

GEORGIA COLLEGE & STATE UNIVERSITY

Milledgeville, Georgia



2019 Freshman Class

Annual Financial Report Fiscal Year 2019



Terrell Hall

221 W. Hancock St.

GEORGIA COLLEGE & STATE UNIVERSITY
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2019

Introductory Section

Message from the President	4
Letter of Transmittal	5

Financial Section

Management's Discussion and Analysis	7
Financial Statements (GAAP Basis)	
Statement of Net Position	19
Statement of Revenues, Expenses, and Changes in Net Position	22
Statement of Cash Flows	24
Notes to the Financial Statements	27

Required Supplementary Information

Schedule of Contributions for Defined Benefit Pension Plan	63
Schedule of Proportionate Share of Net Pension Liability	64
Notes to the Required Supplemental Information for Pension Plans	65
Schedule of Contributions for OPEB Plan	66
Schedule of Proportionate Share of the Net OPEB Liability	67
Notes to the Required Supplemental Information for OPEB Plan	68

Supplementary Information

Balance Sheet (Non-GAAP Basis)	70
Statement of Funds Available and Expenditures Compared to Budget (Non-GAAP Basis)	71
Statement of Changes to Fund Balance by Program and Funding Source (Non-GAAP Basis)	73



Introductory Section



Thunder Bobcat

GEORGIA COLLEGE & STATE UNIVERSITY





Message from the President

I am delighted to share some of the accomplishments of the Georgia College community. Our students have earned some of the nation's highest distinctions - including our second Boren Scholar and our first ever Marshall Scholar. Our faculty and staff have been instrumental in significantly increasing the total amount of grants received. I am also happy to report that Georgia College continues to engage the communities we serve, and we launched GC Gives Day - a one-day event that brings the entire community together to volunteer their time and effort, along with multiple civic organizations.

I invite you to browse some of our highlights below.

- GC was once again recognized on the list of "Top Regional Public Schools" by U.S. News & World Report, ranking 10th.
- GC rising senior economics major David Williams was recently selected as the school's second Boren Scholar, and he will participate in the African Flagship Language Institute to study Swahili.
- In 2019, seven GC biology, physics, and mathematics students were selected to participate in Research Experiences for Undergraduates through the National Science Foundation.
- U.S. News & World Report lists GC as 5th in "Best Regional Undergraduate Teaching Programs" and ranked as the 5th most innovative school in the region - the highest ranked in the state.
- GC reopened Andalusia to the public. Andalusia was the final home of one of GC's most influential alumni, Flannery O'Connor.
- GC partnered with Keep Milledgeville-Baldwin County Beautiful to create GC Gives Day - a one-day event that saw the entire incoming first-year class volunteer throughout the community.
- Money magazine ranked GC as one of the top 5 public universities in the state on their "Best Colleges" list.
- GC's Master of Special Education program, Master of Educational Leadership program, and Master of Science in Nursing for Nurse Practitioner program were ranked among the best in the nation by OnlineU in their 2019 Most Affordable Online Colleges list.
- The GC Department of Athletics ranked first in the Federal Graduation Rates among student-athletes in all of NCAA Division I and II athletics within the state of Georgia. These rates represented a higher average than the general student body.
- EDsmart named Georgia College as providing some of the "Most Affordable Online Master's Programs" in the nation, ranking 11th.
- Bestvalueschools.org ranked Georgia College's Early Childhood Education program as 7th best in the country for 2018.
- Women's Cross Country set a department GPA record of 3.79.
- Georgia College's Theater program ranked 20th in a list of the nation's top 25 B.A. Theater programs for 2018-19 at ONSTAGE Blog.
- The GC Office of grants and Sponsored Projects completed the fiscal year with \$3,094,997 in grant awards. This represents an increase of more than 30% from FY2018.
- The College of Education launched the first cohort of GC's second doctoral program: the Education Doctorate in Curriculum and Instruction.
- Georgia College opened Heritage Hall in fall 2018; the spaces serve as a gathering place to showcase the college's milestones and the individuals who facilitated the growth of the university.
- The Outdoor Behavior Healthcare Council (OBH) awarded their 2018 Eagle Award to Dr. Lee Gillis. The award recognizes outstanding contributions to the field of wilderness therapy.
- Recent graduate Kevin Morris was the first alumnus or student from Georgia College to be awarded the Marshall Scholarship - an esteemed award created for intellectually distinguished young Americans to study at a university in the United Kingdom.
- University Advancement raised \$4,758,915 in FY19, increasing our endowment to a total of \$44,504,979.
- Plant Operations invested in a sustainability project to optimize the central chiller water plant and distribution system, generating a one-time power savings of \$120,454 and ongoing power savings of approximately \$65,000 annually. Less energy consumed is less energy produced at a power plant, reducing our carbon footprint.

As we continue on our journey to preeminence, I am excited about the momentum we have at Georgia College. When we talk about preeminence, it is about developing a culture of excellence and having the right plans, indicators, and metrics in place. As we strive to be a progressive and productive University System partner, the work we are doing collectively is truly remarkable, and the trajectory I see ahead is very exciting for all of us!

Steve M. Dorman
President
Georgia College



Letter of Transmittal

August 19, 2019

To: President Steve Dorman
Georgia College & State University

The Annual Financial Report (AFR) for Georgia College & State University includes the financial statements for the year ended June 30, 2019d, as well as other useful information to help ensure the University's accountability and integrity to the public. The AFR also includes the Management Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the University's financial position as a result of operations for the fiscal year ended June 30, 2019.

Georgia College'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 University's financial position, revenues, expenses, and other changes in net position.

The University's financial records are either audited by the State of Georgia Department of Audits and Accounts (DOAA) or the University System of Georgia financial professionals on an annual basis. An audit of the institutional financial assistance programs is performed by the DOAA in conjunction with the statewide single audit.

Sincerely,

Susan C. Allen
Vice President
Finance & Administration

Financial Section



GEORGIA COLLEGE & STATE UNIVERSITY

Management's Discussion and Analysis (MD&A)

Introduction

Georgia College & State University (University) is one of the 26 institutions of higher education of the University System of Georgia. The University, located in Milledgeville, Georgia, was founded in 1889 as Georgia Normal & Industrial College. It later became Georgia State College for Women (GSCW). In 1969 it became Georgia College and was re-established as a co-educational institution. In 1995 the Board of Regents of the University System of Georgia granted Georgia College university status, a new mission, and a new name, "Georgia College & State University."

As the State's designated public liberal arts university, Georgia College & State University is committed to combining the educational experiences typical of esteemed private liberal arts colleges with the affordability of public higher education. Georgia College & State University is a residential learning community that emphasizes undergraduate education and also offers selected graduate programs and now offers two doctoral programs: Doctor of Nursing Practice (DNP) and Doctor of Education in Curriculum and Instruction. The faculty is dedicated to challenging students and fostering excellence in the classroom and beyond. Georgia College & State University seeks to endow its graduates with a passion for achievement, a lifelong curiosity, and exuberance for living. With a capped-enrollment goal, the University continues to manage the minimal enrollment growth each year. Comparison enrollment numbers are presented below.

FY 2019	6,989	6,565
FY 2018	6,952	6,542
FY 2017	6,915	6,538

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2019. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2019 and fiscal year 2018. The financial statements for fiscal year 2019 do not contain a restatement of the July 1, 2018 net position balance.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2019 and includes all assets and liabilities, both current and noncurrent. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University and how much the University owes vendors. The difference between assets and liabilities (net position) is one indicator of the University's financial health. Increase or decreases in net position provide an indicator of the improvement or decline of the University's financial health when considered in conjunction with other non-financial conditions, such as facilities and enrollment. Net Position is divided into three major categories. The first category, net investment in capital assets, provides the University's equity in property, plant and equipment owned by the University.

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

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

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

ASSETS				
Current Assets	\$ 29,961,313	\$ 29,900,085	\$ 61,228	0.20 %
Capital Assets, Net	179,928,578	181,994,686	(2,066,108)	(1.14)%
Other Assets	11,273,127	11,293,992	(20,865)	(0.18)%
TOTAL ASSETS	\$ 221,163,018	\$ 223,188,763	\$ (2,025,745)	(0.91)%
DEFERRED OUTFLOWS				
	\$ 23,834,921	\$ 17,703,204	\$ 6,131,717	34.64 %
LIABILITIES				
Current Liabilities	\$ 16,025,976	\$ 16,081,529	\$ (55,553)	(0.35)%
Non-Current Liabilities	253,256,971	253,396,749	(139,778)	(0.06)%
TOTAL LIABILITIES	\$ 269,282,947	\$ 269,478,278	\$ (195,331)	(0.07)%
DEFERRED INFLOWS				
	\$ 15,428,962	\$ 10,571,081	\$ 4,857,881	45.95 %
NET POSITION				
Net Investment in Capital Assets	\$ 63,902,975	\$ 63,216,913	\$ 686,062	1.09 %
Restricted, Non-Expendable	4,300,845	4,200,208	100,637	2.40 %
Restricted, Expendable	1,968,602	2,048,983	(80,381)	(3.92)%
Unrestricted	(109,886,392)	(108,623,496)	(1,262,896)	1.16 %
TOTAL NET POSITION	\$ (39,713,970)	\$ (39,157,392)	\$ (556,578)	1.42 %

Total assets decreased \$(2,025,745) which was primarily due to a decrease in net capital assets of \$(2,066,108), and a decrease in other assets of \$(20,865). The overall increase in current assets was mostly driven by increases in Accounts Receivable of over \$1.3 million, mainly caused by timing issues in collecting amounts from sponsored grants, Georgia Student Financing Commission, affiliated and component unit organizations, and GSFC, and also caused by some decreases in Cash (about \$810k, because of less collections on Accounts Receivable) and in Prepaid Items \$(473k).

Total deferred outflows of resources increased by \$6,131,717 which was primarily due to the University's proportionate share of the actuarially determined deferred loss on defined benefit pension plan administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia and also the University's proportionate share of the Other Post Employment Benefits Liability.

Total liabilities decreased \$(195,331) which was due to a decrease in current liabilities of \$(55,553) and a decrease in non-current liabilities of \$(139,778). The primary decrease in current liabilities was in the Contracts Payable line, as we had less contracted capital projects at the end of FY 2019 than in the previous year. Advances increased \$485,502, which was attributable to prepaid tuition and fees related to an increase in enrollment for the summer/fall semester and other activities on campus for which receipts preceded the activity being earned. Compensated absences decreased (\$201,563), which was related to a more accurate calculation of unused vacation leave liability for this year since there was a software conversion in the prior year. Net pension liability decreased \$(378,456) related to the University's proportionate share of the actuarially determined liability for defined benefit plans administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia. Non-current liabilities decreased this year by a total of \$(139,778), mostly in the line of lease purchases liability and net pension liability.

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 a decrease in net position of \$(556,578). This change in net position is primarily due to an decrease in the category of Expendable Net Position, in the amount of \$(80,381) (primarily due to the FY2019 liquidation of the Federal Perkins Loan Program) and an increase in Unrestricted (Deficit) Net Position primarily caused by the increase of the other post-employment benefit (OPEB) liability of \$3,893,907 for fiscal year 2019.

Total deferred inflows of resources increased by \$4,857,881 which was primarily due to the University's proportionate share of the actuarially determined deferred gain on defined benefit pension plan administered by Teachers Retirement System of

Georgia and Employees' Retirement System of Georgia and the effects of the implementation of GASB Statement No. 75 for the addition of the other post-employment benefit (OPEB) liability for the Board of Regents Retiree Health Benefit Plan, as discussed previously.

