Net Position, Beginning of Year	1,805,521
Net Position, End of Year	$ 1,537,528

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

GEORGIA INSTITUTE OF TECHNOLOGY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2023

	Georgia Tech Foundation, Inc.	Georgia Tech Facilities, Inc.	Georgia Tech Research Corporation	Georgia Tech Athletic Association	Georgia Advanced Technology Ventures, Inc.	Elimination/ Consolidation Entries	Total
ASSETS							
Current Assets							
Cash and Cash Equivalents	$ 19,697,000	$ 13,178,085	$ 234,931,688	$ 2,783,399	$ 21,020,764	$ —	$ 291,610,936
Cash and Cash Equivalents (Externally Restricted)	16,631,000	16,093,328	—	—	3,904,713	—	36,629,041
Accounts Receivable, net							
Affiliated Organizations	—	—	385,388	—	—	—	385,388
Component Units	—	—	147,217	—	—	(147,217)	—
Primary Government	482,083	—	14,083,416	350	171,439	—	14,737,288
Pledges and Contributions	38,955,000	—	—	2,707,503	27,081	—	41,689,584
Other	22,646,000	—	247,882,999	17,319,500	11,863	—	287,860,362
Notes Receivable, net	1,310,000	—	—	—	—	—	1,310,000
Investment in Financing Lease Arrangements - Primary Government	9,194,000	12,782,033	—	—	1,573,304	(1,795,761)	21,753,576
Investment in Financing Lease Arrangements - Other	—	—	—	—	(711,273)	—	(711,273)
Prepaid Items	—	327,216	1,290,913	596,631	46,727	—	2,261,487
Other Assets	2,171,000	—	—	—	507,694	—	2,678,694
Total Current Assets	111,086,083	42,380,662	498,721,621	23,407,383	26,552,312	(1,942,978)	700,205,083
Non-Current Assets							
Accounts Receivable, net							
Primary Government	—	—	86,428,594	—	—	—	86,428,594
Pledges and Contributions	56,824,000	—	—	2,306,291	470,284	—	59,600,575
Other	10,630,000	—	—	—	—	—	10,630,000
Investments	633,450,000	—	61	—	—	(160,509,000)	472,941,061
Investment in Financing Lease Arrangements - Primary Government	78,246,000	268,916,283	—	—	57,333,119	(5,832,959)	398,662,443
Investment in Financing Lease Arrangements - Other	—	—	—	—	33,904,976	—	33,904,976
Other Assets	22,305,917	2,518,750	84,536	619,402	—	—	25,528,605
Non-current Cash (Externally Restricted)	—	4,792,981	—	—	—	—	4,792,981
Short-term Investments (Externally Restricted)	—	—	—	2,461	—	—	2,461
Investments (Externally Restricted)	2,048,019,000	—	—	160,509,517	—	—	2,208,528,517
Capital Assets, net	147,311,000	3,253,779	777,200	176,022,969	88,658,330	—	416,023,278
Intangible Right-of-Use, net	—	—	97,526,245	—	34,999,034	—	132,525,279
Total Non-Current Assets	2,996,785,917	279,481,793	184,816,636	339,460,640	215,365,743	(166,341,959)	3,849,568,770
TOTAL ASSETS	3,107,872,000	321,862,455	683,538,257	362,868,023	241,918,055	(168,284,937)	4,549,773,853
DEFERRED OUTFLOWS OF RESOURCES	$ —	$ —	$ —	$ 8,476,880	$ —	$ —	$ 8,476,880

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

GEORGIA INSTITUTE OF TECHNOLOGY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2023

	Georgia Tech Foundation, Inc.	Georgia Tech Facilities, Inc.	Georgia Tech Research Corporation	Georgia Tech Athletic Association	Georgia Advanced Technology Ventures, Inc.	Elimination/ Consolidation Entries	Total
LIABILITIES							
Current Liabilities							
Accounts Payable	$ 10,159,389	$ 1,852,277	$ —	$ 4,463,490	$ 1,168,499	$ —	$ 17,643,655
Retainage Payable	—	297,183	—	—	330,584	—	627,767
Due to Component Units	—	—	147,217	—	—	(147,217)	—
Due to Primary Government	5,967,611	—	119,577,476	2,893,673	5,676	—	128,444,436
Advances (Including Tuition and Fees)	10,284,000	1,285,269	102,327,984	1,186,690	4,347,706	—	119,431,649
Deposits	272,000	—	—	6,185,253	309,258	—	6,766,511
Deposits Held for Other Organizations	—	—	101,978,960	—	—	—	101,978,960
Other Liabilities	—	—	—	—	1,488,181	—	1,488,181
Notes and Loans Payable - External	12,260,000	—	—	14,030,695	2,788,738	—	29,079,433
Lease Obligations - External	—	—	14,079,190	219,158	4,598,892	—	18,897,240
Revenue Bonds & Notes Payable	13,130,000	12,310,000	—	2,440,000	1,190,000	—	29,070,000
Liabilities Under Split Interest Agreements	2,171,000	—	—	—	—	—	2,171,000
Claims and Judgments	—	—	—	4,861,702	—	—	4,861,702
Compensated Absences	633,000	—	—	—	—	—	633,000
Total Current Liabilities	54,877,000	15,744,729	338,110,827	36,280,661	16,227,534	(147,217)	461,093,534
Non-Current Liabilities							
Due to Affiliated Organizations	1,745,000	—	—	—	—	—	1,745,000
Due to Component Units	160,509,000	—	—	—	—	(160,509,000)	—
Advances (Including Tuition and Fees)	—	14,234,168	—	—	9,466,525	—	23,700,693
Other Liabilities	16,540,000	—	—	—	—	—	16,540,000
Notes and Loans Payable - External	25,659,000	—	—	6,192,670	42,297,660	—	74,149,330
Lease Obligations - External	—	—	86,417,761	246,164	34,650,021	—	121,313,946
Revenue Bonds & Notes Payable	298,784,000	272,530,475	—	250,215,428	55,256,387	—	876,786,290
Liabilities Under Split Interest Agreements	19,246,000	—	—	—	—	—	19,246,000
Claims and Judgments	—	—	—	6,994,436	—	—	6,994,436
Total Non-Current Liabilities	522,483,000	286,764,643	86,417,761	263,648,698	141,670,593	(160,509,000)	1,140,475,695
TOTAL LIABILITIES	577,360,000	302,509,372	424,528,588	299,929,359	157,898,127	(160,656,217)	1,601,569,229
DEFERRED INFLOWS OF RESOURCES	—	—	97,534,071	—	—	—	97,534,071
NET POSITION							
Net Investment in Capital Assets	(3,207,000)	2,760,178	(2,193,506)	(76,841,805)	38,872,671	—	(40,609,462)
Restricted for:							
Nonexpendable	1,869,827,000	—	—	71,904,662	—	—	1,941,731,662
Expendable	298,551,000	—	7,181,311	88,712,136	135,582	—	394,580,029
Unrestricted	365,341,000	16,592,905	156,487,793	(12,359,449)	45,011,675	(7,628,720)	563,445,204
TOTAL NET POSITION	$2,530,512,000	$ 19,353,083	$ 161,475,598	$ 71,415,544	$ 84,019,928	$ (7,628,720)	$2,859,147,433

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

GEORGIA INSTITUTE OF TECHNOLOGY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2023

	Georgia Tech Foundation, Inc.	Georgia Tech Facilities, Inc.	Georgia Tech Research Corporation	Georgia Tech Athletic Association	Georgia Advanced Technology Ventures, Inc.	Elimination/ Consolidation Entries	Total
OPERATING REVENUES							
Grants and Contracts							
Federal	$ —	$ —	$1,120,026,120	$ —	$ —	$ —	$1,120,026,120
State	—	—	26,262,277	—	—	—	26,262,277
Other	—	—	93,289,347	—	22,919	—	93,312,266
Sales and Services	20,000	212,453	—	89,639,077	77,702	—	89,949,232
Rents and Royalties	42,411,000	19,732,238	19,697,191	11,506,656	22,944,397	1,971,479	118,262,961
Gifts and Contributions	88,722,000	—	4,379,382	11,067,084	357,653	—	104,526,119
Endowment Income	79,409,000	—	—	—	—	—	79,409,000
Other Operating Revenues	—	—	—	—	8,252,762	—	8,252,762
Total Operating Revenues	210,562,000	19,944,691	1,263,654,317	112,212,817	31,655,433	1,971,479	1,640,000,737
OPERATING EXPENSES							
Staff Salaries	3,457,000	—	—	44,621,579	946,717	—	49,025,296
Employee Benefits	867,000	—	—	8,610,400	—	—	9,477,400
Travel	120,000	—	—	7,923,228	—	—	8,043,228
Scholarships and Fellowships	—	—	—	10,386,536	—	—	10,386,536
Utilities	1,898,000	193,750	—	—	264,361	—	2,356,111
Supplies and Other Services	149,092,000	30,942,280	1,230,854,182	47,179,928	12,318,966	—	1,470,387,356
Depreciation and Amortization	3,982,000	820,013	14,195,928	9,365,539	3,136,534	—	31,500,014
Total Operating Expenses	159,416,000	31,956,043	1,245,050,110	128,087,210	16,666,578	—	1,581,175,941
Operating Income (Loss)	$ 51,146,000	$ (12,011,352)	$ 18,604,207	$ (15,874,393)	$ 14,988,855	$ 1,971,479	$ 58,824,796

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

GEORGIA INSTITUTE OF TECHNOLOGY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2023

	Georgia Tech Foundation, Inc.	Georgia Tech Facilities, Inc.	Georgia Tech Research Corporation	Georgia Tech Athletic Association	Georgia Advanced Technology Ventures, Inc.	Elimination/ Consolidation Entries	Total
NONOPERATING REVENUES (EXPENSES)							
Investment Income	$ 14,660,000	$ 692,702	$ 3,354,166	$ 5,171,556	$ —	$ —	$ 23,878,424
Interest Expense	(13,203,000)	(11,773,336)	(1,223,117)	(10,286,010)	(4,565,832)	—	(41,051,295)
Other Nonoperating Revenues (Expenses)	—	—	1,223,117	—	—	—	1,223,117
Net Nonoperating Revenues (Expenses)	1,457,000	(11,080,634)	3,354,166	(5,114,454)	(4,565,832)	—	(15,949,754)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	52,603,000	(23,091,986)	21,958,373	(20,988,847)	10,423,023	1,971,479	42,875,042
Capital Grants and Gifts							
Other	—	—	—	13,304,228	—	—	13,304,228
Additions to Permanent and Term Endowments	31,941,000	—	—	4,350,250	—	—	36,291,250
Total Other Revenues, Expenses, Gains or Losses	31,941,000	—	—	17,654,478	—	—	49,595,478
Change in Net Position	84,544,000	(23,091,986)	21,958,373	(3,334,369)	10,423,023	1,971,479	92,470,520
Net Position, Beginning of Year	2,445,968,000	42,445,069	139,517,225	77,527,102	79,496,905	(9,600,199)	2,775,354,102
Prior Year Adjustments	—	—	—	(2,777,189)	(5,900,000)	—	(8,677,189)
Net Position, Beginning of Year, Restated	2,445,968,000	42,445,069	139,517,225	74,749,913	73,596,905	(9,600,199)	2,766,676,913
Net Position, End of Year	$2,530,512,000	$ 19,353,083	$161,475,598	$ 71,415,544	$ 84,019,928	$ (7,628,720)	$2,859,147,433

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

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies

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

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

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

The accompanying basic financial statements are intended to supplement the State of Georgia's Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the Institute. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2023, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

- Georgia Advanced Technology Ventures Inc. - 221 Uncle Heinie Way, Lyman Hall Suite 325, Atlanta, GA, 30332-0257 or found at https://gatv.gatech.edu/financials.
- Georgia Tech Athletic Association - 150 Bobby Dodd Way, NW, Atlanta, GA 30332-0455 or found at https://finance.gatech.edu/affiliated-organization-financial-statements.
- Georgia Tech Facilities Inc. - 221 Uncle Heinie Way, NW, Lyman Hall Suite 325, Atlanta GA 30332-0257 or found at http://gtfi.gatech.edu/financial-statements.
- Georgia Tech Foundation Inc. - 760 Spring Street, NW, Suite 400, Atlanta, GA 30308 or found at http://www.gtf.gatech.edu/financial-statements.

- Georgia Tech Research Corporation - 926 Dalney Street NW, Atlanta, GA 30332-0415 or found at http://gtrc.gatech.edu/gtrc/documents/financial-information.

See Note 20, Component Units, for additional information related to discretely presented component units.

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

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

The Institute reports the following fiduciary funds:

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

New Accounting Pronouncements
In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations, effective for fiscal years beginning after December 15, 2020. In fiscal year 2020, the Institute adopted GASB Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance which postponed the effective dates of Statement No. 91 to fiscal year 2023. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The adoption of this statement does not have a significant impact on the financial statements and will be applied prospectively.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for fiscal years beginning after June 15, 2022. The objectives of this statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and to provide guidance for accounting and financial reporting for availability payment arrangements. The adoption of this statement does not have a significant impact on the financial statements and will be applied retroactively.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, effective for fiscal years beginning after June 15, 2022. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this Statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The adoption of this statement resulted in a net restatement in software of $12,650,701, a restatement in intangible right-to-use assets of $19,918,980, and a restatement in subscription obligations of $7,268,279 for fiscal year 2022.

In April 2022, the GASB issued Statement No. 99, Omnibus 2022, effective for certain elements of the requirement effective upon issuance. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation. The adoption of this statement does not have a significant impact on the financial statements.

Cash and Cash Equivalents
Cash and cash equivalents consist of demand deposits and time deposits in authorized financial institutions, cash management pools that have the general characteristics of demand deposit accounts, and petty cash. This includes the State Investment Pool (Georgia Fund 1) and the Board of Regents Short-Term Investment Pool. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

Investments
Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The Institute accounts for its investments at fair value. Changes in the fair value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The Board of Regents Diversified Fund and Legal Fund are included as investments. Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Investments restricted as to use by a third party are reported as externally restricted.

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

Inventories
Consumable supplies are recorded using the consumption method and are valued at cost on the Statement of Net Position using the average-cost basis. Resale inventories are also valued at cost using the average-cost basis.

Prepaid Items
Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items.

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

Depreciation, which also includes amortization of intangible assets such as water, timber and mineral rights, easements, patents, trademarks, and copyrights, as well as software, is computed using the straight-line method over the estimated useful life of the asset, generally 40 to 50 years for buildings, 25 years for infrastructure, 20 years for facilities and other improvements, 10 years for library collections, 5 to 10 years for equipment and 3 to 10 years for software assets. Non-research buildings are generally depreciated over 40 to 50 years as indicated above. Research buildings are depreciated by building component such as elevators, general structure, heating, ventilation and air conditioning, roof, etc. The useful life of these components is generally between 20 and 50 years. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, facilities and other improvements and software assets.

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

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

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

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

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

An intangible right-to-use asset represents the Institute's right to use an underlying asset for the lease or subscription term. Lease and/or subscription obligations represent the Institute’s liability to make lease and/or subscription payments arising from the lease and/or subscription agreement. Intangible right-to-use assets, lease obligations, and subscription obligations are recognized based on the present value of lease and/or subscription payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease and/or subscription are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease and/or subscription liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease and/or subscription term or useful life of the underlying asset. Prepayments made before the commencement of the lease and/or subscription are reported as intangible right-to-use assets in progress.

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

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

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

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

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

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

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

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

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

Other Post-Employment Benefit (OPEB) and Net OPEB Liability
The net OPEB liability represents the Institute's proportionate share of the difference between the total OPEB liability and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

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

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

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

Net Position
The Institute's net position is classified as follows:

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

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

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

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

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

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

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

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

Scholarship Allowances
Scholarship allowances are the difference between the stated charge for goods and services provided by the Institute, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the Institute's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the Institute has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of $63,717,349.

Extraordinary Items
In December 2022, Georgia Tech received $2,029,579 in insurance recovery funds due to severe winter weather which resulted in pipes freezing and bursting in several of the Institute's buildings. This event was infrequent and unusual for the Institute. The full amount of the $2,029,579 received in insurance recovery funds was related to capital assets. The capital asset impairment loss was $543,979, resulting in a net impairment gain of $1,485,600.

Special Items
The Institute transferred property to the Georgia Department of Corrections in fiscal year 2023 consisting of equipment with a cost and accumulated depreciation of $14,510, resulting in a net book value of $0.

Restatement of Prior Year Net Position

	Business-type Activities	Fiduciary Fund	Discretely Presented Component Units
Net position, beginning of year, as originally reported	$ 1,224,862,511	$ 1,805,521	$ 2,775,354,102
Correction of prior year errors	0	0	(8,677,189)
Net position, beginning of year, restated	$ 1,224,862,511	$ 1,805,521	$ 2,766,676,913

Discretely presented component unit balances reported at June 30, 2022 for investment in financing lease arrangements and accounts receivable were overstated by $5,900,000 and $2,777,189, respectively. Beginning net position for discretely presented component units has been decreased in accordance with GAAP.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2023 are classified in the accompanying statement of net position and statement of fiduciary net position as follows:

Statement of Net Position	
Current	
Cash and Cash Equivalents	$ 367,054,286
Cash and Cash Equivalents (Externally Restricted)	177,131,648
Noncurrent	
Non-current Cash (Externally Restricted)	165,992
Investments (Externally Restricted)	104,479,844
Statement of Fiduciary Net Position	
Cash and Cash Equivalents	(8,610,410)
	$ 640,221,360

Cash on hand, deposits and investments as of June 30, 2023 consist of the following:

Cash on Hand	$ 16,400
Deposits with Financial Institutions	55,180,984
Investments	585,023,976
	$ 640,221,360

A. Deposits with Financial Institutions

Deposits include certificates of deposits and demand deposit accounts, including certain interest bearing demand deposit accounts. The custodial credit risk for deposits is the risk that in the event of a bank failure, the Institute's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the Institute) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated (O.C.G.A.) § 50-17-59:

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

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

3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

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

6. Letters of credit issued by a Federal Home Loan Bank.

7. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

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

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

At June 30, 2023, the bank balances of the Institute’s deposits totaled $65,739,268. This balance includes deposits in fiduciary funds as these balances are not separable from the holdings of the Institute. Of these deposits, $200,546 were exposed to uninsured and uncollateralized custodial credit risk as follows:

Uninsured and uncollaterized	$ 200,546

B. Investments

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

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

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

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

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

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

The following table summarizes the valuation of the Institute's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2023.

		Fair Value Hierarchy			
	Fair Value	Level 1	Level 2	Level 3	NAV
Investment type:					
Debt Securities					
U.S. Treasuries	$ 12,756	$ —	$ 12,756	$ —	$ —
Corporate Debt	500,824	—	500,824	—	—
Money Market Mutual Funds	165,991	165,991	—	—	—
Mutual Bond Funds	97,901	97,901		—	—
Other Investments					
Equity Mutual Funds - Domestic	436,680	436,680	—	—	—
Equity Mutual Funds - International	313,612	313,612	—	—	—
Equity Securities - Domestic	1,086,305	1,086,305	—	—	—
Equity Securities - International	193,373	—	193,373	—	—
Real Estate Held for Investment Purposes	363,827	—	—	—	363,827
Real Estate Investment Trusts	185,311	—	—	—	185,311
	$ 3,356,580	$ 2,100,489	$ 706,953	$ —	$ 549,138
Investment Pools					
Board of Regents					
Short-Term Fund	346,431,767				
Legal Fund	5,747,974				
Diversified Fund	95,541,279				
Office of the State Treasurer					
Georgia Fund 1	133,946,376				
Total Investments	$585,023,976				

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

Board of Regents Pooled Investment Program

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

The USG maintains investment policy guidelines for each pooled investment fund that is offered to qualified University System participants. These policies are intended to foster the 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 Institute's position in the 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 O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and four years, and the fund will typically have an overall average duration of ¾ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the Institute's position in the Short-Term Fund at June 30, 2023 was $346,431,767, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.93 years.

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 O.C.G.A. § 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 thirty years for any individual investment. The overall character of the portfolio is Agency quality, possessing a minimal degree of financial risk. The market value of the Institute's position in the Legal Fund at June 30, 2023 was $5,747,974, of which 100% is invested in debt securities. The Effective Duration of the Fund is 3.47 years.

3. 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 Institute's position in the Diversified Fund at June 30, 2023 was $95,541,279, of which 27% is invested in debt securities. The Effective Duration of the Fund is 5.51 years.

Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the U.S. Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, $1.00 per share. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 28 days.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates of debt investments that will adversely affect the fair value of an investment. The Institute’s policy for managing interest rate risk is to comply with University System of Georgia policy and applicable Federal and State laws.

The following table presents the interest rate risk for the Institute's debt investment at June 30, 2023, utilizing segmented time distribution methods:

	Investment Maturity					
	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type:						
Debt Securities						
U.S. Treasuries	$ 12,756	$ —	$ —	$ —	$ 12,756	$ —
Corporate Debt	500,824	—	—	360,368	140,456	—
Money Market Mutual Funds	165,991	165,991	—	—	—	—
Mutual Bond Funds	97,901	—	—	21,247	62,235	14,419
	$ 777,472	$ 165,991	$ —	$ 381,615	$ 215,447	$ 14,419
Other Investments						
Equity Mutual Funds - Domestic	436,680					
Equity Mutual Funds - International	313,612					
Equity Securities - Domestic	1,086,305					
Equity Securities - International	193,373					
Real Estate Held for Investment Purposes	363,827					
Real Estate Investment Trusts	185,311					
Investment Pools						
Board of Regents						
Short-Term Fund	346,431,767					
Legal Fund	5,747,974					
Diversified Fund	95,541,279					
Office of the State Treasurer						
Georgia Fund 1	133,946,376					
Total Investments	$ 585,023,976					

Custodial Credit Risk
Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Institute will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Institute’s policy for managing custodial credit risk for investments is an integral part of its current investment policies dated May 16, 2005, which specifies how counterparties are selected and how investments are to be held on behalf of the Institute. These policies can be obtained from Georgia Tech's website at www.treasury.gatech.edu/policies-procedures.

At June 30, 2023, $1,978,569.00 was uninsured and held by the investment’s counterparty’s trust department or agent, but not in the Institute’s name.

Credit Quality Risk
Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Institute’s policy for managing credit quality risk is an integral part of its current investment policies dated May 16, 2005, which specifies how counterparties are selected and how investments are to be held on behalf of the Institute. These policies can be obtained from Georgia Tech's website at www.treasury.gatech.edu/policies-procedures.

The investments subject to credit quality risk are reflected below:

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
Corporate Debt	$ 500,824	$ —	$ 83,289	$ 211,796	$ 205,739	$ —
Money Market Mutual Funds	165,991	165,991	—	—	—	—
Mutual Bond Funds	97,901	—	—	—	—	97,901
	$ 764,716	$ 165,991	$ 83,289	$ 211,796	$ 205,739	$ 97,901

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Institute's policy for managing concentration of credit risk for investments is an integral part of its current investment policies dated May 16, 2005, which overviews concentration guidelines not allowing more than 20% of the total investment portfolio to be concentrated in any one issuer other than the U. S. Treasury or other Federal Government agencies.