Statement of Revenues, Expenses and Changes in Net Position

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

Operating Revenue	\$ 93,102,395	\$ 90,103,465	\$ 2,998,930		3.33 %
Operating Expense	140,609,029	143,811,894	(3,202,865)		-2.23 %
Operating Income/Loss	\$ (47,506,634)	\$ (53,708,429)	\$ 6,201,795		(11.55)%
Non-Operating Revenue and Expense	\$ 46,629,368	\$ 44,556,193	\$ 2,073,175		4.65 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	\$ (877,266)	\$ (9,152,236)	\$ 8,274,970		(90.41)%
Other Revenues, Expenses, Gains, Losses and Special Items	\$ 320,688	\$ 11,635,570	\$ (11,314,882)		-97.24 %
Change in Net Position	\$ (556,578)	\$ 2,483,334	\$ (3,039,912)		(122.41)%
Net Position at beginning of year	\$ (39,157,392)	\$ (41,640,726)	\$ 2,483,334		-5.96 %
Net Position at End of Year	\$ (39,713,970)	\$ (39,157,392)	\$ (556,578)		1.42 %

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, if the effects of the fiscal year 2018 implementation of GASB Statement No. 75 for the addition of the other post-employment benefit (OPEB) liability for the Board of Regents Retiree Health Benefit Plan (as discussed previously) are removed. Some highlights of the information presented on this statement are as follows:

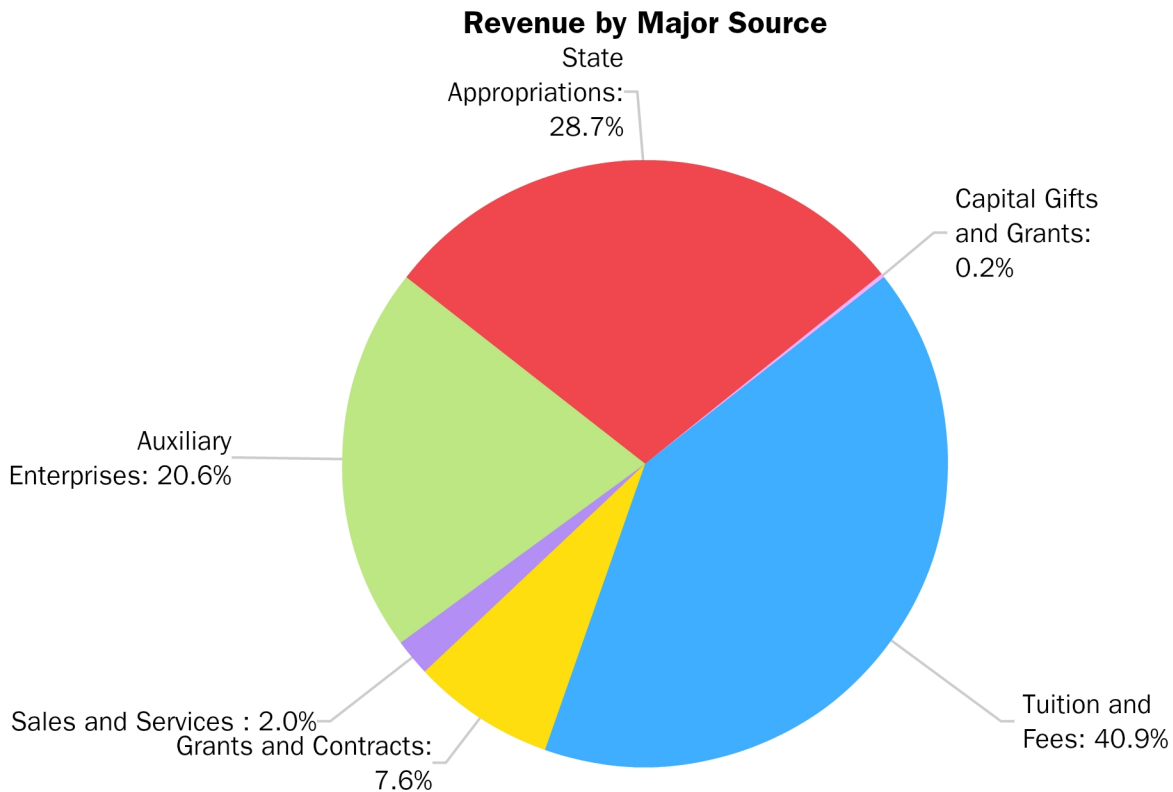
Revenues

In fiscal year 2019, state appropriations increased \$1.1 million (2.87%), grants and contracts revenue increased \$1.3 million , and net tuition and fee revenues increased \$38,483 (0.07%), which is a result of enrollment increases.

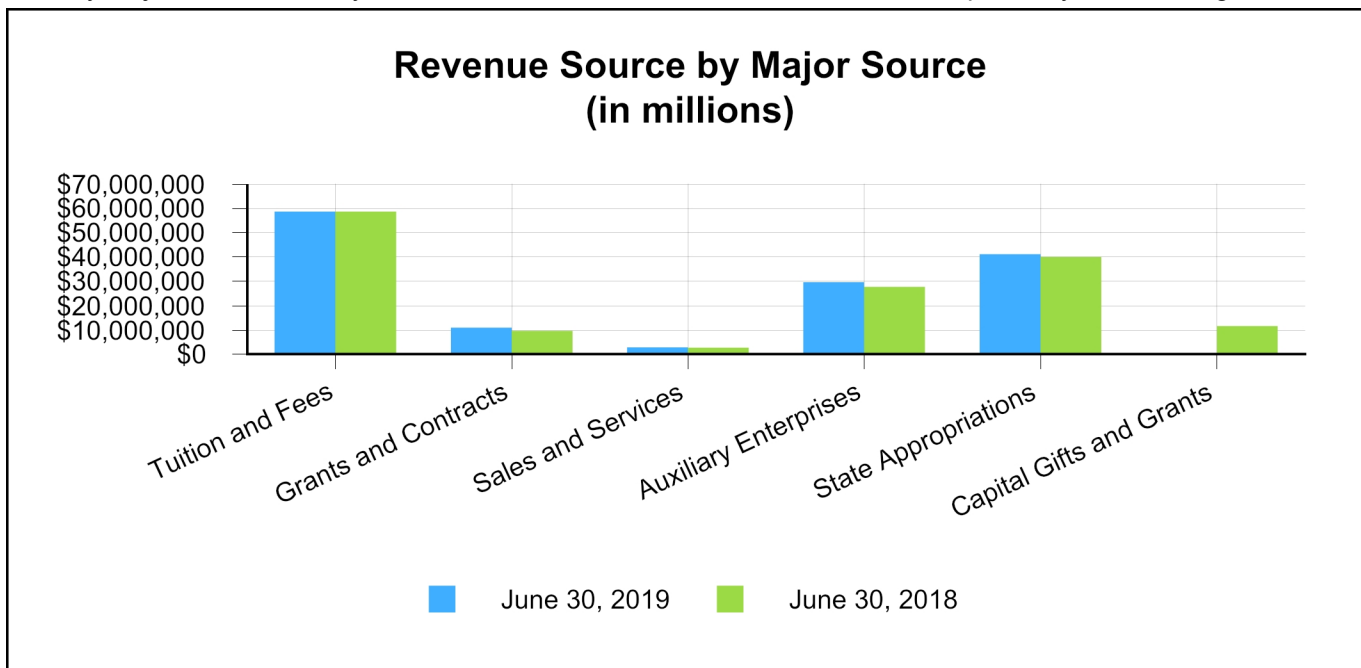
For the years ended June 30, 2019 and June 30, 2018, revenues by source were as follows:

Tuition and Fees	\$ 58,707,884	\$ 58,669,401	\$ 38,483	0.07 %
Grants and Contracts	1,203,726	548,411	655,315	119.49 %
Sales and Services	2,815,248	2,665,498	149,750	5.62 %
Auxiliary Enterprises	29,553,323	27,729,355	1,823,968	6.58 %
Other Operating Revenues	822,214	490,800	331,414	67.53 %
Total Operating Revenues	\$ 93,102,395	\$ 90,103,465	\$ 2,998,930	3.33 %
State Appropriations	\$ 41,176,883	\$ 40,028,859	\$ 1,148,024	2.87 %
Grants and Contracts	9,727,010	9,079,009	648,001	7.14 %
Gifts	1,488,744	820,408	668,336	81.46 %
Investment Income	248,257	806,881	(558,624)	-69.23 %
Other Nonoperating Revenues	(47,525)	(36,727)	(10,798)	29.40 %
Total Nonoperating Revenues	\$ 52,593,369	\$ 50,698,430	\$ 1,894,939	3.74 %
State Capital Gifts and Grants	\$ 1,400	\$ 10,670,162	\$ (10,668,762)	-99.99 %
Other Capital Gifts and Grants	292,234	959,013	(666,779)	-69.53 %
Total Capital Gifts and Grants	\$ 293,634	\$ 11,629,175	\$ (11,335,541)	(97.48)%
Additions to Permanent and Term Endowments	27,054	6,395	20,659	323.05 %
Total Revenues	\$ 146,016,452	\$ 152,437,465	\$ (6,421,013)	(4.21)%

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



Revenue by major source for the years ended June 30, 2019 and June 30, 2018 is depicted by the following chart:



Expenses

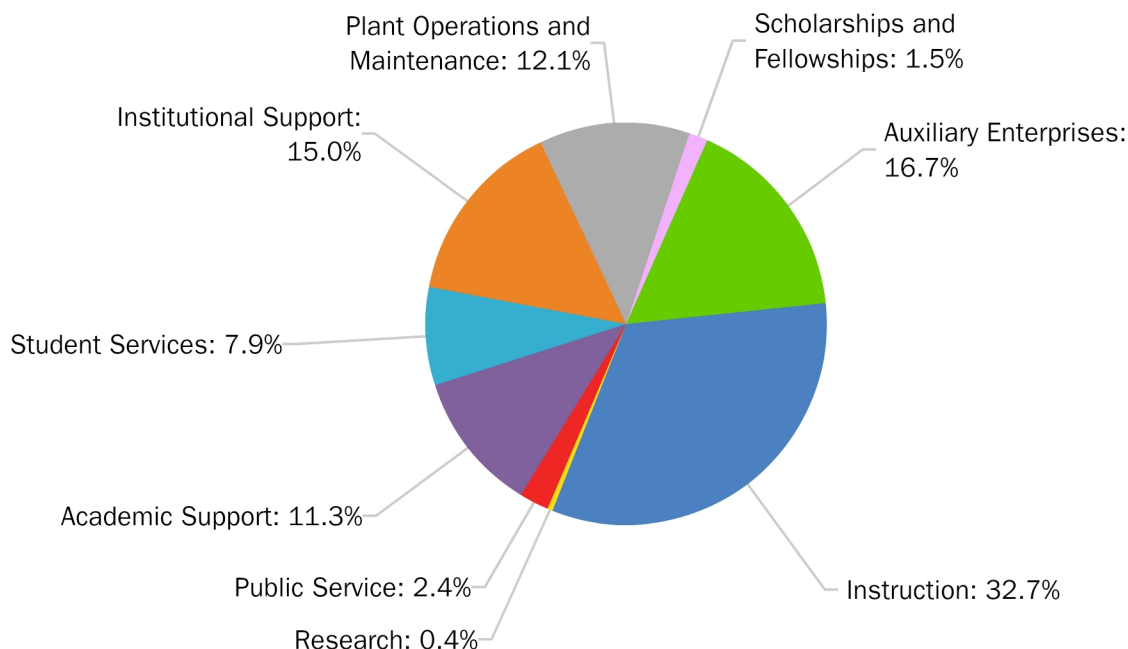
For the years ended June 30, 2019 and June 30, 2018, expenses by functional classification were as follows:

Instruction	\$ 45,921,792	\$ 46,775,967	\$ (854,175)	-1.83 %
Research	571,991	571,610	381	0.07 %
Public Service	3,372,890	4,800,842	(1,427,952)	-29.74 %
Academic Support	15,855,287	15,452,679	402,608	2.61 %
Student Services	11,096,210	11,532,588	(436,378)	-3.78 %
Institutional Support	21,109,128	21,477,829	(368,701)	-1.72 %
Plant Operations and Maintenance	17,059,278	16,556,090	503,188	3.04 %
Scholarships and Fellowships	2,115,577	2,035,180	80,397	3.95 %
Auxiliary Enterprises	23,506,876	24,609,109	(1,102,233)	-4.48 %
Total Operating Expenses	\$ 140,609,029	\$ 143,811,894	\$ (3,202,865)	(2.23)%
Interest Expense	5,964,001	6,142,237	(178,236)	-2.90 %
Total Nonoperating Expenses	\$ 5,964,001	\$ 6,142,237	\$ (178,236)	(2.90)%
Total Expenses	\$ 146,573,030	\$ 149,954,131	\$ (3,381,101)	(2.25)%

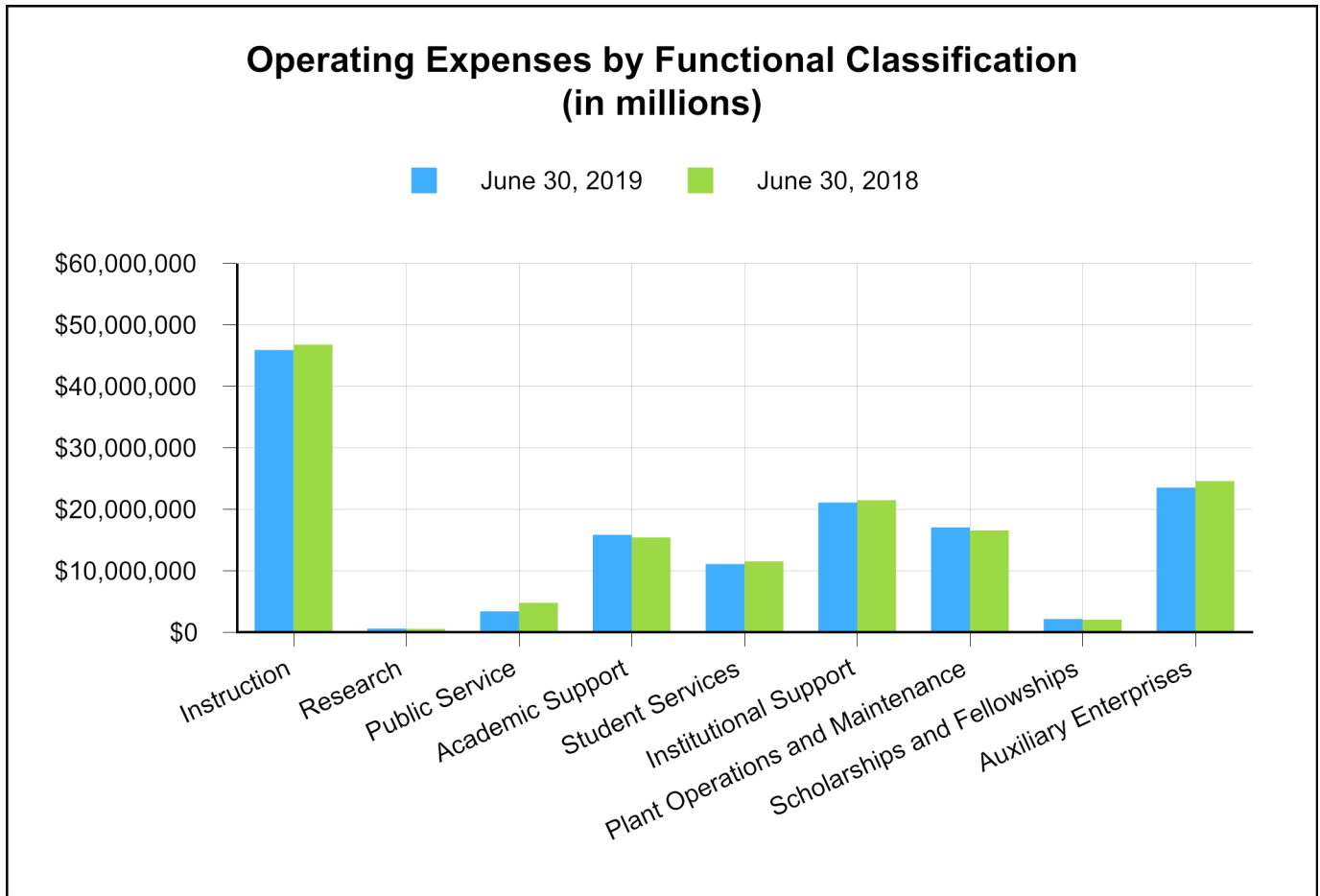
Total operating expenses were \$140.6 million in fiscal 2019, a decrease of \$(3.2) million (-2.23%) when compared with fiscal 2018. These decreases are primarily attributable to supplies and other service expenses related to the previous year's liquidation of the Federal Perkins Loan Program. This program was completely liquidated during fiscal year 2019, but the majority of the expenses fell in the 2018 fiscal year. There was also a (-30.15%) decrease in Repair and Maintenance due to efforts of the University to save on costs and deferred maintenance on campus.

The following chart depicts the fiscal 2019 operating expenses by functional classification.

Operating Expenses by Functional Classification

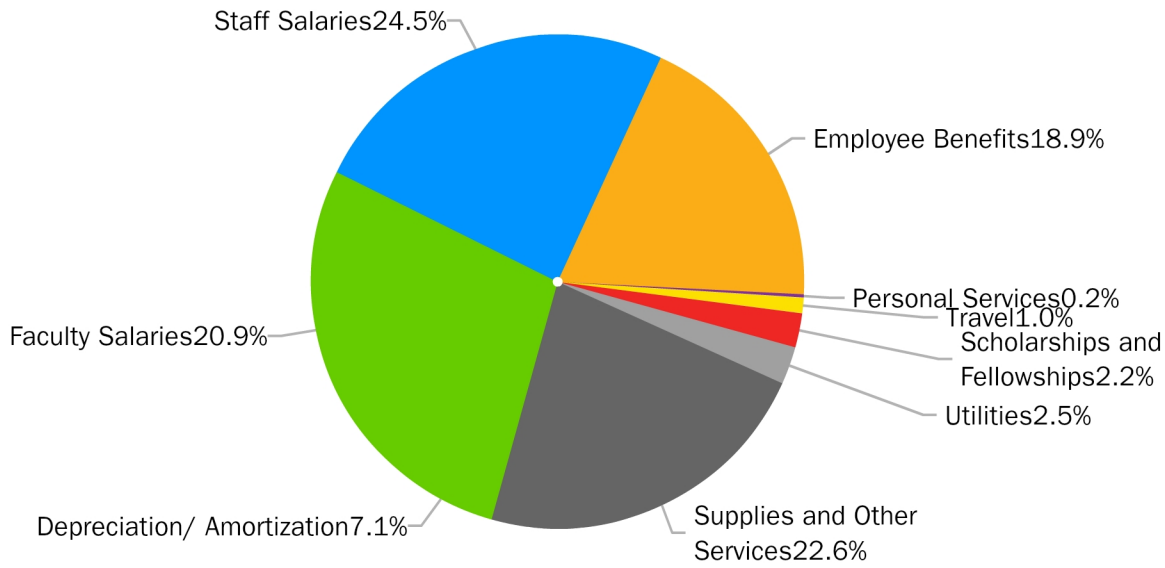


Operating expenses by by functional classification for the years ended June 30, 2019 and June 30, 2018 is depicted by the following chart:

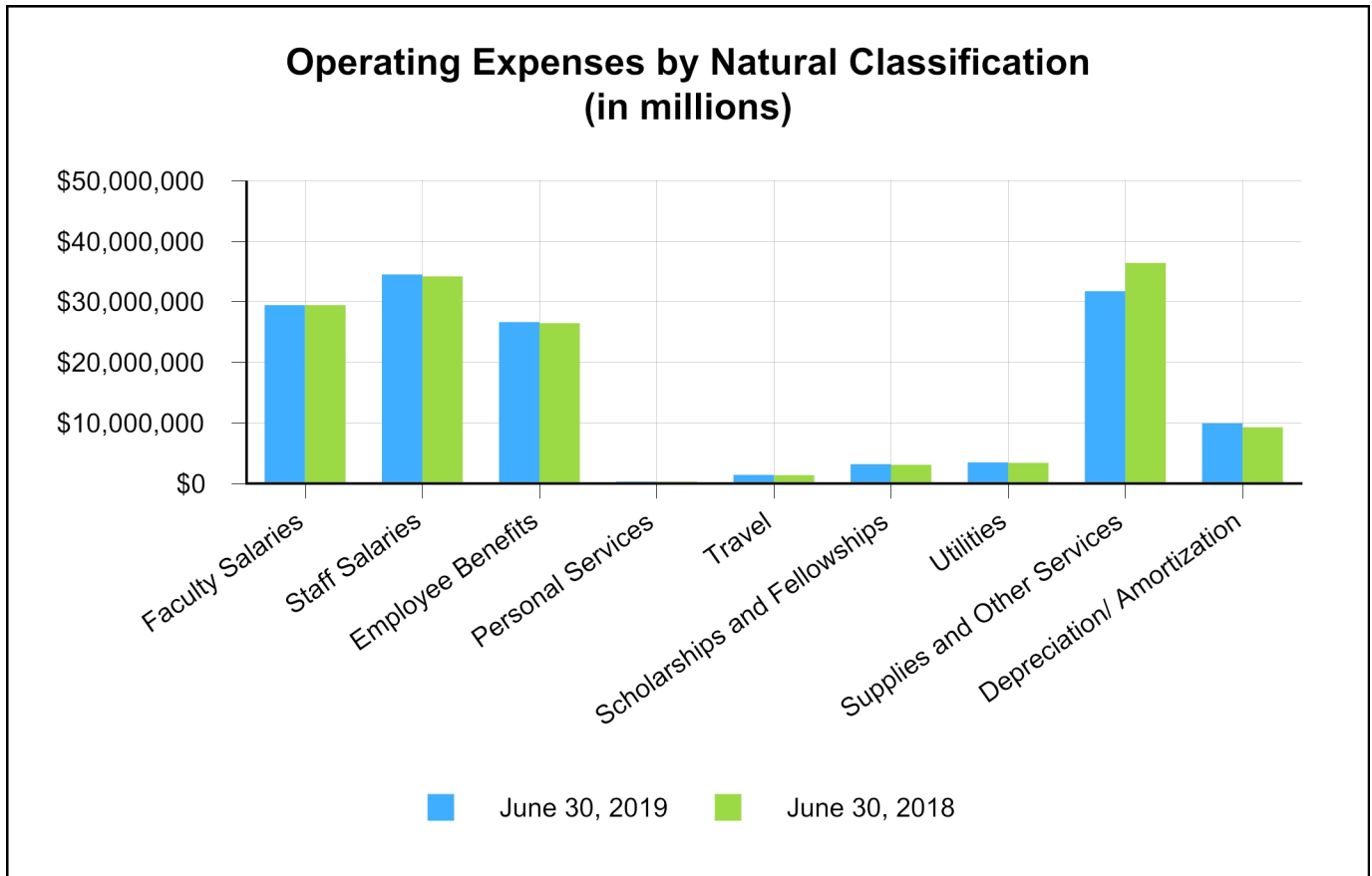


The following chart depicts the fiscal 2019 operating expenses by natural classification.