At June 30, 2023, approximately 59%, 16%, and 23% of the Institute's investments were investments in the Board of Regents Short Term Fund Pool, Board of Regents Diversified Funds Pool, and Local Government Investment Pool (Georgia Fund 1), respectively. None of these counterparties or positions represent an individual issuer.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2023:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	$ 6,815,126	$ —
Auxiliary Enterprises and Other Operating Activities	4,525,787	—
Federal Financial Assistance	37,123,211	621,899
Georgia Student Finance Commission	—	9,488,493
Georgia State Financing and Investment Commission	571,907	—
Due from Affiliated Organizations	4,718,409	—
Due from Component Units	128,444,436	—
Due From USO - Capital Liability Reserve Fund	3,041,020	—
Lease Receivable	6,124,215	—
Other	18,608,360	37,546
	209,972,471	10,147,938
Less: Allowance for Doubtful Accounts	3,802,562	—
Net Accounts Receivable	$ 206,169,909	$ 10,147,938

Other accounts receivable includes $4,834,758 of receivables related to sponsored projects where expenses were incurred in FY23 but were paid in FY24.

Note 4 Inventories

Inventories consisted of the following at June 30, 2023:

Consumable Supplies	$ 2,164,374
Merchandise for Resale	255,536
Total	$ 2,419,910

Note 5 Notes and Loans Receivable

Notes and Loans Receivable consists of resources made available for financial loans to students of the the Institute. Allowances for uncollectible loans are reported based on management's best estimate for considering type, age, collection history, and other factors considered appropriate. At June 30, 2023, the allowance for uncollectible loans was $1,359,331.

Note 6 Capital Assets and Intangible Right-to-Use Assets

Changes in capital assets for the year ended June 30, 2023 are shown below:

	(Restated) Beginning Balance July 1, 2022	Special Item and Other Transfers	Additions	Reductions	Balance June 30, 2023
Capital Assets, Not Being Depreciated:					
Land	$ 61,425,231	$ —	$ 1,879,185	$ —	$ 63,304,416
Capitalized Collections	18,214,704	—	423,078	—	18,637,782
Construction Work-in-Progress	44,311,925	—	130,892,915	93,780,261	81,424,579
Total Capital Assets Not Being Depreciated	123,951,860	—	133,195,178	93,780,261	163,366,777
Capital Assets, Being Depreciated/ Amortized:					
Infrastructure	131,939,686	—	5,996,930	—	137,936,616
Building and Building Improvements	2,393,614,981	—	68,519,583	543,979	2,461,590,585
Facilities and Other Improvements	89,647,345	—	4,349,961	—	93,997,306
Equipment	675,831,858	(14,510)	78,386,002	30,802,174	723,401,176
Library Collections	157,027,210	—	10,620,935	7,268,458	160,379,687
Software	34,656,152	—	560,750	1,530,895	33,686,007
Total Capital Assets Being Depreciated/Amortized	3,482,717,232	(14,510)	168,434,161	40,145,506	3,610,991,377
Less: Accumulated Depreciation/ Amortization					
Infrastructure	46,443,857	—	7,886,207	—	54,330,064
Building and Building Improvements	761,311,220	—	54,196,923	—	815,508,143
Facilities and Other Improvements	24,563,868	—	4,157,618	—	28,721,486
Equipment	479,623,124	(14,510)	35,078,737	27,649,975	487,037,376
Library Collections	124,945,342	—	6,451,582	7,080,788	124,316,136
Software	14,485,342	—	2,786,380	1,530,895	15,740,827
Total Accumulated Depreciation/ Amortization	1,451,372,753	(14,510)	110,557,447	36,261,658	1,525,654,032
Total Capital Assets, Being Depreciated/Amortized, Net	2,031,344,479	—	57,876,714	3,883,848	2,085,337,345
Capital Assets, net	$ 2,155,296,339	$ —	$ 191,071,892	$ 97,664,109	$ 2,248,704,122

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the Institute when complete. For projects managed by the Institute, the Institute retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2023, GSFIC had construction in progress of approximately $3,460,583 for incomplete GSFIC managed projects for the Institute. For the year ended June 30, 2023, the Institute recorded $8,779,581 in capital additions from GSFIC projects managed by the Institute and recorded $37,268,438 in capital additions from donations.

The Institute transferred property to the Department of Corrections in fiscal year 2023 consisting of the equipment with a cost and accumulated depreciation of $14,510, resulting in a net book value of $0.

Changes in intangible right-to-use assets for the year ended June 30, 2023 are shown below:

	(Restated) Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023
Intangible Right-to-use Assets				
Building and Building Improvements	$ 353,685,111	$ 16,692,305	$ 1,185,404	$ 369,192,012
Facilities and Other Improvements	7,325,454	2,315,608	—	9,641,062
Subscription Based IT Arrangements (SBITAs)	19,918,980	3,319,098	—	23,238,078
Total Leased Assets Being Amortized	380,929,545	22,327,011	1,185,404	402,071,152
Less: Accumulated Amortization				
Building and Building Improvements	32,177,397	42,019,414	599,960	73,596,851
Facilities and Other Improvements	697,662	745,838	—	1,443,500
Subscription Based IT Arrangements (SBITAs)	—	4,731,851	—	4,731,851
Total Accumulated Amortization	32,875,059	47,497,103	599,960	79,772,202
Intangible Right-to-use Assets, net	$ 348,054,486	$ (25,170,092)	$ 585,444	$ 322,298,950

The July 1, 2022 balance for intangible right-to-use assets is restated by $7,268,279 due to the adoption of GASB Statement No. 96. The net recategorization of leases of $12,650,701 represents amounts previously recorded as software that have been recategorized as SBITAs with the adoption of GASB Statement No. 96. See Note 1 - New Accounting Pronouncements for information related to this adoption.

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2023:

	Current Liabilities	Non-Current Liabilities
Prepaid Tuition and Fees	$ 22,382,466	$ —
Research	—	6,737,085
Other - Advances	1,632,247	2,518,750
Totals	$ 24,014,713	$ 9,255,835

The Institute had no fiduciary fund advances related to student support.

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2023 were as follows:

	(Restated) Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Lease & Subscription Obligations					
Lease Obligations	$ 328,434,960	$ 19,788,292	$ 34,976,298	$ 313,246,954	$ 33,713,120
Subscription Obligations	7,268,279	3,319,098	2,204,460	8,382,917	2,381,102
Total	335,703,239	23,107,390	37,180,758	321,629,871	36,094,222
Other Liabilities					
Compensated Absences	77,710,440	62,480,756	56,361,028	83,830,168	52,977,896
Notes and Loans Payable	469,494,575	—	23,542,006	445,952,569	25,085,591
Pollution Remediation	221,866	573,331	221,866	573,331	573,331
Total	547,426,881	63,054,087	80,124,900	530,356,068	78,636,818
Total Long-Term Obligations	$ 883,130,120	$ 86,161,477	$ 117,305,658	$ 851,985,939	$ 114,731,040

The July 1, 2022 balance for subscription obligations is restated by $7,268,279 due to the adoption of GASB Statement No. 96. See Note 1, New Accounting Pronouncements, for information related to this adoption. See Note 13, Leases, for information related to lease obligations; Note 14, Retirement Plans, for information related to net pension liability; and Note 17, Post-Employment Benefits Other Than Pension Benefits, for information related to net other post employment benefits liability.

Pollution Remediation

The Institute is responsible for pollution remediation at all Institute sites including, but not limited to ground contamination, storage/treatment/disposal of hazardous materials, and asbestos abatement. 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. There are no expected recoveries that have reduced this liability.

Notes and Loans Payable

Energy Performance Contracts

The Institute entered into a notes payable to secure Energy Performance Contracts. The interest rates for the notes are between 2.04% - 2.64% and the notes mature during fiscal year 2031. The Institute's principal and interest payments related to this note payable for fiscal year 2023 were $1,776,677 and $161,686, respectively. The Institute has $5,328,920 in outstanding notes and loans payable for Energy Performance Contracts. Below is the annual debt service related to the outstanding notes and loans payable for energy contracts at June 30, 2023:

	Principal	Interest
Year Ending June 30:		
2024	$ 1,204,896	$ 123,203
2025	615,212	102,622
2026	631,584	86,250
2027	648,392	69,443
2028	665,646	52,188
2029 through 2033	1,563,190	51,938
Total Minimum Lease Payments - Other	$ 5,328,920	$ 485,644

Financing Lease Agreements

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

In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the Institute. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The Institute's principal and interest payments related to financing lease agreements for fiscal year 2023 were $21,765,330 and $19,611,642, respectively. Interest rates range from 0.80% to 6.70%.

The Institute has $420,416,021 in outstanding notes and loans payable due to component units for financing lease agreements. The Institute has $20,207,628 in outstanding notes and loans payable to a non-related party.

The following schedule is a summary of the carrying values of assets held under financing lease agreements at June 30, 2023:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Financing Lease Arrangements at June 30, 2023	Outstanding Balances per Lease Schedules at June 30, 2023
	(+)	(-)	(=)	
Financed Land and Land Improvements	$ 14,413,206	$ —	$ 14,413,206	$ 7,813,774
Financed Infrastructure	39,705,000	22,155,390	17,549,610	29,897,305
Finance Buildings and Building Improvements	613,783,681	159,021,345	454,762,336	397,505,289
Financed Facilities and Other Improvements	5,704,547	672,342	5,032,205	5,407,281
Total Assets Held Under Finance Lease Arrangements	$ 673,606,434	$ 181,849,077	$ 491,757,357	$ 440,623,649

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal	
Campus Recreation Center/Parking	GTF	$ 44,980,000	30 yrs	02/01	04/31	$ 20,035,000	(1)
Technology Square Complex	GTF	142,298,200	29 yrs	08/03	04/32	59,776,281	(1)
Married Family Housing	GTFI	60,485,000	25 yrs	10/05	04/30	23,725,000	(1)
Molecular Sciences & Engineering	GTFI	75,205,000	35 yrs	09/06	06/41	53,079,218	(1)
Klaus Advanced Computing Parking	GTFI	9,835,000	20 yrs	10/05	04/25	1,530,000	(1)
Electrical Sub Station	GTFI	39,705,000	33 yrs	10/07	12/39	29,897,305	(1)
North Ave Apts (Including Parking)	GTFI	82,705,494	25 yrs	07/11	06/36	38,867,085	(1)
Dalney Building	GTFI	35,636,440	30 yrs	09/19	08/49	33,203,071	(1)
Campus Center	GTFI	102,463,013	31 yrs	12/20	06/52	101,396,637	(1)
GT-Savannah	TUFF	27,120,765	13 yrs	04/20	12/32	20,207,628	
Georgia Tech Cobb Research Campus	GATV	64,614,756	30 yrs	06/19	05/49	58,906,424	(1)
Total Leases		$685,048,668				$440,623,649	

(1) These financing leases are related party transactions.

Below is the annual debt service related to the outstanding notes and loans payable for financing lease agreements at June 30, 2023:

	Principal	Interest
Year Ending June 30:		
2024	$ 23,880,695	$ 18,472,946
2025	25,011,516	17,548,013
2026	25,369,639	16,347,516
2027	26,577,674	14,940,829
2028	27,829,376	13,702,165
2029 through 2033	120,593,884	52,474,121
2034 through 2038	60,846,819	34,705,516
2039 through 2043	56,071,550	21,207,551
2044 through 2048	48,731,021	11,253,111
2049 through 2053	25,711,475	1,965,717
Total Notes and Loans Payable	$ 440,623,649	$ 202,617,485

Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2023, consisted of the following:

Deferred Outflows of Resources	
Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	$ 462,432,965
Deferred Outflows on OPEB Plan (See Note 17)	161,665,879
Total Deferred Outflows of Resources	$ 624,098,844
Deferred Inflows of Resources	
Unavailable Revenues	$ 254,545
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)	4,644,644
Deferred Inflows on OPEB Plan (See Note 17)	242,628,678
Deferred Inflow of Resources - Leases	6,124,517
Total Deferred Inflows of Resources	$ 253,652,384

Unavailable Revenues
Resources from certain non-exchange transactions received before time requirements are met, but after all other eligibility requirements have been met, are reported as a deferred inflow of resources.

Leases

The following is a summary of assets with deferred inflows of resources held under lease at June 30, 2023:

Description	Lessee	Begin Month/ Year	Lease Term	Amortized Revenue in Current Year	Remaining Deferred Inflow of Resources	
120 North Avenue and Techwood Drive	New Cingular Wireless PCS, LLC	07/21	10 yrs	$ 67,005	$ 641,139	
575 14th Street - Suite 100	GCMI	07/21	9 yrs	197,131	1,700,124	(1)
575 14th Street - Suites 1945 & 1952	Boeing	07/21	6 yrs	10,265	43,815	
705 Brittain Drive	Alpha Phi International Fraternity, Inc.	07/21	46 yrs	5,953	696,204	
129 5th Street	Kappa Alpha Theta Fraternity Housing Corp.	07/21	48 yrs	4,347	908,457	
Stamps Health Services - 740 Ferst Drive - 2nd Floor	North American Dental Real Estate, LLC	07/22	4 yrs	34,236	102,709	
Tech Square Retail - 26 5th Street	Ray's Cedars, LLC	07/21	5 yrs	96,830	311,525	
Tech Square Retail - 62 5th Street	Prime Comms Retail, LLC Trading as AT&T	07/21	2 yrs	55,272	28,144	
Tech Square Retail - 64 & 66 5th Street	Waffle House, Inc.	07/22	4 yrs	82,171	246,512	
Tech Square Retail - 68 5th Street	Blazin Wings, Inc.	07/22	10 yrs	49,812	431,708	
Tech Square Retail - 74 5th Street	Cherry Bim, Inc.	07/22	4 yrs	41,841	125,522	
Tech Square Retail - 86 5th Street	Amazon.Com Services, LLC	07/21	6 yrs	134,815	588,842	
Tech Square Retail - 88 5th Street	Tin Drum Rocks, LLC D/B/A Tin Drum Asia Café	07/21	5 yrs	93,193	299,816	
Total Leases				$ 872,871	$ 6,124,517	

(1) These leases are related party transactions.

Note 10 Net Position

The breakdown of business-type activity net position for the Institute fund at June 30, 2023 is as follows:

NET POSITION	
Net Investment in Capital Assets	$ 1,791,795,006
Restricted for	
Nonexpendable	
Permanent Endowment	86,487,022
Expendable	
Sponsored and Other Organized Activities	2,192,278
Federal Loans	3,088,763
Institutional Loans	10,236,246
Quasi-Endowments	23,643,027
Sub-Total	39,160,314
Unrestricted	
Auxiliary Enterprises Operations	63,700,957
Reserve for Encumbrances	179,550,212
Reserve for Inventory	2,093,578
Capital Liability Reserve Fund	3,041,020
Other Unrestricted (Deficit)	(856,483,769)
Sub-Total	(608,098,002)
Total Net Position	$ 1,309,344,340

Other unrestricted net position is reduced by $739,398,692 related to the recording of net OPEB liability, deferred inflow of resources, and deferred outflow of resources related to OPEB plan. Other unrestricted net position was also reduced by $427,679,155 related to the recording of net pension liability, deferred inflow of resources, and deferred outflow of resources related to benefit pension plans. These balances are mostly funded through state appropriations and student tuition and fees and are subject to state surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the Institute is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in net position for the year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Net Investments in Capital Assets	$ 1,685,763,848	$ 290,898,851	$ 184,867,693	$ 1,791,795,006
Restricted Net Position	125,594,301	1,414,693,104	1,414,640,069	125,647,336
Unrestricted Net Position	(586,495,638)	1,184,802,161	1,206,404,525	(608,098,002)
Total Net Position	$ 1,224,862,511	$ 2,890,394,116	$ 2,805,912,287	$ 1,309,344,340

Note 11   Endowments

Donor Restricted Endowments
Investments of the Institute's endowment funds are pooled, unless required to be separately invested by the donor. For Institute controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation on endowment investments available for authorization of expenditure was $6,399,178 and is reflected as expendable restricted net position.

For endowment funds where the donor has not provided specific instructions, investment return of the Institute's endowment funds is predicated on the total return concept. Annual payouts from the Institute's endowment funds are based on a spending policy which limits spending to 3.5% of endowment's average principal market value over a twelve quarter period calculation. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the Institute uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

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

Note 12   Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2023. In addition to these encumbrances, the Institute had other significant unearned outstanding construction or renovation contracts in the amount of $523,577 executed as of June 30, 2023. This amount is not reflected in the accompanying basic financial statements.

Note 13   Leases and Subscriptions

The Institute leases certain academic spaces, administrative offices, and research spaces under lease agreements. The Institute also enters into certain subscription-based contracts to use vendor-provided information technology (IT). Although lease and/or subscription terms vary, many leases and/or subscription agreements are subject to appropriation from the General Assembly to continue the obligation. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the Institute. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility.

Lease Obligations
The Institute's principal and interest payments related to leases for fiscal year 2023 were $33,998,910 and $6,316,556 respectively. Interest rate ranges from 0.50%-6.63%. The Institute has $117,701,947 in outstanding lease obligations due to component units. The Institute has $10,428,389 in outstanding lease obligations due to Affiliated Organizations.

The following is a summary of the carrying values of intangible right-to-use assets held under lease at June 30, 2023:

Description	Gross Amount	Less: Accumulated Depreciation	Net Assets Held Under Lease Obligations at June 30, 2023	Outstanding Balance per Lease Schedules at June 30, 2023
	(+)	(-)	(=)	
Leased Building/Building Improvements	$ 369,192,012	$ 73,596,850	$ 295,595,162	$ 304,566,475
Leased Facilities & Other Improvements	9,641,062	1,443,500	8,197,562	8,680,479
Total Assets Held Under Lease	$ 378,833,074	$ 75,040,350	$ 303,792,724	$ 313,246,954

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal	
Technology Square Rsch Bldg	TUFF	$ 66,639,430	10 yrs	July 2021	Dec 2031	$ 58,220,556	
Library Service Center	EmTech	10,805,396	24 yrs	July 2021	Oct 2045	10,428,389	(1)
600 Means Street - Parking	GTF Means Street, LLC	1,875,860	99 yrs	March 2023	June 2122	1,865,459	(1)
Washington, DC	State Services Org, Inc.	72,336	3 yrs	Oct 2022	Sept 2025	54,239	
CODA - DARPA	GTRC	6,931,482	8 yrs	July 2021	Feb 2029	5,439,215	(1)
CODA - Data Center	Data Center Atlanta, LLC	34,121,851	13 yrs	July 2021	May 2034	29,031,462	
CODA - GTRI	GTARC	9,135,782	13 yrs	July 2021	May 2034	7,768,473	(1)
CODA - Office	PH TECH, LLC	102,154,390	13 yrs	July 2021	May 2034	96,712,547	
EI2 - Albany	City of Albany	4,324	3 yrs	July 2021	June 2024	1,434	
EI2 - Cartersville	Cartersville-Bartow ChCom	122,482	9 yrs	July 2021	June 2030	94,496	
EI2 - Dublin	Earlwood Investments	93,464	4 yrs	July 2021	June 2025	46,499	
EI2 - LaGrange	Preservation Properties	53,209	6 yrs	July 2021	June 2027	35,295	
EI2 - Macon	Riverside B & G, LLC	71,813	4 yrs	July 2021	June 2025	36,155	
GATV - 575 14th St	VLP1, LLC	11,404,568	9 yrs	July 2021	June 2030	8,722,574	(1)
GATV - 387 Tech Circle	GTRES	12,029,253	12 yrs	July 2021	Jan 2033	10,555,470	(1)
GATV - 1594 Marietta Blvd	GTRES	1,412,217	7 yrs	July 2021	Jan 2028	982,674	(1)
GATV - 512 Means Street	GTRES	3,210,643	6 yrs	July 2021	April 2027	2,174,415	(1)
GATV - Suite 5100 at Centergy	GATV, Inc.	827,250	5 yrs	August 2022	June 2027	674,766	(1)
GPB - 3rd & 4th Floor	Ga Public Telecom Comm	2,611,686	3 yrs	July 2021	June 2024	883,935	
GTRI - Atlanta Technology Center	GTARC	6,707,799	7 yrs	July 2021	Jan 2028	4,875,411	(1)
GTRI - Centergy - Floors 6-7	GTRC	10,623,864	5 yrs	July 2021	Dec 2026	7,221,908	(1)
GTRI - Centergy - Floor 4	GATV, Inc.	2,435,530	5 yrs	Sept 2022	August 2027	2,034,504	(1)
GTRI - CRB	GTRC	13,174,173	8 yrs	July 2021	June 2029	9,801,195	(1)
GTRI - Smyrna, GA	GTRC	30,870,784	20 yrs	July 2021	Sept 2041	26,790,904	(1)
GTRI - Aberdeen, MD	GTRC	337,706	4 yrs	July 2021	May 2025	167,977	(1)
GTRI - Arlington, VA	GTARC	6,461,027	11 yrs	July 2021	May 2032	5,459,967	(1)
GTRI - Colorado Springs, CO	GTARC	261,649	2 yrs	Nov 2022	Oct 2024	173,116	(1)
GTRI - Dayton, OH	GTARC	3,041,733	9 yrs	July 2021	June 2030	2,391,659	(1)
GTRI - Huntsville, AL	GTARC	3,748,765	4 yrs	July 2021	April 2025	1,842,412	(1)
GTRI - Lincoln, MA	GTARC	3,925,358	10 yrs	July 2021	April 2031	3,172,708	(1)
GTRI - Orlando, FL	GTARC	617,984	4 yrs	July 2021	Dec 2025	351,740	(1)
GTRI - Quantico, VA	GTARC	1,365,148	6 yrs	July 2021	March 2027	940,373	(1)
GTRI - Salt Lake City, UT	GTARC	5,200,099	10 yrs	April 2023	March 2033	5,071,662	(1)
GTRI - San Diego, CA	GTARC	8,286,021	7 yrs	July 2021	March 2028	6,085,843	(1)
GTRI - Shalimar, FL	GTARC	277,652	3 yrs	July 2021	April 2024	81,255	(1)
GTRI - Tempe, AZ	GTARC	996,477	7 yrs	July 2021	June 2028	730,119	(1)
GTRI - Tucson, AZ	GTARC	655,551	7 yrs	July 2021	June 2028	465,354	(1)
KBS III	GTRC	4,276,805	3 yrs	July 2021	Dec 2024	1,860,794	(1)
Total Leases		$366,841,561				$313,246,954	

(1) These leases are related party transactions.

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

Below are the future commitments related to the outstanding lease obligations year at June 30, 2023:

	Principal	Interest
Year Ending June 30:		
2024	$ 33,713,124	$ 6,650,699
2025	33,024,321	5,979,311
2026	32,587,009	5,577,464
2027	32,060,166	5,141,198
2028	29,738,530	4,600,000
2029 through 2033	122,394,839	13,936,590
2034 through 2038	21,022,288	3,506,157
2039 through 2043	5,506,426	1,453,245
2044 through 2048	2,076,215	313,634
2049 through 2053	118,957	188,403
2054 through 2058	110,721	228,629
2059 through 2063	103,056	271,614
2064 through 2068	95,921	317,745
2069 through 2073	89,281	367,440
2074 through 2078	83,100	421,157
2079 through 2083	77,347	479,394
2084 through 2088	71,992	542,694
2089 through 2093	67,008	611,656
2094 through 2098	62,369	686,930
2099 through 2103	58,051	769,236
2104 through 2108	54,032	859,359
2109 through 2113	50,291	958,166
2114 through 2118	46,810	1,066,609
2119 through 2123	35,100	938,508
Total Minimum Lease Payments	$ 313,246,954	$ 55,865,838

Subscription Obligations

The Institute has no outstanding subscription obligations due to component units, affiliated organizations, or other related party organizations. The Institute's principal and interest payments related to subscription obligations for fiscal year 2023 were $2,204,460 and $0, respectively. Interest rate was 2.26%.