Operating Expenses by Natural Classification



Operating expenses by by natural classification for the years ended June 30, 2019 and June 30, 2018 is depicted by the following chart:



Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2019 and 2018, Condensed

Cash Provided (Used) by:			
Operating Activities	\$	-36,015,421	\$ -35,533,645
Non-Capital Financing Activities		51,650,951	49,190,463
Capital and Related Financing Activities		-16,445,709	-13,594,730
Investing Activities		11,389	510,848
NET CHANGE IN CASH	\$	(798,790)	\$ 572,936
Cash, beginning of year (restated)		24,310,023	23,737,087
CASH, end of year	\$	23,511,233	\$ 24,310,023

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2019 and June 30, 2018 were as follows:

Land	\$	2,208,710	\$	2,078,986	\$	129,724	6.24 %
Capitalized Collections		347,681		347,681			0.00 %
Construction Work-in-Progress		2,240,387		1,689,376		551,011	32.62 %
Building and Building Improvements		160,238,653		163,934,576		-3,695,923	-2.25 %
Facilities and Other Improvements		5,070,856		5,312,009		-241,153	-4.54 %
Equipment		7,803,051		6,593,604		1,209,447	18.34 %
Library Collections		2,017,907		2,036,871		-18,964	-0.93 %
Capitalized Collections		1,333		1,583		-250	-15.79 %
Capital Assets, net of accumulated depreciation	\$	179,928,578	\$	181,994,686	\$	(2,066,108)	(1.14)%

The University had several somewhat significant capital asset additions for buildings in fiscal year 2019, the largest of which was a renovation of the Clark Street Entrance to the Russell Library at a cost of \$1.2 million. Several other renovations took place during the year, as well as a couple of land purchases completed to repurpose the property for parking facilities.

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

Long Term Liabilities

Georgia College & State University had Long-Term Liabilities of \$118,889,261 of which \$5,977,052 was reflected as current liability at June 30, 2019.

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

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

Economic Outlook

The University is not aware of any currently known facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal, beyond those unknown variables having a global effect on virtually all types of business operations. The longer-term outlook is somewhat more optimistic as the State and National economies continue to show promise of slow, but positive, growth, and favorable budget support for education is shown by the Governor of Georgia and the General Assembly.

The University's overall financial position remains strong, especially if Net Position is viewed: 1) without the effect of the additional Net Pension Liability \$53,553,707 required to be recorded this fiscal year in accordance with GASB Statement No. 68; and 2) also without the effect of the large decrease in Unrestricted Net Position for the new addition of other post-employment benefit (OPEB) liability of \$86,791,055, which was in accordance with GASB Statement No. 75, effective in FY 2019. The University continues to operate effectively within budgetary parameters and constraints. Prior years' enrollment increases and strong retention rates have enabled the University to offset some of the negative impacts of GASB 68 & 75 on overall Net Position. The University anticipates the current fiscal year will be much like last, and we will maintain a close watch over resources and continue to hold costs to lower levels in order to maintain the University's ability to react to unknown internal and external issues.

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Financial Statements (GAAP Basis)



GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Georgia College & State University	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 22,616,765	\$ 2,758,460
Cash and Cash Equivalents (Externally Restricted)	764,783	—
Accounts Receivable, net		
Federal Financial Assistance	394,768	—
State General Appropriations		—
Margin Allocation Funds		—
Affiliated Organizations	9,113	—
Component Units	896,193	—
Primary Government		—
Pledges and Contributions		527,299
Other	4,128,861	2,197
Notes Receivable, net		—
Due From Other Funds		—
Investment in Capital Leases - Primary Government		814,219
Investment in Capital Leases - Other		—
Inventories	283,097	—
Prepaid Items	867,733	8,833
Other Assets	—	—
Total Current Assets	\$ 29,961,313	4,111,008
Non-Current Assets		
Accounts Receivable, net		
Affiliated Organizations		—
Component Units	\$ 1,638,638	—
Primary Government		—
Due From USO - Capital Liability Reserve Fund	1,081,968	—
Due From Institution - Capital Liability Reserve Fund		—
Pledges and Contributions		634,924
Other		—
Investments	3,361,521	11,087,289
Notes Receivable, net	2,300	—
Due From Other Funds		—
Investment in Capital Leases - Primary Government		81,516,434
Investment in Capital Leases - Other		—
Other Assets		1,173,124
Non-current Cash (Externally Restricted)	129,685	—
Short-term Investments (Externally Restricted)		—
Investments (Externally Restricted)	5,059,015	42,138,780
Capital Assets, net	179,928,578	1,210,801
Total Non-Current Assets	\$ 191,201,705	137,761,352
TOTAL ASSETS	\$ 221,163,018	141,872,360
DEFERRED OUTFLOWS OF RESOURCES	\$ 23,834,921	\$ —

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

GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Georgia College & State University	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 3,935,469	\$ 1,005,327
Salaries Payable	415,865	—
Benefits Payable	217,242	—
Contracts Payable	1,273,106	—
Retainage Payable	133,609	—
Due to Affiliated Organizations		—
Due to Component Units		—
Due to Primary Government		896,193
Due to Other Funds		—
Due to USO - Capital Liability Reserve Fund		—
Advances (Including Tuition and Fees)	2,427,155	—
Deposits	325,775	—
Deposits Held for Other Organizations	576,261	3,483,719
Other Liabilities	744,442	—
Notes and Loans Payable		—
Lease Purchase Obligations - External	826,255	—
Lease Purchase Obligations - Component Units	2,775,116	—
Revenue Bonds and Notes Payable		2,975,000
Liabilities Under Split Interest Agreements		—
Interest Rate Swap		—
Pollution Remediation		—
Claims and Judgments		—
Compensated Absences	2,375,681	—
Total Current Liabilities	\$ 16,025,976	8,360,239
Non-Current Liabilities		
Due to Affiliated Organizations	—	—
Due to Component Units	—	—
Due to Primary Government	—	1,638,638
Due to Other Funds	—	—
Due to USO - Capital Liability Reserve Fund	—	—
Advances (Including Tuition and Fees)	—	—
Other Liabilities	—	—
Notes and Loans Payable	—	—
Lease Purchase Obligations - External	\$ 32,698,969	—
Lease Purchase Obligations - Component Units	79,555,537	—
Revenue Bonds and Notes Payable		89,329,464
Liabilities Under Split Interest Agreements		771,766
Interest Rate Swap		6,489,668
Pollution Remediation		—
Claims and Judgments		—
Compensated Absences	657,703	—
Net Other Post Employment Benefits Liability	86,791,055	—
Net Pension Liability	53,553,707	—
Total Non-Current Liabilities	\$ 253,256,971	98,229,536
TOTAL LIABILITIES	\$ 269,282,947	106,589,775
DEFERRED INFLOWS OF RESOURCES		
	\$ 15,428,962	\$ —

NET POSITION

Net Investment in Capital Assets	\$	63,902,975	1,210,801
Restricted for:			
Nonexpendable		4,300,845	21,089,242
Expendable		1,968,602	9,103,132
Unrestricted (Deficit)		(109,886,392)	3,879,410
		<hr/>	<hr/>
TOTAL NET POSITION	\$	<u>(39,713,970)</u>	<u>\$ 35,282,585</u>

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

GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2019

	Georgia College & State University	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	\$ 58,707,884	\$ —
Federal Appropriations		—
Grants and Contracts		
Federal	320,564	—
State	770,408	—
Other	112,754	—
Sales and Services	2,815,248	—
Rents and Royalties	79,800	4,793,939
Auxiliary Enterprises		
Residence Halls	16,084,341	—
Bookstore	1,311,493	—
Food Services	7,840,409	—
Parking/Transportation	1,604,216	—
Health Services		—
Intercollegiate Athletics	2,384,731	—
Other Organizations	328,133	—
Gifts and Contributions		2,030,399
Endowment Income		892,193
Other Operating Revenues	742,414	370,921
Total Operating Revenues	<u>\$ 93,102,395</u>	<u>8,087,452</u>
OPERATING EXPENSES		
Faculty Salaries	\$ 29,453,624	—
Staff Salaries	34,492,552	498,183
Employee Benefits	26,638,726	—
Other Personal Services	291,950	—
Travel	1,423,735	101,644
Scholarships and Fellowships	3,152,348	827,873
Utilities	3,481,512	—
Supplies and Other Services	31,737,312	2,748,323
Depreciation	9,937,270	1,074
Total Operating Expenses	<u>\$ 140,609,029</u>	<u>4,177,097</u>
Operating Income (Loss)	<u>\$ (47,506,634)</u>	<u>\$ 3,910,355</u>

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

GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2019

	Georgia College & State University	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 41,176,883	\$ —
Grants and Contracts		
Federal	7,784,861	—
State	207,075	—
Other	1,735,074	—
Gifts	1,488,744	—
Investment Income	248,257	(500,333)
Interest Expense	(5,964,001)	(3,967,057)
Other Nonoperating Revenues (Expenses)	(47,525)	(4,200)
Net Nonoperating Revenues	<u>\$ 46,629,368</u>	<u>(4,471,590)</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>\$ (877,266)</u>	<u>(561,235)</u>
Capital Grants and Gifts		
Federal	—	—
State	\$ 1,400	—
Other	292,234	—
Additions to Permanent and Term Endowments	27,054	1,516,507
Special Item	—	—
Extraordinary Item	—	—
Total Other Revenues, Expenses, Gains or Losses	<u>\$ 320,688</u>	<u>1,516,507</u>
Change in Net Position	<u>\$ (556,578)</u>	<u>955,272</u>
Net Position, Beginning of Year, As Originally Reported	\$ (39,157,392)	34,327,313
Prior Year Adjustments		—
Net Position, Beginning of Year, Restated	<u>\$ (39,157,392)</u>	<u>34,327,313</u>
Net Position, End of Year	<u>\$ (39,713,970)</u>	<u>\$ 35,282,585</u>

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

GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2019

Georgia College & State
University

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 91,741,015
Grants and Contracts (Exchange)	1,261,350
Payments to Suppliers	(60,359,957)
Payments to Employees	(65,610,071)
Payments for Scholarships and Fellowships	(3,152,348)
Loans Issued to Students	(38,703)
Collection of Loans from Students	143,293
Net Cash Used by Operating Activities	<u>\$ (36,015,421)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	\$ 41,176,883
Agency Funds Transactions - Receipts	184,257,254
Agency Funds Transactions - Disbursements	(184,714,025)
Gifts and Grants Received for Other Than Capital Purposes	10,930,839
Net Cash Flows Provided by Non-Capital Financing Activities	<u>\$ 51,650,951</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	\$ 200,181
Purchases of Capital Assets	(7,412,684)
Principal Paid on Capital Debt and Leases	(3,205,120)
Interest Paid on Capital Debt and Leases	(6,028,086)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (16,445,709)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	\$ 267,037
Investment Income	356,306
Purchase of Investments	(611,954)
Net Cash Provided by Investing Activities	<u>\$ 11,389</u>
Net Decrease in Cash and Cash Equivalents	\$ (798,790)
Cash and Cash Equivalents, Beginning of Year	<u>24,310,023</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 23,511,233</u></u>

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

GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2019

	<u>Georgia College & State University</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (47,506,634)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	9,937,270
Operating Expenses Related to Noncash Gifts	4,013
Change in Assets and Liabilities:	
Receivables, net	(733,467)
Inventories	8,922
Prepaid Items	472,576
Other Assets	
Notes Receivable, Net	104,590
Accounts Payable	693,955
Salaries Payable	(17,363)
Benefits Payable	
Contracts Payable	(1,296,103)
Retainage Payable	(215,902)
Deposits	(20,200)
Advances (Including Tuition and Fees)	513,884
Other Liabilities	(63,050)
Funds Held for Others	
Compensated Absences	(201,562)
Due to Affiliated Organizations	
Pollution Remediation	
Claims and Judgments	
Net Pension Liability	(378,456)
Other Post-Employment Benefit Liability	3,893,907
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	4,919,916
Deferred Outflows of Resources	(6,131,717)
Net Cash Used by Operating Activities	<u>\$ (36,015,421)</u>

NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND
RELATED FINANCING TRANSACTIONS

Noncapital Financing Activities Noncash Items:	
Noncapital Gifts	<u>\$ 4,013</u>
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	<u>\$ 711,670</u>
Amortization of Non-capital Financing Activities Advances and Deferred Inflows	<u>\$ 132,715</u>
New Non-Capital Financing Debt	<u>\$ —</u>
Increase in Non-Capital Debt Related to Capitalized Interest	<u>\$ —</u>
Other Noncapital Financing Activities Noncash Items	<u>\$ —</u>
Non-Capital Financing Activities Accounts Receivable, Net of Allowances	
Noncash Capital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	<u>\$ 823,130</u>
Gift of Capital Assets	<u>\$ —</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (47,525)</u>
Accrual of Capital Asset Related Payables	<u>\$ 1,172,567</u>

Capital Assets Acquired Through Prepaid Capital	\$ —
Capital Assets Acquired by Incurring Capital Lease Obligations	\$ 50,136
Deferred Gain (Loss) due to Debt Refundings	\$ —
Increase in Capital Debt due to Capitalized Interest	\$ —
Early Extinguishment of Capital Debt	\$ —
Amortization of Capital Financing Activities Advances and Deferred Inflows	\$ —
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	\$ 62,035
Accrual of Capital Financing Interest Payable	\$ 93,868
Other Noncapital Financing Activities Noncash Items	\$ —
Amortization of Gift Revenue recognized or Non-Cash Capital Gifts from Vendors	\$ (243,470)
Edit Description Other Capital Financing Activities Noncash Items	
Edit Description Other Capital Financing Activities Noncash Items	
Investing Activities Noncash Items:	
Unrealized Gain (Loss) on Investments	\$ (108,049)
Gift of Investments	\$ —
Other Investing Activities Noncash Items	\$ —

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

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Notes to the Financial Statements



*Old Governor's Mansion Museum Education Room,
formerly the Carriage House*

GEORGIA COLLEGE & STATE UNIVERSITY

GEORGIA COLLEGE & STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's Comprehensive Annual Financial Report (CAFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the University. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2019, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Discretely Presented Component Units

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

- Georgia College & State University Foundation, Inc., 231 W Hancock St., CBX 96, Milledgeville, GA, 30161.

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

Basis of Accounting and Financial Statement Presentation

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

The University's business-type activities 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.

New Accounting Pronouncements

For fiscal year 2019, the University adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The adoption of this Statement does not have a significant impact on the University's financial statements.

For fiscal year 2019, the University adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The adoption of this Statement does not have a significant impact on the University's financial statements.

Cash and Cash Equivalents

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

Short-Term Investments

Short-Term Investments consist of investments of 90 days - 13 months. These include certificates of deposits or other time-restricted investments with original maturities of six months or more when purchased. Funds are not readily available and there is a penalty for early withdrawal. Short-Term Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Short-Term Investments 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 University accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The Board of Regents Total Return Fund is included as investments. Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Assets restricted as to use by a third party are reported as externally restricted.

Accounts Receivable

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

Inventories

The University does not maintain an inventory for consumable supplies. Resale inventories are valued at cost using the average-cost basis.

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items.

Capital Assets

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

for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

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

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

Capital Liability Reserve Fund

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

Deferred Outflows of Resources

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

Deposits

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

Advances

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

Deposits Held for Other Organizations

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

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

Other Post-Employment Benefit (OPEB)

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

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

Pensions and Net Pension Liability

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

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

Net Position

The University's net position is classified as follows:

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

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

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

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

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$7,116,481.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2019 are classified in the accompanying statement of net position as follows:

Cash and Cash Equivalents	\$	22,616,765
Cash and Cash Equivalents (Externally Restricted)		764,783
Non Current - Investments		3,361,521
Noncurrent Cash (Externally Restricted)		129,685
Noncurrent Investments (Externally Restricted)		5,059,015
	<u>\$</u>	<u>31,931,769</u>

Cash on hand, deposits and investments as of June 30, 2019 consist of the following:

Cash on Hand	\$	21,750
Deposits with Financial Institutions		23,359,798
Investments		8,550,221
Pooled Assets Held on Behalf of Component Units		—
	<u>\$</u>	<u>31,931,769</u>

A. Deposits with Financial Institutions

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

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
6. Letters of credit issued by a Federal Home Loan Bank.
7. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

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

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

At June 30, 2019, the bank balances of the University’s deposits totaled \$23,834,393. Of these deposits, \$4,698,255 were exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging financial institution's trust departments or agents, but not in the Institution's name	<u>\$ 4,698,255</u>
Total deposits exposed to custodial credit risk	<u>\$ 4,698,255</u>

B. Investments

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

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

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

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

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

The following table summarizes the valuation of the University's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2019.

	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Investment type:				
Debt Securities				
U.S. Treasuries	\$ 214,021	\$ 214,021		
U.S. Agencies				
Explicitly Guaranteed	—			
Implicitly Guaranteed	27,673		\$ 27,673	
Bond Securities				
Corporate Debt	270,058		270,058	
Guaranteed Investment Contracts	—			
General Obligation Bonds	—			
Money Market Mutual Funds	—			
Municipal Obligations	—			
Mutual Bond Funds	210,584	210,584		
Repurchase Agreements	—			
Other Investments				
Cash Surrender Value	—	—		
Equity Mutual Funds - Domestic	414,210	414,210		
Equity Mutual Funds - International	296,262	296,262		
Equity Securities - Domestic	654,663	654,663		
Equity Securities - International	119,087	119,087		
Real Estate Held for Investment Purposes	—	—		
Real Estate Investment Trusts	210,657	210,657		
Other	129,685	129,685		
	<u>\$ 2,546,900</u>	<u>\$ 2,249,169</u>	<u>\$ 297,731</u>	<u>\$ —</u>
Investment Pools				
Board of Regents				
Short-Term Fund	—			
Legal Fund	—			
Balanced Income Fund	—			
Total Return Fund	2,539,661			
Diversified Fund	3,463,660			
Diversified Fund for Foundations	—			
Office of the State Treasurer				
Georgia Fund 1	—			
Georgia Extended Asset Pool	—			
Total Investments	<u>\$ 8,550,221</u>			

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

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

Investments classified in Level 3 includes real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investment in this category have been estimated using the net asset value of the University's ownership interest in

partners' capital. These investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

Board of Regents Pooled Investment Program

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

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

Total Return Fund

The Total Return Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers greater overall equity exposure and is appropriate for investing longer term funds such as endowments. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents.

The equity allocation shall range between 60% and 80%, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Total Return Fund at June 30, 2019 was \$2,539,661, of which 29% is invested in debt securities. The Effective Duration of the Fund is 5.14 years.

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 Institution's position in the Diversified Fund at June 30, 2019 was \$3,463,660, of which 30% is invested in debt securities. The Effective Duration of the Fund is 5.12 years.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Through a management agreement, the Georgia College & State University Foundation, Inc. manages the University's endowment funds. The Georgia College & State University Foundation's policy for managing interest rate risk, as adopted by the Investment Committee:

The Fixed Income portfolio should maintain a minimum overall quality rating of "investment grade" by Moody's and Standard & Poor's ("Baa3" or better for Moody's, "BBB-" or better for Standard & Poor's). Allowable fixed income securities include government, agency, mortgage, corporate, and asset backed, both domestically and globally.

1. The Fixed Income portfolio should maintain a minimum overall quality rating of “investment grade” by Moody’s and Standard & Poor’s (“Baa3” or better for Moody’s, “BBB-” or better for Standard & Poor’s). Allowable fixed income securities include government, agency, mortgage, corporate, and asset backed, both domestically and globally.
2. Except for government and agency issues, no more than ten (10) percent of the market value of the fixed income portfolio should be invested in any one issue, no more than twenty (20) percent of the market value in any one industry, unless specifically approved as an exception by the Committee.
3. The Asset Allocation guideline for: Cash and Cash Equivalents is 1% to 15% of the investment portfolio; for Equities is 60% to 80% of the investment portfolio; and for Fixed Income is 20% to 40% of the investment portfolio.

	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	\$ 214,021			\$ 154,993	\$ 59,028	
U.S. Agencies						
Explicitly Guaranteed	—					
Implicitly Guaranteed	27,673			27,673		
Bond Securities						
Corporate Debt	270,059		8,342	219,941	41,776	\$ —
Guaranteed Investment Contracts	—					
General Obligation Bonds	—					
Money Market Mutual Funds	—					
Municipal Obligations	—					
Mutual Bond Funds	210,584			82,160	75,496	52,928
Repurchase Agreements	—					
	<u>\$ 722,337</u>	<u>\$ —</u>	<u>\$ 8,342</u>	<u>\$ 484,767</u>	<u>\$ 176,300</u>	<u>\$ 52,928</u>
Other Investments						
Cash Surrender Value	—					
Equity Mutual Funds - Domestic	414,210					
Equity Mutual Funds - International	296,261					
Equity Securities - Domestic	654,664					
Equity Securities - International	119,086					
Real Estate Held for Investment Purposes	—					
Real Estate Investment Trusts	210,656					
Other	129,686					
Investment Pools						
Board of Regents						
Short-Term Fund	—					
Legal Fund	—					
Balanced Income Fund	—					
Total Return Fund	2,539,661					
Diversified Fund	3,463,660					
Diversified Fund For Foundations	—					
Office of the State Treasurer						
Georgia Fund 1	—					
Georgia Extended Asset Pool	—					
Total Investments	<u>\$ 8,550,221</u>					

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Through a management agreement, the Georgia College & State University Foundation, Inc. manages the University's endowment funds. The University's Foundation's policy for managing custodial credit risk, as adopted by the Georgia College & State University Foundation's Investment Committee on June 6, 2013 and by the Board of Trustees on June 17, 2013, is:

1. The Investment Advisor's performance shall be compared regularly with the performance of the appropriate equity or fixed income market indices, performance of peers, industry benchmarks and other reasonable peer performance guidelines.
 - a. Equity management will be expected to achieve at least average total rates of return, net of fees, over rolling three (3) year periods that equal or exceed the MSCI All Country World Index (MSCI ACWI).
 - b. Fixed income management will be expected to achieve at least average total rates of return, net of fees over rolling three (3) year periods that equal or exceed the Barclays Capital Aggregate Bond Index (BarCap AGG).
 - c. Individual managers/funds are expected to outperform their respective benchmarks and finish in the top half of their respective peer group over a full market cycle, typically defined as five (5) years.
2. The Investment Advisor can be responsible for custody of securities. If the Investment Advisor does not generally offer custodial services, the (Investment) Committee shall name a custodian.
3. All transactions shall be entered into on the basis of best execution, which means best-realized net price.
4. The Investment Committee shall conduct regular evaluations of the Investment Advisor. Notwithstanding the foregoing, a formal request for proposals (RFP) shall be issued to the current Investment Advisor, custodians and no fewer than three (3) qualified investment advisory firms at an interval of not more than five (5) years from the date of hire.
5. The (Investment) Committee shall conduct a formal review of the Portfolio performance quarterly with the Investment Advisor.

At June 30, 2019, \$722,337 was uninsured and held by the investment's counterparty's trust department or agent, but not in the University's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Through a management agreement, the Georgia College & State University Foundation, Inc. manages the University's endowment funds. The University Foundation's policy for managing credit quality risk, as adopted by the Georgia College & State University Foundation's Investment Committee on June 6, 2013 and by the Board of Trustees on June 17, 2013, is:

Equities:

1. To achieve diversification, the Foundation shall invest across various equity styles, foreign and domestic, and various capitalization sizes and industry sectors, both public and private. The portfolio shall be diversified among different industries, with a concentration in any single industry and in any single company of not greater than twenty (20) percent and five (5) percent respectively, unless specifically approved as an exception by the Investment Committee. Futures and derivatives as investments shall not be used except by majority vote of the Investment Committee or when used as a sub-strategy within a professionally-managed commingled/mutual fund.
2. Upon specific approval by the Committee, investments in income-producing real estate shall be permitted and shall be treated as an equity investment. Professionally-managed commingled/mutual funds using publicly traded Real Estate Investment Trusts (REITs) shall also be allowed.
3. The Asset Allocation guideline for Equities is 60% to 80% of the investment portfolio.