The following is a summary of the carrying values of intangible right-to-use assets held under SBITA at June 30, 2023:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Subscription Obligations at June 30, 2023	Outstanding Balance per Subscription Schedules at June 30, 2023
Subscription Based IT Arrangements (SBITAs)	$ 23,238,078	$ 4,731,851	$ 18,506,227	$ 8,382,917
Total Assets Held Under SBITAs	$ 23,238,078	$ 4,731,851	$ 18,506,227	$ 8,382,917

Below is the future commitments related to the outstanding subscription obligations year at June 30, 2023:

	Principal	Interest
Year Ending June 30:		
2024	2,381,102	53,813
2025	2,383,156	108,936
2026	1,986,472	137,750
2027	1,632,187	152,627
Total Minimum Subscription Payments	$ 8,382,917	$ 453,126

Note 14 Retirement Plans

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

The Institute also provides the Regents Retirement Plan.

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

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

General Information about the Teachers Retirement System

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

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

Contributions
Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2023. The Institute's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of the Institute's annual payroll. The Institute's contributions to TRS totaled $86,607,987 for the year ended June 30, 2023.

General Information about the Employees' Retirement System

Plan description

ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at http://ers.ga.gov/financials.

Benefits provided

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

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

Contributions

Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2023 was 31.01% of annual covered payroll for old and new plan members and 27.47% for GSEPS members. The rates include the annual actuarially determined contribution rate of 24.67% of annual covered payroll for old and new plan members and 21.59% for GSEPS members, plus a 6.34% adjustment to the old and new plan and a 5.88% adjustment to the GSEPS plan for the commencement of COLA prefunding for certain retired ERS members. The Institute's contributions to ERS totaled $474,002 for the year ended June 30, 2023. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Institute reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The Institute's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2022. At June 30, 2022, the Institute's TRS proportion was 2.714998%, which was a increase of 0.159478% from its proportion measured as of June 30, 2021. At June 30, 2022, the Institute's ERS proportion was 0.057725%, which was an decrease of (0.000970)% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Institute recognized pension expense of $142,879,788 for TRS and $1,172,824 for ERS. At June 30, 2023, the Institute reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 36,595,947	$ 4,588,998	$ 8,279	$ 34,966
Changes of assumptions	132,710,786	—	685,290	—
Net difference between projected and actual earnings on pension plan investments	173,211,741	—	447,928	—
Changes in proportion and differences between contributions and proportionate share of contributions	31,604,199	—	86,808	20,680
Contributions subsequent to the measurement date	86,607,987	—	474,002	—
Total	$460,730,660	$ 4,588,998	$ 1,702,307	$ 55,646

The Institute's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	TRS	ERS
2024	$ 103,178,265	$ 656,121
2025	$ 78,224,014	$ 160,892
2026	$ 58,245,580	$ 11,169
2027	$ 129,885,816	$ 344,477
2028	$ —	$ —

Actuarial assumptions

The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

Inflation	2.50%
Salary increases	3.00% - 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the investment rate of return and payroll growth assumption.

Employees' Retirement System

Inflation	2.50%
Salary increases	3.00 – 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale used for both males and females while in active service. Post–retirement mortality rates were based on the Pub–2010 Family of Tables, with the MP-2019 projection scale applied generationally, as follows: service retirees – General Healthy Annuitant mortality table with further adjustments (set forward one year and adjusted 105% and 108% respectively for males and females); disability retirees – General Disabled Table (set back three years for males, and adjusted 103% and 106% for males and females, respectively); beneficiaries – General Contingent Survivors Table (set forward to two years for both males and females and adjusted 106% and 105% respectively).

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

Asset class	TRS target allocation	TRS Long-term expected real rate of return*	ERS target allocation	ERS Long-term expected real rate of return*
Fixed income	30.00 %	0.20 %	30.00 %	0.20 %
Domestic large equities	46.30 %	9.40 %	46.30 %	9.40 %
Domestic small equities	1.20 %	13.40 %	1.20 %	13.40 %
International developed market equities	12.30 %	9.40 %	12.30 %	9.40 %
International emerging market equities	5.20 %	11.40 %	5.20 %	11.40 %
Alternatives	5.00 %	10.50 %	5.00 %	10.50 %
Total	100.00 %		100.00 %	

* Rates shown are net of inflation

Discount rate

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

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

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

Teachers Retirement System:

	1% Decrease 5.90%	Current discount rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability	$1,330,061,040	$ 881,612,332	$ 515,394,641

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	$ 5,131,910	$ 3,855,144	$ 2,781,482

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

B. Defined Contribution Plan:

Regents Retirement Plan

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

Funding Policy
The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2023, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The Institute and the covered employees made the required contributions of $46,836,458 (9.24%) and $30,444,087 (6.00%), respectively.

VALIC, Fidelity, and TIAA-CREF have separately issued financial reports which may be obtained through their respective corporate offices.

Note 15 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured health care plan options and one fully insured plan option. For the USG's Plan Year 2023, 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 Institute's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured health care plan options. In addition to the self-insured health care plan options offered to the employees and eligible retirees of the USG, a fully insured HMO health care plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The self-insured dental plan is administered through Delta Dental.

Retirees age 65 and older participate in a secondary health care coverage for Medicare-eligible retirees and dependents provided through a retiree health care exchange option. The USG makes contributions to a health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket health care-related expenses.

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks.

The Institute is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the O.C.G.A § 45-9-1.

The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

Note 16 Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. This could result in refunds to the grantor agency for any expenditure disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Institute expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the Institute, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

Note 17 Post-Employment Benefits Other Than Pension Benefits

Board of Regents Retiree Health Benefit Plan

Plan Description and Funding Policy

The Board of Regents Retiree Health Benefit Plan (Plan) is a single-employer, defined-benefit, health care plan administered by the University System Office, an organizational unit of the USG. The Plan was authorized pursuant to O.C.G.A. § 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree post-employment health insurance benefits.

Pursuant to the general powers conferred by the O.C.G.A. § 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 health care plan options and one fully insured plan option. For the USG's Plan Year 2023, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

Retirees age 65 and older participate in a secondary health care 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 health care related expenses.

The Institute's membership in the Plan consisted of the following at June 30, 2023:

Active Employees	8,968
Retirees or Beneficiaries Receiving Benefits	2,023
Retirees Receiving Life Insurance Only	450
Total	11,441

The contribution requirements of plan members and the employer are established and may be amended by the Board. The Plan is substantially funded on a "pay-as-you-go" basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board designation.

The Institute pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2023 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 years of service, which ranges from 0% to 100%. With regard to life insurance, the employer covers the total premium cost for $25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2023, the Institute contributed $17,571,778 to the plan for current premiums or claims.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Institute reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2022. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The Institute's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2022.

At June 30, 2022, the Institute's proportion was 16.62162%, which was an increase of 0.657887% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Institute recognized OPEB expense of $8,583,761. At June 30, 2023, the Institute reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 30,402,801	$ 5,514,112
Changes of assumptions	56,612,408	237,114,566
Net difference between projected and actual earnings on OPEB plan investments	2,663,720	—
Changes in proportion and differences between contributions and proportionate share of contributions	54,415,172	—
Contributions subsequent to the measurement date	17,571,778	—
Total	$ 161,665,879	$ 242,628,678

The Institute's contributions subsequent to the measurement date of $17,571,778 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2024	$	(27,683,229)
2025	$	(27,501,458)
2026	$	(27,028,698)
2027	$	(17,911,374)
2028	$	1,590,182

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of May 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2022 3.54% GO 20-Municipal Bond Index Rate Interest Rate as of 6/30/2021 2.16% from Bond Buyers GO 20-Municipal Bond Index; Discount Rate 2.18% Long-term Rate of Return 4.36% General Inflation 2.40% Salary Increase 3.75%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2021
Initial Health Care Cost Trend	
Pre-Medicare Eligible	7%
Medicare Eligible	4%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4%
Year Ultimate Trend is Reached	Fiscal Year 2034 for Pre-Medicare Eligible, Fiscal Year 2022 for Medicare Eligible
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019 with the exception of the disability and salary increase assumptions. These assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which covered the five year period ending June 30, 2018.

<u>Changes in Assumptions Since Prior Valuation</u>

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual experience.
- Trend rate schedule was updated to reflect anticipated future experience.
- Mortality improvement scale was updated from MP-2020 to MP-2021.
- Mortality base rates for future disabled participants were updated to reflect Pub-2010 for Teachers (headcount weighted) disabled mortality,
- The discount rate was updated from 2.18% as of June 30, 2021, to 3.54% as of June 30, 2022; and
- The Expected Return on Assets was changed from 4.37% to 4.36%.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	0.34%	70%
Equity Allocation	4.03%	30%

<u>Discount rate</u>

The Plan's projected fiduciary net position at the end of 2025 is $0, based on the valuation completed for the fiscal year ending June 30, 2022. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2026. Therefore, the long-term expected rate of return on Plan investments of 4.36% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2022. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.54% from the Bond Buyers GO 20-Bond Municipal Bond Index.

Sensitivity of the net OPEB liability to changes in the discount rate
The following presents the Institute's proportionate share of the net OPEB liability, as well as what the Institute's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate (3.54%):

	1% Decrease 2.54%	Current Rate 3.54%	1% Increase 4.54%
Proportionate Share of the Net OPEB Liability	$ 782,152,016	$ 658,435,893	$ 561,063,733

Sensitivity of the net OPEB liability to changes in the health care cost trend rates
The following presents the Institute's proportionate share of the net OPEB liability, as well as what the Institute's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current health care cost trend rates:

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	$ 565,003,131	$ 658,435,893	$ 778,418,216
Pre-Medicare Eligible	6.0% decreasing to 3.5%	7.0% decreasing to 4.5%	8.0% decreasing to 5.5%
Medicare Eligible	3.0%	4.0%	5.0%

OPEB plan fiduciary net position:
Detailed information about the Plan's fiduciary net position is available in the USG Annual Consolidated Financial Report which is publicly available at www.usg.edu/fiscal_affairs/financial_reporting/.