Fixed Income:

1. The Fixed Income portfolio should maintain a minimum overall quality rating of "investment grade" by Moody's and Standard & Poor's ("Baa3" or better for Moody's, "BBB-" or better for Standard & Poor's). Allowable fixed income securities include government, agency, mortgage, corporate, and asset backed, both domestically and globally.
2. Except for government and agency issues, no more than ten (10) percent of the market value of the fixed income portfolio should be invested in any one issue, no more than twenty (20) percent of the market value in any one industry, unless specifically approved as an exception by the Committee.
3. The Asset Allocation guideline for Fixed Income is 20% to 40% of the investment portfolio.

The investments subject to credit quality risk are reflected below:

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
U. S. Agency Securities	\$ 27,673		\$ 27,673			
Bond Securities	—					\$ —
Corporate Debt	270,059		56,381	\$ 132,796	\$ 80,882	
Guaranteed Investment Contracts	—					
General Obligation Bonds	—					
Money Market Mutual Funds	—	\$ —				
Municipal Obligations	—					
Mutual Bond Funds	210,584					210,584
Repurchase Agreements	—					
	<u>\$ 508,316</u>	<u>\$ —</u>	<u>\$ 84,054</u>	<u>\$ 132,796</u>	<u>\$ 80,882</u>	<u>\$ 210,584</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University does not have a formal policy for managing credit quality risk for investments.

At June 30, 2019, the University had no investments that had concentrations of greater than 5% of total investments held.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Exposure to foreign currency credit risk is limited to funds maintained in foreign accounts for the Study Abroad Program. The University does not have a formal policy for managing foreign currency risk, as the University does not have funds in foreign accounts for any of its programs.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2019:

	<u>Business Type Activities</u>
Student Tuition and Fees	\$ 338,985
Auxiliary Enterprises and Other Operating Activities	181,868
Federal Financial Assistance	394,768
Georgia State Financing and Investment Commission	823,130
Due from Affiliated Organizations	9,113
Due from Component Units	2,534,831
Due From Other USG Institutions	1,081,968
Other	2,867,657
	<u>\$ 8,232,320</u>
Less: Allowance for Doubtful Accounts	<u>82,779</u>
Net Accounts Receivable	<u><u>\$ 8,149,541</u></u>

Note 4 Inventories

Inventories consisted of the following at June 30, 2019:

Merchandise for Resale	<u>\$ 283,097</u>
Total	<u><u>\$ 283,097</u></u>

Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2019. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for amounts canceled under these provisions. As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2019, the allowance for uncollectible loans was \$3,325. During the latter part of Fiscal Year 2018, the University began official Federal procedures to liquidate the remaining Perkins Loan Program activity at Georgia College & State University in line with the Federal government's guidance to liquidate this program nationwide. As of June 30, 2019 the University has assigned all remaining Federal Perkins loans back to the U.S. Department of Education, and the Federal Perkins Loan Program has been liquidated and completely dissolved at Georgia College & State University.

Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2019 are shown below:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Capital Assets, Not Being Depreciated:				
Land	\$ 2,078,986	\$ 129,724		\$ 2,208,710
Capitalized Collections	347,681			347,681
Construction Work-in-Progress	1,689,376	3,791,514	\$ 3,240,503	2,240,387
Software Development-in-Progress	—			—
Total Capital Assets Not Being Depreciated	\$ 4,116,043	\$ 3,921,238	\$ 3,240,503	\$ 4,796,778
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	—			—
Building and Building Improvements	\$ 259,867,347	\$ 3,516,128		\$ 263,383,475
Facilities and Other Improvements	6,841,064			6,841,064
Equipment	19,899,478	3,151,568	\$ 643,667	22,407,379
Library Collections	10,543,684	570,256	148,674	10,965,266
Capitalized Collections	10,000			10,000
Total Capital Assets Being Depreciated/Amortized	\$ 297,161,573	\$ 7,237,952	\$ 792,341	\$ 303,607,184
Less: Accumulated Depreciation/Amortization				
Infrastructure	—			—
Building and Building Improvements	\$ 95,932,771	\$ 7,212,051		\$ 103,144,822
Facilities and Other Improvements	1,529,055	241,153		1,770,208
Equipment	13,305,874	1,894,596	\$ 596,142	14,604,328
Library Collections	8,506,813	589,220	148,674	8,947,359
Capitalized Collections	8,417	250		8,667
Total Accumulated Depreciation/Amortization	\$ 119,282,930	\$ 9,937,270	\$ 744,816	\$ 128,475,384
Total Capital Assets, Being Depreciated/Amortized, Net	\$ 177,878,643	\$ (2,699,318)	\$ 47,525	\$ 175,131,800
Capital Assets, net	\$ 181,994,686	\$ 1,221,920	\$ 3,288,028	\$ 179,928,578

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2019, GSFIC did not transfer any capital additions from GSFIC to the University.

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

Fiscal Year	Depreciation Expense
2019	\$ 9,937,270
2018	\$ 9,258,870
2017	\$ 8,904,622

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2019:

	Current Liabilities
Prepaid Tuition and Fees	\$ 2,208,155
Research	104,332
Other - Advances	114,668
Totals	<u>\$ 2,427,155</u>

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2019 was as follows:

	(Restated) Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion
Leases					
Lease Purchase Obligations	\$ 119,010,861	\$ 50,136	\$ 3,205,120	\$ 115,855,877	\$ 3,601,371
Other Liabilities					
Compensated Absences	\$ 3,234,947	\$ 2,501,884	\$ 2,703,447	\$ 3,033,384	\$ 2,375,681
Total	<u>\$ 3,234,947</u>	<u>\$ 2,501,884</u>	<u>\$ 2,703,447</u>	<u>\$ 3,033,384</u>	<u>\$ 2,375,681</u>
Total Long-Term Obligations	<u>\$ 122,245,808</u>	<u>\$ 2,552,020</u>	<u>\$ 5,908,567</u>	<u>\$ 118,889,261</u>	<u>\$ 5,977,052</u>

Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2019, consisted of the following:

Deferred Outflow of Resources

Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	\$ 14,477,627
Deferred Outflow on OPEB Plan (See Note 17)	9,357,294
Total Deferred Outflows of Resources	<u>\$ 23,834,921</u>

Deferred Inflow of Resources

Deferred Inflow on Debt Refunding	\$ 1,297,579
Unavailable Revenues	2,385,354
Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	1,908,094
Deferred Inflow on OPEB Plan (See Note 17)	9,837,935
Total Deferred Inflows of Resources	<u>\$ 15,428,962</u>

Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2019 is as follows:

NET POSITION

Net Investment in Capital Assets	\$ 63,902,975
Restricted for	
Nonexpendable	
Permanent Endowment	\$ 4,300,845
Expendable	
Sponsored and Other Organized Activities	\$ 423,952
Federal Loans	
Institutional Loans	1,544,650
Sub-Total	\$ 1,968,602
Unrestricted	
Auxiliary Enterprises Operations	\$ (4,763,365)
Auxiliary Enterprises Renewals and Replacement Reserve	5,434,611
Reserve for Encumbrances	13,889,046
Capital Liability Reserve Fund	1,081,968
Other Unrestricted	(125,528,652)
Sub-Total	\$ (109,886,392)
Total Net Position	\$ (39,713,970)

Changes in Net Position for the year ended June 30, 2019 are as follows:

	July 1, 2018	Additions	Reductions	Balance June 30, 2019
Net Investments in Capital Assets	\$ 63,216,913	\$ 10,950,691	\$ 10,264,629	\$ 63,902,975
Restricted Net Position	6,249,191	11,251,424	11,231,168	6,269,447
Unrestricted Net Position	(108,623,496)	134,812,553	136,075,449	(109,886,392)
Total Net Position	\$ (39,157,392)	\$ 157,014,668	\$ 157,571,246	\$ (39,713,970)

Note 11 Endowments

Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation for the endowment accounts was \$76,643 and is reflected as expendable restricted net position.

For endowment funds where the donor has not provided specific instructions, investment return of the University's endowment funds is predicated on the total return concept. Annual payouts from the University's endowment funds are based on a spending policy which limits spending to 4.5% of endowment principal's market value. 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 University uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

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

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2019. In addition to these encumbrances, the University had no other significant unearned outstanding construction or renovation contracts executed as of June 30, 2019.

Note 13 Leases

Lease Obligations

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

Capital Leases

The University acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest expenditures related to capital leases for fiscal year 2019 were \$3,205,120 and \$6,028,086, respectively. Interest rates range from 4.100% - 17.930%.

The University has \$82,330,653 in outstanding lease obligations due to component units. Component units have \$82,330,653 in investment in capital lease receivables due from the University.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2019:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2019	Outstanding Balance per Lease Schedules at June 30, 2019
	(+)	(-)	(=)	
Leased Land and Land Improvements	\$ 735,481		\$ 735,481	\$ 435,164
Leased Equipment	539,034	\$ 457,464	81,570	291,532
Leased Buildings and Building Improvements	129,258,240	46,894,179	82,364,061	114,685,647
Leased Facilities and Other Improvements	1,142,211	548,261	593,950	443,534
Total Assets Held Under Capital Lease	\$ 131,674,966	\$ 47,899,904	\$ 83,775,062	\$ 115,855,877

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

CAPITAL LEASE SCHEDULE

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Student Housing	GCSU Foundation	\$ 94,350,650	27 yrs	Jun 2007	May, 2034	\$ 79,481,559 (1)
Student Activity Center	GCSU Foundation	6,382,006	20 yrs	Feb 2005	Jun, 2025	2,276,018 (1)
Irwin Street Parking Lot	GCSU Foundation	1,595,164	20 yrs	September 2004	June 2025	573,076 (1)
Campus Theater	USG Real Estate Foundation I, LLC	9,448,892	30 yrs	July 2010	June 2040	7,397,834
Student Wellness & Recreation Center	USG Real Estate Foundation I, LLC	29,443,514	30 yrs	August 2010	June 2041	26,082,016
Parking Vehicles	Enterprise FM Trust, Inc.	50,136	5 yrs	December 2018	February 2023	45,374
Total Leases		\$ 141,270,362				\$ 115,855,877

(1) These capital leases are related party transactions.

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

Operating Leases

The University leases land, facilities, office and computer equipment, and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the University has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The University's operating lease expense for fiscal 2019 was \$290,093, which includes payments to related parties of \$226,494. The University is obligated to pay these related parties a total of \$37,684 in the next fiscal year.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2019, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2020	\$ 10,302,222	\$ 276,934
2021	10,531,075	
2022	10,773,995	
2023	11,010,389	
2024	11,234,046	
2025 through 2029	57,498,228	
2030 through 2034	61,235,596	
2035 through 2039	14,662,603	
2040 through 2044	3,887,122	
Total Minimum Lease Payments	\$ 191,135,276	\$ 276,934
Less: Interest	60,989,904	
Less: Executory Costs	14,289,495	
Principal Outstanding	\$ 115,855,877	

Note 14. Retirement Plans

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

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

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2019. The University's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual the University payroll. The University's contributions to TRS totaled \$7,354,246 for the year ended June 30, 2019.