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal year 2023 are shown below:

	Natural Classification				
Functional Classification	Faculty Salaries	Staff Salaries	Employee Benefits	Other Personal Services	Travel
Instruction	$ 169,277,389	$ 95,119,964	$ 80,102,737	$ 975,526	$ 5,072,519
Research	415,169,367	183,626,888	177,202,487	1,256,254	20,518,882
Public Service	14,579,262	29,273,798	14,976,247	2,228,593	1,171,768
Academic Support	12,411,301	35,498,375	16,328,784	590,910	778,440
Student Services	1,000,458	18,563,387	6,259,975	75,511	477,243
Institutional Support	5,676,553	86,578,791	22,004,878	455,402	878,222
Plant Operations and Maintenance	90,451	41,893,871	15,524,801	74,500	153,099
Scholarships and Fellowships	—	—	—	—	6,232
Auxiliary Enterprises	1,258	36,106,892	10,763,499	8,921	154,596
Total Operating Expenses	$ 618,206,039	$ 526,661,966	$ 343,163,408	$ 5,665,617	$ 29,211,001

	Natural Classification				
Functional Classification	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/ Amortization	Total Operating Expenses
Instruction	$ 1,193,756	$ 786,694	$ 49,025,751	$ 7,016,923	$ 408,571,259
Research	944,688	2,986,185	397,399,556	48,819,042	1,247,923,349
Public Service	122,149	356,305	11,170,190	1,672,301	75,550,613
Academic Support	19,399	288,704	23,367,461	14,377,788	103,661,162
Student Services	26,450	105,903	19,164,168	3,838,457	49,511,552
Institutional Support	140,503	360,282	63,610,387	10,960,231	190,665,249
Plant Operations and Maintenance	20	23,382,315	94,760,823	57,046,475	232,926,355
Scholarships and Fellowships	35,012,228	—	1,027,670	587	36,046,717
Auxiliary Enterprises	1,617	11,604,378	69,235,666	14,322,746	142,199,573
Total Operating Expenses	$ 37,460,810	$ 39,870,766	$ 728,761,672	$ 158,054,550	$2,487,055,829

Note 19 Subsequent Events

In September 2018, the Board of Regents of the University System of Georgia (Board) approved the project for the third phase of Technology Square (Tech Square III) located on the blocks between Fifth Street, Spring Street, and West Peachtree Street. The project will be funded from a combination of state funding, institutional funding, philanthropic donations, and Public Private Ventures (PPV) bond financing with an estimated project cost of $240 million. Tech Square III will add more than 400,000 square feet of new space for research and collaboration. In May 2023, the Board adopted a resolution prepared by the Revenue Division of the Georgia Department of Law covering the issuance of 2023 General Obligation Bonds by the State of Georgia through the Georgia State Financing and Investment Commission (GSFIC) for use in funding projects for the University System of Georgia. The Institute was approved for $30.6 million in Capital Project Bonds for the Tech Square III expansion. In November 2023, the Board authorized the execution of a rental agreement for Tech Square III between Georgia Tech Facilities, Inc. (GTFI), a component unit, as landlord and the Board as Tenant, for the period commencing on the first day of the month after GTFI obtains the certificate of occupancy and ending the following June 30 at a base rent not to exceed $4,600,000 per year, with options to renew annually for up to 29 consecutive one-year periods. GTFI plans to issue approximately $53.5 million in bonds in January 2024 to fund construction, which is in progress and expected to be completed in 2026. The capital asset, finance lease liability, and capital gift will be recorded on the Institute's books once construction is complete and the certificate of occupancy is issued.

In February 2022, the Board of Regents of the University System of Georgia approved the project for the D.M. Smith Building Renewal. This is a four-story building totaling approximately 38,000 square feet located at 685 Cherry Street NW on campus. The renewal will create spaces that reflect the current instruction and research needs while respecting the historic character of the building. This renovation will be funded by the Institute with an estimated project cost of $26 million. Construction will begin in January 2024 and is expected to be completed by June of 2025 for a July 2025 occupancy. The capital-related spending for this project will be added to the capital asset on the Institute's books once construction is complete.

In September 2022, the Board of Regents (Board) of the University System of Georgia approved the transfer of approximately 43 acres of real property (BOR Property) located at 210 Technology Circle in Savannah, Georgia to Georgia Advanced Technology Ventures (GATV), a component unit, or an affiliated special purpose entity created for the purpose of this transfer. The net book value of the assets recorded at June 30, 2023 is approximately $3.5 million. The transfer of the property is expected to be for an estate term of up to ninety-nine (99) years and will be for the exclusive purpose of enabling GATV to facilitate the design and construction of film production studios in support of regional economic development efforts. The Board of Regents will have the right to terminate the estate term for the BOR Property if development of the project does not commence within five years of the date of transfer, or if at any time the entire property is not used during the estate term for the intended purpose. The Board also authorized the sublease of approximately 9 acres of real property (TUFF Property) adjacent to the BOR Property and leased by the Board from The University Financing Foundation (TUFF) to Lincoln Properties, Inc. for the full cost of the Board's rental payments. Those estimated rental payments through the end of the lease term are approximately $20 million. The ground lease of the BOR Property will terminate should Lincoln Properties, Inc. fail to remedy any default of the sublease of the TUFF Property in a timely manner. The Board also authorized the transfer of the TUFF Property directly to GATV at the end of the lease term, currently scheduled for December 31, 2032. The property is only to be used for the purpose intended and the terms will be commensurate with the same remaining estate term and rights of the BOR Property. This transfer and the related leases are expected to be finalized in fiscal year 2024.

In February 2023, the Board of Regents of the University System of Georgia approved a new First-Year Student Residence Hall. This facility will be a public-private venture (PPV) with an estimated project cost of $117 million. The new residence hall will be constructed on the site of an existing parking lot and landscape services yard in the west residential neighborhood of campus. The new residence hall will total approximately 191,000 square feet and will contain approximately 862 beds. Construction is expected to be completed prior to the Fall Semester of 2026. The capital asset and finance lease liability will be recorded on the Institute's books once construction is complete and the certificate of occupancy is issued.

In August 2023, the Board of Regents of the University System of Georgia entered into two leases with Georgia Advanced Technology Ventures, Inc. (GATV) for the use of approximately 93,588 rentable square feet in the Centergy One Office Building at 75 5th Street, Atlanta, Georgia. The commencement date of these leases is July 1, 2023. The leases have the option to be renewed on a year-to-year basis for ten consecutive years plus an eleventh option to renew for six months ending December 31, 2034. The total estimated base rent payments over the maximum term will be approximately $27.4 million. The right-of-use asset and lease obligation will be recorded on the Institute's books in fiscal year 2024.

Note 20 Component Units

Related organizations promote, support, and assist Georgia Tech in its role as a leading education and research institution in accordance with stated Institute needs and goals. Together, they add significantly to Institute assets and revenues for programs and services, and ultimately enhance the Institute's performance of its mission. Governmental Accounting Standards Board (GASB) Codification Sections 2100 and 2600 require discrete reporting of legally separate, tax-exempt component units of the State of Georgia. Georgia Tech has five related organizations that are considered component units of the State of Georgia and, thus, are required to be reported in the Institute's financial statements. Although the Institute is not fiscally accountable for these entities, it has been determined that the nature and significance of the relationship between Georgia Tech and these organizations is such that exclusion from the Institute's financial statements would render them misleading. An annual audit of each component unit's financial statements is conducted by independent accounting firms. The five organizations included in this presentation are described on the following page:

Georgia Tech Foundation, Inc.
The Georgia Tech Foundation (Foundation) is a legally separate, not-for-profit corporation under the laws of the State of Georgia. The purposes of the Foundation are to promote higher education in the State of Georgia, to raise and receive funds for the support and enhancement of the Institute, and to aid the Institute in its development as a leading educational institution.

The Foundation reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB audited financial statements were reclassified to the GASB presentation for these financial statements.

For the year ended June 30, 2023, the Foundation distributed $105.0 million to Georgia Tech in support of capital outlay projects, scholarships and other supporting activities. The Institute is obligated under various financing lease agreements with the Foundation, a related party. This information is disclosed in Note 8, Long-Term Liabilities.

Georgia Tech Facilities, Inc.
The Georgia Tech Facilities, Inc. (GTFI) is a legally separate, not-for-profit corporation under the laws of the State of Georgia. The purpose of GTFI is to construct buildings and other facilities as may be appropriate to meet the needs and goals of the Georgia Institute of Technology. The activities of GTFI are limited to constructing and financing buildings and facilities for use by Georgia Tech. Funding for construction is obtained by the Organization from contributions or from financing with debt service funded by support from various sources.

GTFI reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB audited financial statements were reclassified to the GASB presentation for these financial statements.

For the year ended June 30, 2023, GTFI distributed $382,304 to the Institute for supporting activities. Georgia Tech is obligated under various financing lease agreements with GTFI, a related party. This information is disclosed in Note 8, Long-Term Liabilities.

Georgia Tech Research Corporation
The Georgia Tech Research Corporation (Research Corporation) is a legally separate, not-for-profit corporation under the laws of the State of Georgia. The Research Corporation is organized and operated primarily as the contracting entity for all sponsored activities for colleges and other units at Georgia Tech for the purpose of soliciting grants and contracts, accepting grants, or entering into contracts for research or services to be performed by or in conjunction with the Institute or to be performed using Georgia Tech's facilities, and for related objectives. The Research Corporation reports under GASB standards.

For year ended June 30, 2023, the Research Corporation distributed $1.2 billion to the Institute for research contracts sub-awarded to Georgia Tech. The Institute is obligated under various lease agreements with the Research Corporation, a related party. This information is disclosed in Note 13, Leases and Subscriptions.

Georgia Tech Athletic Association
The Georgia Tech Athletic Association (Athletic Association) is a legally separate not-for-profit corporation under the laws of the State of Georgia. The primary purpose of the Athletic Association is to promote the educational programs of Georgia Tech through student body participation in healthful exercises, recreations, athletic games and contests. The Athletic Association's mission is to inspire and empower student-athletes to be champions of academics, competition and life while emphasizing the four core values of excellence, innovation, teamwork and character. The Athletic Association reports under GASB standards.

For the year ended June 30, 2023, the Athletic Association distributed $63.6 million to the Institute for athletic scholarships and other supporting activities.

Georgia Advanced Technology Ventures, Inc.
The Georgia Advanced Technology Ventures (GATV) is a legally separate, not-for-profit corporation under the laws of the State of Georgia. GATV is a supporting organization of the Institute focused on technology, commercialization, economic development and relevant real estate development. GATV's primary business purpose is to facilitate innovation and business collaboration with private enterprise, including but not limited to business, industry, entrepreneurs and economic developers, and utilizing emerging technologies that are aligned with the strengths in research and education of Georgia Tech. GATV provides support for technology transfer and economic development activities, including the Institute's Advanced Technology Development Center (ATDC) incubator facilities and services to ATDC-affiliated companies.

GATV reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB audited financial statements were reclassified to the GASB presentation for these financial statements.

For the year ended June 30, 2023, GATV distributed $1.0 million to the Institute for supporting activities. Georgia Tech is obligated under various lease agreements with GATV, a related party. This information is disclosed in Note 8, Long-Term Liabilities and Note 13, Leases and Subscriptions.

Elimination/Consolidation Entries

The FASB reported amounts for Net Position, Investment in Financing Lease Arrangements, and Rents and Royalties were collectively adjusted for the Foundation by $9,600,199 for external financial reporting purposes. Both Georgia Tech and the Foundation use the effective interest rate method to amortize leases. However, Georgia Tech uses the Sources and Uses of Funds and the average coupon rate which is a higher interest rate than the interest rate in the actual bond documents used by the Foundation. Thus, an adjustment was necessary for financial statement presentation.

The Athletic Association transferred assets to the Foundation to be managed on its behalf. Assets managed by the Foundation on behalf of the Athletic Association totaled $160,509,000 at June 30, 2023. The Foundation manages these assets using pooled investment funds. Interest, dividend income, and gains and losses earned on pooled funds are allocated equitably based on the fair value of the assets of each entity that participates in the pooled investment funds. The Athletic Association is entitled to all earnings on these assets; however, distributions are made by the Foundation to the Athletic Association only when requested.

The Research Corporation had net adjustments totaling $147,217, between current and noncurrent due to and due from component unit categories for financial statement presentation.

Combined investments for Component Units are comprised of the following amounts at June 30, 2023:

	Fair Value	Level 1	Level 2	Level 3	NAV
Investment type					
Debt Securities					
Bond Securities	$ 126,124,000	$ 122,039,000			$ 4,085,000
Money Market Mutual Funds	224,112,461	224,112,461			
Equity Securities - Domestic	334,869,000	329,401,000			5,468,000
Equity Securities - International	249,185,000	245,736,000			3,449,000
Hedge Funds	813,119,000				813,119,000
Private Equities	711,111,000				711,111,000
Natural Resources	61,603,000			693,000	60,910,000
Real Estate Held for Investment Purposes	153,350,000			82,650,000	70,700,000
Derivatives	7,998,000	7,998,000			
Other	578			578	
	$2,681,472,039	$ 929,286,461	$ —	$ 83,343,578	$1,668,842,000
Reported as cash and cash equivalents on the Statement of Net Position					
Investment Pools					
Board of Regents					
Short-Term Fund	16,715,589				
Total Investments	$2,698,187,628				

Combined endowments for Component Units are comprised of the following amounts at June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	$ 136,046,000	$1,813,240,000	$1,949,286,000
Contributions	500,000	34,667,000	35,167,000
Net realized and unrealized gains	4,737,000	65,905,000	70,642,000
Appropriation of endowment assets for expenditure	(5,127,000)	(74,282,000)	(79,409,000)
Other	(1,096,000)	2,149,000	1,053,000
Ending Balance	$ 135,060,000	$1,841,679,000	$1,976,739,000

Combined amounts due to Component Units from Georgia Tech and other entities related to investment in financing lease arrangements as of June 30, 2023 are as follows:

		Principal	Interest	Total
Year Ending June 30:	Year:			
2024	1	$ 21,042,302	$ 19,418,402	$ 40,460,704
2025	2	22,400,861	18,746,721	41,147,582
2026	3	22,712,241	18,014,322	40,726,563
2027	4	23,869,435	17,313,485	41,182,920
2028	5	25,065,333	16,580,900	41,646,233
2029 through 2033	6-10	107,912,402	71,477,646	179,390,048
2034 through 2038	11-15	57,476,901	53,480,896	110,957,797
2039 through 2043	16-20	52,423,442	42,603,922	95,027,364
2044 through 2048	21-25	44,789,955	33,381,221	78,171,176
2049 through 2053	26-30	21,467,107	25,973,157	47,440,264
2054 through 2058	31-35	(4,549,898)	26,027,185	21,477,287
Thereafter	36-99	58,999,641	423,339,914	482,339,555
Total Minimum Lease Payments to be Received		453,609,722	766,357,771	1,219,967,493
Unearned Income				(766,357,770)
Net Investment in Financing Lease Arrangements Receivable				$ 453,609,723

Combined amounts due to component units related to lease activity as of June 30, 2023 is as follows:

		Principal	Interest	Total
Year Ending June 30:	Year:			
2024	1	$ 14,079,065	$ 1,453,304	$ 15,532,369
2025	2	13,587,188	1,264,591	14,851,779
2026	3	12,194,063	1,088,088	13,282,151
2027	4	11,283,080	914,467	12,197,547
2028	5	10,133,843	754,843	10,888,686
2029 through 2033	6-10	27,922,429	2,031,448	29,953,877
2034 through 2038	11-15	8,440,168	568,821	9,008,989
2039 through 2043	16-20	2,867,861	85,648	2,953,509
Total Minimum Lease Payments to be Received		100,507,697	8,161,210	108,668,907

Combined capital assets for Component Units are comprised of the following amounts at June 30, 2023:

Capital Assets, not being Depreciated:	
Land	$ 95,934,158
Capitalized Collections	4,001,735
Construction Work-in-Progress	11,185,306
Total Capital Assets not being Depreciated	111,121,199
Capital Assets, Being Depreciated:	
Infrastructure	5,410,057
Building and Building Improvements	391,411,007
Facilities and Other Improvements	17,979,974
Equipment	29,567,156
Financing Lease Arrangements	68,563,341
Software	1,262,977
Total Capital Assets being Depreciated	514,194,512
Less Total Accumulated Depreciation	209,292,433
Total Capital Assets being Depreciated, Net	304,902,079
Capital Assets, Net	$ 416,023,278

Combined intangible right-to-use assets for Component Units are comprised of the following amounts at June 30, 2023:

Intangible Right-to-use Assets, Being Amortized	
Building and Building Improvements	$ 161,183,664
Facilities and Other Improvements	5,844,549
Total Leased Assets Being Amortized	167,028,213
Less: Accumulated Amortization	
Building and Building Improvements	33,293,717
Facilities and Other Improvements	1,209,217
Total Accumulated Amortization	34,502,934
Intangible Right-to-use Assets, net	$ 132,525,279

Combined long-term liabilities for Component Units includes the following amounts at June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Claims and Judgments	$ 125,000	$ 11,856,138	$ 125,000	$ 11,856,138	$ 4,861,702
Compensated Absences	619,000	14,000	—	633,000	633,000
Lease Obligation	136,933,324	20,644,590	17,366,728	140,211,186	18,897,240
Liabilities under Split Interest Agreement	21,974,000	—	557,000	21,417,000	2,171,000
Notes and Loans Payable	143,118,009	20,233,000	59,961,246	103,389,763	29,079,433
Note (Discount)	(236,000)	75,000	—	(161,000)	—
Revenue/Mortgage Bonds Payable	898,880,000	—	26,275,000	872,605,000	29,070,000
Bond - Premium	55,677,506	—	5,374,246	50,303,260	—
Bond - (Discount and Issuance Cost)	(19,093,293)	273,594	(1,767,729)	(17,051,970)	—
Total Long Term Liabilities	$1,237,997,546	$ 53,096,322	$107,891,491	$1,183,202,377	$ 84,712,375

Combined lease obligations for component units are comprised of the following amounts at June 30, 2023:

	Principal	Interest	Total
Year ending June 30:			
2024	$ 18,897,240	$ 2,039,722	$ 20,936,962
2025	18,566,534	1,795,149	$ 20,361,683
2026	17,188,427	1,562,224	$ 18,750,651
2027	16,333,372	1,334,042	$ 17,667,414
2028	13,950,510	1,206,496	$ 15,157,006
2029 through 2033	43,214,066	3,101,279	$ 46,315,345
2034 through 2038	9,193,242	584,634	$ 9,777,876
2039 through 2043	2,867,795	85,649	$ 2,953,444
Total minimum lease payments	$ 140,211,186	$ 11,709,195	$ 151,920,381

Combined notes and loans payable for Component Units are comprised of the following amounts at June 30, 2023:

		Principal	Interest	Total
Year ending June 30:				
2024	1	$ 29,079,433	$ 3,706,607	$ 32,786,040
2025	2	5,141,468	2,985,134	8,126,602
2026	3	5,454,943	2,787,851	8,242,794
2027	4	6,063,254	2,576,946	8,640,200
2028	5	6,303,265	2,346,055	8,649,320
2029 through 2033	6-10	46,922,558	5,057,400	51,979,958
2034 through 2038	11-15	4,424,842	319,479	4,744,321
		103,389,763	19,779,472	123,169,235
Note (Discount)/Cost of Issuance		(161,000)	—	(161,000)
Total		$ 103,228,763	$ 19,779,472	$ 123,008,235

Combined bonds payable for Component Units are comprised of the following amounts at June 30, 2023:

		Principal	Interest	Total
Year ending June 30:				
2024	1	$ 29,070,000	$ 35,288,415	$ 64,358,415
2025	2	31,695,000	33,964,407	65,659,407
2026	3	31,995,000	32,516,611	64,511,611
2027	4	33,500,000	31,002,483	64,502,483
2028	5	32,465,000	29,440,081	61,905,081
2029 through 2033	6-10	162,310,000	121,622,927	283,932,927
2034 through 2038	11-15	119,420,000	91,821,272	211,241,272
2039 through 2043	16-20	136,545,000	65,574,000	202,119,000
2044 through 2048	21-25	123,560,000	41,933,976	165,493,976
2049 through 2053	26-30	172,045,000	11,900,628	183,945,628
		872,605,000	495,064,800	1,367,669,800
Bond Premium		50,303,260	—	50,303,260
Bond (Discount and Other Issuance Cost)		(17,051,970)	—	(17,051,970)
Total		$ 905,856,290	$ 495,064,800	$ 1,400,921,090

Required Supplementary Information

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLANS
FOR THE LAST TEN FISCAL YEARS

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2023	$ 474,002	$ 474,002	$ —	$ 1,531,329	30.95 %
	June 30, 2022	$ 348,078	$ 348,078	$ —	$ 1,413,228	24.63 %
	June 30, 2021	$ 346,960	$ 346,960	$ —	$ 1,406,975	24.66 %
	June 30, 2020	$ 286,161	$ 286,161	$ —	$ 1,159,896	24.67 %
	June 30, 2019	$ 247,003	$ 247,003	$ —	$ 996,845	24.78 %
	June 30, 2018	$ 281,114	$ 281,114	$ —	$ 1,132,404	24.82 %
	June 30, 2017	$ 326,303	$ 326,303	$ —	$ 1,306,263	24.98 %
	June 30, 2016	$ 333,318	$ 333,318	$ —	$ 1,337,706	24.92 %
	June 30, 2015	$ 265,180	$ 265,180	$ —	$ 1,206,149	21.99 %
	June 30, 2014	$ 196,257	$ 196,257	$ —	$ 1,094,942	17.92 %
Teachers Retirement System	June 30, 2023	$ 86,607,987	$ 86,607,987	$ —	$ 433,474,056	19.98 %
	June 30, 2022	$ 72,740,428	$ 72,740,428	$ —	$ 367,232,903	19.81 %
	June 30, 2021	$ 63,409,435	$ 63,409,435	$ —	$ 332,668,173	19.06 %
	June 30, 2020	$ 68,762,856	$ 68,762,856	$ —	$ 324,637,257	21.18 %
	June 30, 2019	$ 63,347,815	$ 63,347,815	$ —	$ 302,967,368	20.91 %
	June 30, 2018	$ 48,433,865	$ 48,433,865	$ —	$ 288,778,252	16.77 %
	June 30, 2017	$ 38,573,130	$ 38,573,130	$ —	$ 270,480,254	14.26 %
	June 30, 2016	$ 35,868,907	$ 35,868,907	$ —	$ 251,089,879	14.29 %
	June 30, 2015	$ 31,122,618	$ 31,122,618	$ —	$ 236,515,744	13.16 %
	June 30, 2014	$ 27,139,593	$ 27,139,593	$ —	$ 221,162,197	12.27 %

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

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement	June 30, 2023	0.057725 %	$ 3,855,144	$ 1,413,228	272.79 %	67.44 %
System	June 30, 2022	0.058695 %	$ 1,372,820	$ 1,406,975	97.57 %	87.62 %
	June 30, 2021	0.046004 %	$ 1,939,049	$ 1,159,896	167.17 %	76.21 %
	June 30, 2020	0.039546 %	$ 1,631,878	$ 996,845	163.70 %	76.74 %
	June 30, 2019	0.043585 %	$ 1,791,794	$ 1,132,404	158.23 %	76.68 %
	June 30, 2018	0.052022 %	$ 2,112,788	$ 1,306,263	161.74 %	76.33 %
	June 30, 2017	0.055955 %	$ 2,646,907	$ 1,337,706	197.87 %	72.34 %
	June 30, 2016	0.047215 %	$ 1,906,547	$ 1,206,149	158.07 %	76.20 %
	June 30, 2015	0.047000 %	$ 1,770,854	$ 1,094,942	161.73 %	77.99 %
Teachers Retirement	June 30, 2023	2.714998 %	$ 881,612,332	$ 367,232,903	240.07 %	72.85 %
System	June 30, 2022	2.555520 %	$ 226,018,699	$ 332,668,173	67.94 %	92.03 %
	June 30, 2021	2.518402 %	$ 610,055,535	$ 324,637,257	187.92 %	77.01 %
	June 30, 2020	2.481423 %	$ 533,573,043	$ 302,967,368	176.12 %	78.56 %
	June 30, 2019	2.420015 %	$ 449,206,621	$ 288,778,252	155.55 %	80.27 %
	June 30, 2018	2.351530 %	$ 437,039,093	$ 270,480,254	161.58 %	79.33 %
	June 30, 2017	2.288606 %	$ 472,164,936	$ 251,089,879	188.05 %	76.06 %
	June 30, 2016	2.239970 %	$ 341,013,190	$ 236,515,744	144.18 %	81.44 %
	June 30, 2015	2.166000 %	$ 273,684,569	$ 221,162,197	123.75 %	84.03 %

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

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2023

Changes of assumptions

Employees' Retirement System:
On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to the rates of mortality, retirement, withdrawal, and salary increases. This also included a change in the long-term assumed investment rate of return to 7.00%. .

On April 21, 2022, the Board adopted a new funding policy which, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the System's asset performance. The assumption for future COLAs was set at 1.05%. In addition, the funding policy set the assumed rate of return at 7.20% for the June 30, 2021 valuation and established a new Transitional Unfunded Actuarial Accrued Liability as of June 30, 2021 which will be amortized over a closed 20-year period.

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

On May 15, 2019, the Board adopted and recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

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

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST SEVEN FISCAL YEARS*

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
June 30, 2023	$ 17,571,778	$ 17,571,778	$ —	$ 979,983,102	1.79%
June 30, 2022	$ 24,324,563	$ 24,324,563	$ —	$ 896,850,555	2.71%
June 30, 2021	$ 18,738,348	$ 18,738,348	$ —	$ 799,876,400	2.34%
June 30, 2020	$ 15,971,762	$ 15,971,762	$ —	$ 784,908,579	2.03%
June 30, 2019	$ 24,616,725	$ 24,616,725	$ —	$ 701,902,432	3.51%
June 30, 2018	$ 23,699,671	$ 23,699,671	$ —	$ 677,223,508	3.50%
June 30, 2017	$ 14,811,541	$ 14,811,541	$ —	$ 638,812,645	2.32%

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

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST SIX FISCAL YEARS*

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2023	16.621620%	$ 658,435,893	$ 896,850,555	73.42 %	5.08 %
June 30, 2022	15.963736%	$ 803,467,702	$ 799,876,400	100.45 %	3.74 %
June 30, 2021	15.537943%	$ 828,750,259	$ 784,908,579	105.59 %	2.91 %
June 30, 2020	15.348712%	$ 686,328,093	$ 701,902,432	97.78 %	3.13 %
June 30, 2019	14.960031%	$ 659,849,732	$ 677,223,508	97.43 %	1.69 %
June 30, 2018	14.873429%	$ 627,617,932	$ 638,812,645	98.25 %	0.19 %

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

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2023

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual experience.
- Trend rate schedule was updated to reflect anticipated future experience.
- Mortality improvement scale was updated from MP-2020 to MP-2021.
- Mortality base rates for future disabled participants were updated to reflect Pub-2010 for Teachers (headcount weighted) disabled mortality,
- The discount rate was updated from 2.18% as of June 30, 2021, to 3.54% as of June 30, 2022; and
- The Expected Return on Assets was changed from 4.37% to 4.36%.

Supplementary Information

GEORGIA INSTITUTE OF TECHNOLOGY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2023

ASSETS	
Cash and Cash Equivalents	$ 157,369,985.15
Accounts Receivable	
Federal Financial Assistance	33,234,079.29
Other	149,310,231.42
Prepaid Expenditures	10,052,671.22
Inventories	692,729.29
Total Assets	$ 350,659,696.37
LIABILITIES AND FUND EQUITY	
Liabilities	
Accrued Payroll	$ 2,279,128.96
Encumbrance Payable	163,140,161.74
Accounts Payable	64,946,019.02
Unearned Revenue	22,907,283.92
Other Liabilities	108,804.38
Total Liabilities	$ 253,381,398.02
Fund Balances	
Reserved	
Department Sales and Services	$ 32,285,358.13
Indirect Cost Recoveries	47,625,880.22
Restricted/Sponsored Funds	150,359.68
Uncollectible Accounts Receivable	3,027,707.65
Inventories	676,956.21
Tuition Carry - Forward	12,671,318.17
Unreserved	
Surplus	840,718.29
Total Fund Balances	$ 97,278,298.35
Total Liabilities and Fund Balances	$ 350,659,696.37

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

			Funds Available Compared to Budget		
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over	Program Transfers or Adjustments
Enterprise Innovation Institute					
State Appropriation					
State General Funds	$ 12,563,065.00	$ 12,563,065.00	$ 12,563,065.00	$ —	$ —
Federal Funds Not Specifically Identified	8,500,000.00	10,095,000.00	8,637,238.93	—	—
Other Funds	6,900,000.00	10,686,628.00	7,058,305.77	3,476,426.08	—
Total Enterprise Innovation Institute	27,963,065.00	33,344,693.00	28,258,609.70	3,476,426.08	—
Georgia Tech Research Institute					
State Appropriation					
State General Funds	7,434,092.00	7,434,092.00	7,434,092.00	—	—
Federal Funds Not Specifically Identified	447,786,193.00	563,284,350.00	518,580,272.89		
Other Funds	272,186,876.00	340,393,738.00	282,808,265.00	943,278.15	—
Total Georgia Tech Research Institute	727,407,161.00	911,112,180.00	808,822,629.89	943,278.15	—
Teaching					
State Appropriation					
State General Funds	456,703,174.00	460,695,302.00	460,695,302.00	—	—
Federal Coronavirus Relief Funds					
Federal Fund - Covid 19	—	168,000.00	164,095.39	—	—
Federal Funds Not Specifically Identified	234,500,000.00	262,561,500.00	253,506,675.90	—	—
Other Funds	937,371,000.00	1,121,450,475.00	956,268,157.35	69,444,730.81	—
Total Teaching	1,628,574,174.00	1,844,875,277.00	1,670,634,230.64	69,444,730.81	—
Total Operating Activity	$2,383,944,400.00	$2,789,332,150.00	$2,507,715,470.23	$ 73,864,435.04	$ —

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Funds Available Compared to Budget		Expenditures Compared to Budget		
	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	Excess (Deficiency) of Funds Available Over/(Under) Expenditures
Enterprise Innovation Institute					
State Appropriation					
State General Funds	$ 12,563,065.00	$ —	$ 12,563,065.00	$ —	$ —
Federal Funds Not Specifically Identified	8,637,238.93	(1,457,761.07)	8,637,238.93	1,457,761.07	—
Other Funds	10,534,731.85	(151,896.15)	7,410,883.52	3,275,744.48	3,123,848.33
Total Enterprise Innovation Institute	31,735,035.78	(1,609,657.22)	28,611,187.45	4,733,505.55	3,123,848.33
Georgia Tech Research Institute					
State Appropriation					
State General Funds	7,434,092.00		7,434,092.00		—
Federal Funds Not Specifically Identified	518,580,272.89	(44,704,077.11)	518,580,272.89	44,704,077.11	—
Other Funds	283,751,543.15	(56,642,194.85)	283,751,543.15	56,642,194.85	—
Total Georgia Tech Research Institute	809,765,908.04	(101,346,271.96)	809,765,908.04	101,346,271.96	—
Teaching					
State Appropriation					
State General Funds	460,695,302.00	—	460,695,302.00	—	—
Federal Coronavirus Relief Funds					
Federal Fund - Covid 19	164,095.39	(3,904.61)	164,095.39	3,904.61	—
Federal Funds Not Specifically Identified	253,506,675.90	(9,054,824.10)	253,506,675.90	9,054,824.10	—
Other Funds	1,025,712,888.16	(95,737,586.84)	935,124,589.13	186,325,885.87	90,588,299.03
Total Teaching	1,740,078,961.45	(104,796,315.55)	1,649,490,662.42	195,384,614.58	90,588,299.03
Total Operating Activity	$ 2,581,579,905.27	$ (207,752,244.73)	$ 2,487,867,757.91	$ 301,464,392.09	$ 93,712,147.36

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE (NON-GAAP BASIS)
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Beginning Fund Balance	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2022 Surplus	Prior Year Adjustments	Other Adjustments
Enterprise Innovation Institute					
State Appropriation					
State General Funds	$ —	$ —	$ —	$ 3,500.00	$ —
Federal Funds Not Specifically Identified	—	—	—	—	—
Other Funds	3,476,426.08	(3,476,426.08)	—	—	12,994.53
Total Enterprise Innovation Institute	3,476,426.08	(3,476,426.08)	—	3,500.00	12,994.53
Georgia Tech Research Institute					
State Appropriation					
State General Funds	2,144.70	—	(2,144.70)	548.98	—
Federal Funds Not Specifically Identified	—	—	—	—	—
Other Funds	943,278.15	(943,278.15)	—	—	115,399.56
Total Georgia Tech Research Institute	945,422.85	(943,278.15)	(2,144.70)	548.98	115,399.56
Teaching					
State Appropriation					
State General Funds	172,298.54	—	(172,298.54)	525,225.96	
Federal Coronavirus Relief Funds					
Federal Fund - Covid 19	—	—	—	—	—
Federal Funds Not Specifically Identified	—	—	—	—	—
Other Funds	69,456,845.15	(69,444,730.81)	(12,114.34)	84,938.97	(881,120.87)
Total Teaching	69,629,143.69	(69,444,730.81)	(184,412.88)	610,164.93	(881,120.87)
Total Operating Activity	74,050,992.62	(73,864,435.04)	(186,557.58)	614,213.91	(752,726.78)
Prior Year Reserves					
Not Available for Expenditure					
Inventories	549,131.01	—	—	—	127,825.20
Uncollectible Accounts Receivable	2,402,806.07	—	—	—	624,901.58
Budget Unit Totals	$ 77,002,929.70	$ (73,864,435.04)	$ (186,557.58)	$ 614,213.91	$ —

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CHANGES TO FUND BALANCE (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Early Return of Fiscal Year 2023 Surplus	Excess of Funds Available Over Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus	Total
Enterprise Innovation Institute						
State Appropriation						
State General Funds	$ —	$ —	$ 3,500.00	$ —	$ 3,500.00	$ 3,500.00
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Other Funds	—	3,123,848.33	3,136,842.86	3,123,708.42	13,134.44	3,136,842.86
Total Enterprise Innovation Institute	—	3,123,848.33	3,140,342.86	3,123,708.42	16,634.44	3,140,342.86
Georgia Tech Research Institute						
State Appropriation						
State General Funds	—	—	548.98	—	548.98	548.98
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Other Funds	—	—	115,399.56	115,399.56	—	115,399.56
Total Georgia Tech Research Institute	—	—	115,948.54	115,399.56	548.98	115,948.54
Teaching						
State Appropriation						
State General Funds	—	—	525,225.96	—	525,225.96	525,225.96
Federal Coronavirus Relief Funds						
Federal Fund - Covid 19	—	—	—	—	—	—
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Other Funds	—	90,588,299.03	89,792,117.13	89,493,808.22	298,308.91	89,792,117.13
Total Teaching	—	90,588,299.03	90,317,343.09	89,493,808.22	823,534.87	90,317,343.09
Total Operating Activity	—	93,712,147.36	93,573,634.49	92,732,916.20	840,718.29	93,573,634.49
Prior Year Reserves						
Not Available for Expenditure						
Inventories	—	—	676,956.21	676,956.21	—	676,956.21
Uncollectible Accounts Receivable	—	—	3,027,707.65	3,027,707.65	—	3,027,707.65
Budget Unit Totals	$ —	$ 93,712,147.36	$ 97,278,298.35	$ 96,437,580.06	$ 840,718.29	$ 97,278,298.35

	Reserved	Surplus	Total
Departmental Sales and Services	$ 32,285,358.13	$ —	$ 32,285,358.13
Indirect Cost Recovery	47,625,880.22	—	47,625,880.22
Restricted/Sponsored Funds	150,359.68	—	150,359.68
Tuition Carry-Forward	12,671,318.17	—	12,671,318.17
Uncollectible Accounts Receivable	3,027,707.65	—	3,027,707.65
Inventories	676,956.21	—	676,956.21
Surplus	—	840,718.29	840,718.29
	$ 96,437,580.06	$ 840,718.29	$ 97,278,298.35

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