General Information about the Employees' Retirement System

Plan description

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

Benefits provided

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

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

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

Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2019 was 24.78% of annual covered payroll for old and new plan members and 21.78% for GSEPS members. The rates include the annual actuarially determined employer contributions rate of 24.66% of annual covered payroll for old and new plan members and 21.66% for GSEPS members, plus a 0.12% adjustment for the HB 751 one time benefit adjustment of 3% to retired state employees. The University's contributions to ERS totaled \$105,592 for the year ended June 30, 2019. 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, 2019, the University reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The University's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2018. At June 30, 2018, the University's TRS proportion was 0.284775%, which was an decrease of (0.002377)% from its proportion measured as of June 30, 2017. At June 30, 2018, the University's ERS proportion was 0.016866%, which was a increase of 0.002977% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the University recognized pension expense of \$6,344,084 for TRS and \$165,511 for ERS. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,499,429	\$ 108,946	\$ 21,565	\$ —
Changes of assumptions	797,643	—	32,666	—
Net difference between projected and actual earnings on pension plan investments	—	1,445,304	—	15,979
Changes in proportion and differences between contributions and proportionate share of contributions	2,564,521	337,865	101,965	—
Contributions subsequent to the measurement date	\$ 7,354,246		\$ 105,592	
Total	<u>\$ 14,215,839</u>	<u>\$ 1,892,115</u>	<u>\$ 261,788</u>	<u>\$ 15,979</u>

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	TRS	ERS
2020	\$ 3,802,343	\$ 126,486
2021	\$ 2,187,598	\$ 47,433
2022	\$ (997,331)	\$ (26,562)
2023	\$ (64,844)	\$ (7,140)
2024	\$ 41,712	\$ —
Thereafter	\$ —	\$ —

Actuarial assumptions

The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

Employees' Retirement System

Inflation	2.75%
Salary increases	3.25 – 7.00%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

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

* Rates shown are net of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.50% and 7.30%, 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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Teachers Retirement System:

	1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$88,239,043	\$52,860,340	\$23,706,488

Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	\$ 986,213	\$ 693,367	\$ 443,855

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 2019, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University and the covered employees made the required contributions of \$2,027,131 (9.24%) and \$1,316,320 (6.00%), respectively.

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

Note 15 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2019, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

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

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

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

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

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

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

Note 16 Contingencies

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

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

Note 17 Post-Employment Benefits Other Than Pension Benefits

Board of Regents Retiree Health Benefit Plan

Plan Description and Funding Policy

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

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2019, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

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

The University's membership in the Plan consisted of the following at June 30, 2019:

Active Employees	943
Retirees or Beneficiaries Receiving Benefits	290
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	67
	<hr/>
Total	1,300
	<hr/> <hr/>

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

The University pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2019 plan year, the employer rate was approximately 90% of the total health insurance cost for eligible retirees and the retiree rate was approximately 10%. 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 2019, the University contributed \$3,166,320 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, 2019, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. The University's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the University's proportion was 1.967716%, which was an increase of 0.003201% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the University recognized OPEB expense of \$6,877,105. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,052,126	\$ —
Changes of assumptions	—	9,743,163
Net difference between projected and actual earnings on OPEB plan investments	18,519	—
Changes in proportion and differences between contributions and proportionate share of contributions	120,329	94,772
Contributions subsequent to the measurement date	<u>3,166,320</u>	<u>—</u>
Total	<u>\$ 9,357,294</u>	<u>\$ 9,837,935</u>

The University's contributions subsequent to the measurement date of \$3,166,320 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2020	\$	(871,188)
2021	\$	(871,188)
2022	\$	(871,188)
2023	\$	(833,563)
2024	\$	(110,405)
Thereafter	\$	(89,429)

Actuarial assumptions

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of May 1, 2018 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 6/30/2018 3.87% from Bond Buyer Index Interest Rate as of 6/30/2017 3.58% from Bond Buyer Index Long-term Rate of Return 4.50% General Inflation 2.50% Salary Growth 4.00%
Mortality Rates	Healthy: RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 Disabled: RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females)
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.1%
Medicare Eligible	4.5%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.5%
Year Ultimate Trend is Reached	2030 for Pre-Medicare Eligible, 2019 for Medicare Eligible
Experience Study	Based on the experience of the Teachers Retirement System of Georgia. The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience studies, which covered the five-year period ending June 30, 2014. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation for the Plan were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend was reset based on current conditions. The discount rate was updated from 3.58% to 3.87% as of June 30, 2018. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect the current Teachers Retirement System of Georgia.

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, 2018 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.10%	70%
Equity Allocation	3.98%	30%

Discount rate

The Plan's projected fiduciary net position at the end of 2022 is \$0, based on the valuation completed for the fiscal year ending June 30, 2018. 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 2022. Therefore, the long-term expected rate of return on Plan investments of 4.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018. 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 3.87% from the Bond Buyer.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate (3.87%):

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
Proportionate Share of the Net OPEB Liability	\$ 103,547,123	\$ 86,791,055	\$ 73,686,247

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 73,186,933	\$ 86,791,055	\$ 104,690,333
Pre-Medicare Eligible	6.1% decreasing to 3.5%	7.1% decreasing to 4.5%	8.1% decreasing to 5.5%
Medicare Eligible	3.5%	4.5%	5.5%

OPEB plan fiduciary net position:

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

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2019 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 26,762,986	\$ 3,879,909	\$ 9,091,697	\$ 42,454	\$ 156,635
Research	122,271	127,710	66,823		75,407
Public Service	9,874	1,314,522	420,897	10,803	32,589
Academic Support	2,370,878	6,085,306	3,021,546	58,939	676,774
Student Services	143,515	5,531,093	2,100,589	68,161	73,080
Institutional Support	44,100	7,838,218	8,226,078	111,593	249,457
Plant Operations and Maintenance		6,159,522	2,697,090	—	53,221
Scholarships and Fellowships					
Auxiliary Enterprises		3,556,272	1,014,006	—	106,572
Total Operating Expenses	\$ 29,453,624	\$ 34,492,552	\$ 26,638,726	\$ 291,950	\$ 1,423,735

Functional Classification	Natural Classification				Total Operating Expenses
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	
Instruction	\$ 11,010	\$ 91,044	\$ 4,366,387	\$ 1,519,670	\$ 45,921,792
Research		2,064	129,030	48,686	571,991
Public Service		20,950	1,548,909	14,346	3,372,890
Academic Support		51,217	1,945,726	1,644,901	15,855,287
Student Services		65,073	1,925,356	1,189,343	11,096,210
Institutional Support		62,233	3,394,368	1,183,081	21,109,128
Plant Operations and Maintenance		1,927,521	6,017,400	204,524	17,059,278
Scholarships and Fellowships	2,115,577				2,115,577
Auxiliary Enterprises	1,025,761	1,261,410	12,410,136	4,132,719	23,506,876
Total Operating Expenses	\$ 3,152,348	\$ 3,481,512	\$ 31,737,312	\$ 9,937,270	\$ 140,609,029

Note 19 Subsequent Events

Georgia College and State University had no subsequent events to report.

Note 20 Component Units

Georgia College & State University Foundation

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

The GC&SUF acts primarily as a fund-raising organization to supplement the resources that are available to the Georgia College & State University in support of its programs. During the year ended June 30, 2019, the GC&SUF distributed approximately \$1,128,909 to Georgia College & State University in support of capital outlay projects, scholarships and other supporting activities.

Combined component unit's investments are comprised of the following amounts at June 30, 2019:

Investment type	Fair Value	Fair Value Hierarchy			NAV
		Level 1	Level 2	Level 3	
Debt Securities					
U.S. Treasuries	\$ 150,220		\$ 150,220		
U.S. Agencies					
Explicitly Guaranteed	—				
Implicitly Guaranteed	—				
Bond Securities	—				
Corporate Debt	—				
General Obligation Bonds	—				
Money Market Mutual Funds	20,353,056	20,353,056			
Municipal Obligations	—				
Mutual Bond Funds	—				
Certificates of Deposits	1,000,000	1,000,000			
Repurchase Agreements	—				
Other Investments					
Cash Surrender Value	—				
Equity Mutual Funds - Domestic	288,575	288,575			
Equity Mutual Funds - International	—				
Equity Securities - Domestic	11,546,163	11,546,163			
Equity Securities - International	—				
Real Estate Held for Investment Purposes	—				
Real Estate Investment Trusts	—				
Other	14,928,427	1,339,493	—	—	13,588,934
	48,266,441	\$ 34,527,287	\$ 150,220	\$ —	\$ 13,588,934
Investment Pools					
Board of Regents					
Short-Term Fund					
Legal Fund					
Balanced Income Fund					
Total Return Fund					
Diversified Fund	4,959,628				
Diversified Fund for Foundations					
Office of the State Treasurer					
Georgia Fund 1	279,252.49				
Georgia Extended Asset Pool					
Total Investments	\$ 53,505,321.49				

Component unit investments of \$_____ are reported as cash and cash equivalents on the Statement of Net Position.

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

Combined component unit's endowments are comprised of the following amounts at June 30, 2019:

	Unrestricted/ Quasi Endowment	Temporarily Restricted/ Term Endowment	Permanently Restricted/ True Endowment	Total
Beginning	\$ 5,638,987	\$ 7,433,725	\$ 19,572,735	\$ 32,645,447
Contributions	112,469	68,448	1,516,508	1,697,425
Net realized and unrealized gains	32,083	184,741	—	216,824
Appropriation of endowment assets for expenditure	(270,021)	—	—	(270,021)
Transfers to comply with donor intent		(742,691)	—	(742,691)
Other	119,259	557,826		677,085
Ending	<u>\$ 5,632,777</u>	<u>\$ 7,502,049</u>	<u>\$ 21,089,243</u>	<u>\$ 34,224,069</u>

Combined amounts due to component units related to direct financing lease activity as of June 30, 2019 is as follows:

Year Ending June 30:	Year:	Total
2020	1	\$ 6,990,137
2021	2	7,182,125
2022	3	7,383,435
2023	4	7,588,007
2024	5	7,799,780
2025 through 2029	6-10	40,088,656
2030 through 2034	11-15	43,193,131
2035 through 2039	16-20	
Total Minimum Lease Payments to be Received		120,225,271
Less: Unearned Income		(37,894,618)
Net Investment in Direct Financing Lease Receivable		<u>\$ 82,330,653</u>

Combined component unit's capital assets are comprised of the following amounts at June 30, 2019:

	Total
Capital Assets not being Depreciated:	
Land and Land Improvements	\$ 1,210,801
Capitalized Collections	
Construction Work-in-Progress	
Software Development-in-Progress	
Total Capital Assets not being Depreciated	<u>1,210,801</u>
Capital Assets being Depreciated:	
Infrastructure	
Building and Building Improvements	
Facilities and Other Improvements	
Equipment	82,380
Capital Leases	
Library Collections	
Capitalized Collections	
Water, Timber, Mineral Rights, and Easements	
Patents, Trademarks, and Copyrights	
Software	
Total Capital Assets being Depreciated/Amortized	<u>82,380</u>
Less Total Accumulated Depreciation/Amortization	<u>82,380</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>—</u>
Capital Assets, Net	<u>\$ 1,210,801</u>

Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Claims and Judgments	\$ —			\$ —	
Compensated Absences	—			—	
Lease Purchase Obligation (Capital Lease)	—			—	
Liabilities under split interest agreement	808,641		36,875	771,766	
Notes and Loans Payable	—			—	
Note Premium	—			—	
Note (Discount)	—			—	
Interest Rate Swap	5,479,942	1,009,726		6,489,668	
Other Post Employment Benefits Obligation	—			—	
Pollution Remediation	—			—	
Revenue/Mortgage Bonds Payable	96,405,000		2,655,000	93,750,000	2,975,000
Bond - Premium	3,783		614	3,169	—
Bond - (Discount)	(1,566,903)		(118,198)	(1,448,705)	—
Total Long Term Liabilities	\$ 101,130,463	\$ 1,009,726	\$ 2,574,291	\$ 99,565,898	\$ 2,975,000

Combined component unit's capital lease obligations are comprised of the following amounts at June 30, 2019:

Year ending June 30:	
2020	1
2021	2
2022	3
2023	4
2024	5
2025 through 2029	6-10
2030 through 2034	11-15
2035 through 2039	16-20
2040 through 2044	21-25
Total minimum lease payments	—
Less: Interest	
Less: Executory costs (if paid)	
Principal Outstanding	\$ —

Combined component unit's notes and loans are comprised of the following amounts at June 30, 2019:

	Principal	Interest	Total
Year ending June 30:			
2018	1		\$ —
2019	2		—
2020	3		—
2021	4		—
2022	5		—
2023 through 2027	6-10		—
2028 through 2032	11-15		—
2033 through 2037	16-20		—
2038 through 2042	21-25		—
Note Premium	—	—	—
Note (Discount)/Cost of Issuance			—
Total	\$ —	\$ —	\$ —

Combined component unit's bonds payable are comprised of the following amounts at June 30, 2019:

		Principal	Interest	Total
Year ending June 30:				
2020	1	\$ 2,975,000	\$ 3,753,673	\$ 6,728,673
2021	2	3,310,000	3,625,556	6,935,556
2022	3	3,675,000	3,482,571	7,157,571
2023	4	4,060,000	3,324,015	7,384,015
2024	5	4,470,000	3,121,053	7,591,053
2025 through 2029	6-10	27,165,000	12,757,473	39,922,473
2030 through 2034	11-15	48,095,000	5,645,879	53,740,879
2035 through 2039	16-20			—
		<u>93,750,000</u>	<u>35,710,220</u>	<u>129,460,220</u>
Bond Premium		3,169		3,169
Bond (Discount)		(1,448,705)		(1,448,705)
Total		<u>\$ 92,304,464</u>	<u>\$ 35,710,220</u>	<u>\$ 128,014,684</u>

Required Supplementary



Information

**GEORGIA COLLEGE & STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLANS
FOR THE LAST TEN YEARS**

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	6/30/2019	\$ 105,592	\$ 105,592	—	\$ 386,819	27.30%
	6/30/2018	\$ 101,156	\$ 101,156	—	\$ 433,852	23.32%
	6/30/2017	\$ 89,782	\$ 89,782	—	\$ 340,674	26.35%
	6/30/2016	\$ 63,597	\$ 63,597	—	\$ 254,953	24.94%
	6/30/2015	\$ 59,589	\$ 59,589	—	\$ 271,351	21.96%
	6/30/2014	\$ 44,958	\$ 44,958	—	\$ 243,543	18.46%
	6/30/2013	\$ 33,653	\$ 33,653	—	\$ 225,859	14.90%
	6/30/2012	\$ 16,582	\$ 16,582	—	\$ 142,580	11.63%
	6/30/2011	\$ 9,133	\$ 9,133	—	\$ 87,733	10.41%
	6/30/2010	\$ 11,285	\$ 11,285	—	\$ 108,405	10.41%
Teachers' Retirement System	6/30/2019	\$ 7,341,341	\$ 7,341,341	—	\$ 35,136,896	20.89%
	6/30/2018	\$ 5,463,981	\$ 5,463,981	—	\$ 31,310,997	17.45%
	6/30/2017	\$ 4,565,650	\$ 4,565,650	—	\$ 33,002,605	13.83%
	6/30/2016	\$ 4,334,213	\$ 4,334,213	—	\$ 30,403,885	14.26%
	6/30/2015	\$ 3,616,671	\$ 3,616,671	—	\$ 27,503,201	13.15%
	6/30/2014	\$ 3,186,940	\$ 3,186,940	—	\$ 25,952,283	12.28%
	6/30/2013	\$ 2,871,462	\$ 2,871,462	—	\$ 25,166,187	11.41%
	6/30/2012	\$ 2,546,382	\$ 2,546,382	—	\$ 24,770,253	10.28%
	6/30/2011	\$ 2,487,096	\$ 2,487,096	—	\$ 24,193,541	10.28%
	6/30/2010	\$ 2,358,204	\$ 2,358,204	—	\$ 24,211,540	9.74%

**GEORGIA COLLEGE & STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
FOR THE LAST FIVE FISCAL YEARS***

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	6/30/2019	0.016866%	\$ 693,367	\$ 386,819	179.25%	76.68%
	6/30/2018	0.013889%	\$ 564,079	\$ 340,674	165.58%	76.33%
	6/30/2017	0.010977%	\$ 519,258	\$ 254,953	203.67%	72.34%
	6/30/2016	0.012000%	\$ 471,664	\$ 271,351	173.82%	76.20%
	6/30/2015	0.011000%	\$ 405,667	\$ 243,543	166.57%	77.99%
Teachers Retirement System	6/30/2019	0.284775%	\$ 52,860,340	\$ 31,310,997	168.82%	80.27%
	6/30/2018	0.287152%	\$ 53,368,084	\$ 33,002,605	161.71%	79.33%
	6/30/2017	0.275196%	\$ 56,776,003	\$ 30,403,885	186.74%	76.06%
	6/30/2016	0.262000%	\$ 39,820,978	\$ 27,503,201	144.79%	81.44%
	6/30/2015	0.254000%	\$ 32,089,929	\$ 25,952,283	123.65%	84.03%

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

**GEORGIA COLLEGE & STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

Changes of assumptions

Employees' Retirement System:

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

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 Measurement Date.

Teachers Retirement System:

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

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

**GEORGIA COLLEGE & STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST THREE 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)
6/30/2019	\$ 3,166,320	\$ 3,166,320	\$ —	\$ 58,988,032	5.37%
6/30/2018	\$ 3,117,254	\$ 3,117,254	\$ —	\$ 55,622,065	5.60%
6/30/2017	\$ 1,956,341	\$ 1,956,341	\$ —	\$ 53,605,305	3.65%

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

**GEORGIA COLLEGE & STATE UNIVERSITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
 BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
 FOR THE LAST TWO 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
6/30/2019	1.97%	\$ 86,791,055	\$ 55,622,065	156.04%	1.69%
6/30/2018	1.96%	\$ 82,897,148	\$ 53,605,305	154.64%	0.19%

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

**GEORGIA COLLEGE & STATE UNIVERSITY
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, 2019**

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend was reset based on current conditions. The discount rate was updated from 3.58% to 3.87% as of June 30, 2018. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect the current Teachers Retirement System of Georgia.



Supplementary Information

GEORGIA COLLEGE & STATE UNIVERSITY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2019
(UNAUDITED)

ASSETS

Cash and Cash Equivalents	\$	16,872,957.91
Investments		925,132.81
Accounts Receivable		
State Appropriation		—
Federal Financial Assistance		394,767.46
Other		3,095,530.94
Margin Allocation		—
Prepaid Expenditures		625,655.15
Inventories		—
Other Assets		—
		<hr/>
Total Assets	\$	<u>21,914,044.27</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Cash Overdraft	\$	—
Contracts Payable		—
Accrued Payroll	\$	377,960.71
Payroll Withholdings		—
Encumbrance Payable		11,735,565.71
Accounts Payable		881,629.47
Unearned Revenue		2,290,382.31
Funds Held for Others		—
Other Liabilities		309,400.00
		<hr/>
Total Liabilities	\$	<u>15,594,938.20</u>

Fund Balances

Reserved		
Capital Outlay		—
Department Sales and Services	\$	2,040,033.75
Indirect Cost Recoveries		1,280,606.26
Technology Fees		74,666.75
Restricted/Sponsored Funds		1,323,851.39
Uncollectible Accounts Receivable		70,746.36
Inventories		—
Tuition Carry - Forward		1,514,472.22
Carry-Over "Per Governor's Office of Planning and Budget"		—
Early Retirement Program		—
Unreserved		
Surplus		14,729.34
		<hr/>
Total Fund Balances	\$	<u>6,319,106.07</u>

Total Liabilities and Fund Balances	\$	<u>21,914,044.27</u>
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Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

**GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Appropriation	Amended Appropriation	Final Budget	Funds Available Compared to Budget	
				Current Year Revenues	Prior Year Reserve Carry-Over
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	\$ 2,717,821.00	\$ 2,717,821.00	\$ 2,717,821.00	\$ 2,717,821.00	—
Tobacco Funds	—	—	—	—	—
Federal Stimulus Stabilization Funds	—	—	—	—	—
State Funds - Prior Year Carry-Over					
Other Funds	—	—	—	—	—
Total Public Service / Special Funding Initiatives	\$ 2,717,821.00	\$ 2,717,821.00	\$ 2,717,821.00	\$ 2,717,821.00	—
Teaching					
State Appropriation					
State General Funds	\$ 38,476,393.00	\$ 38,476,393.00	\$ 38,500,860.00	\$ 38,500,860.00	—
American Recovery and Reinvestment Act Federal Stimulus Stabilization funds					
State Fiscal Stabilization Fund					
Other Funds	68,968,278.00	68,968,278.00	76,651,219.00	76,573,603.20	\$ 5,515,744.40
Total Teaching	\$ 107,444,671.00	\$ 107,444,671.00	\$ 115,152,079.00	\$ 115,074,463.20	\$ 5,515,744.40
Total Operating Activity	\$ 110,162,492.00	\$ 110,162,492.00	\$ 117,869,900.00	\$ 117,792,284.20	\$ 5,515,744.40

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 COLLEGE & STATE UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	—	\$ 2,717,821.00	—	\$ 2,717,797.78	23.22	23.22
Total Public Service / Special Funding Initiatives	—	\$ 2,717,821.00	—	\$ 2,717,797.78	23.22	23.22
Teaching						
State Appropriation						
State General Funds	—	\$ 38,500,860.00	—	\$ 38,496,070.56	4,789.44	4,789.44
Other Funds	—	82,089,347.60	\$ 5,438,128.60	75,847,925.05	\$ 803,293.95	\$ 6,241,422.55
Total Teaching	—	\$ 120,590,207.60	\$ 5,438,128.60	\$ 114,343,995.61	\$ 808,083.39	\$ 6,246,211.99
Total Operating Activity	—	\$ 123,308,028.60	\$ 5,438,128.60	\$ 117,061,793.39	\$ 808,106.61	\$ 6,246,235.21

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 COLLEGE & STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2018 Surplus	Prior Year Adjustments	Other Adjustments	Early Return of Fiscal Year 2019 Surplus
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	3,383.72	—	(3,383.72)	\$ 11.80	—	—
Total Public Service / Special Funding Initiatives	<u>3,383.72</u>	<u>—</u>	<u>(3,383.72)</u>	<u>\$ 11.80</u>	<u>—</u>	<u>—</u>
Teaching						
State Appropriation						
State General Funds	\$ 8,844.86	—	\$ (8,844.86)	\$ 6,583.45	—	(540.00)
American Recovery and Reinvestment Act						
Federal Funds Not Specifically Identified	—	—	—	—	—	—
State Fiscal Stabilization Fund						
Stabilization Fund - Education State Grants	—	—	—	—	—	—
Other Funds	5,534,218.05	\$ (5,515,744.40)	(18,473.65)	18,795.70	\$ (12,171.14)	(10,555.31)
Total Teaching	<u>\$ 5,543,062.91</u>	<u>\$ (5,515,744.40)</u>	<u>\$ (27,318.51)</u>	<u>\$ 25,379.15</u>	<u>\$ (12,171.14)</u>	<u>(11,095.31)</u>
Total Operating Activity	<u>\$ 5,546,446.63</u>	<u>\$ (5,515,744.40)</u>	<u>\$ (30,702.23)</u>	<u>\$ 25,390.95</u>	<u>\$ (12,171.14)</u>	<u>(11,095.31)</u>
Prior Year Reserves						
Not Available for Expenditure						
Inventories	—	—	—	—	—	—
Uncollectible Accounts Receivable	\$ 58,575.22	—	—	—	\$ 12,171.14	—
Early Retirement Program (Georgia Health Sciences University)	—	—	—	—	—	—
Budget Unit Totals	<u>\$ 5,605,021.85</u>	<u>\$ (5,515,744.40)</u>	<u>\$ (30,702.23)</u>	<u>\$ 25,390.95</u>	<u>\$ —</u>	<u>(11,095.31)</u>

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

**GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Excess (Deficiency) of Funds Available Over/Under Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
			Reserved	Surplus/(Deficit)	Total
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	23.22	\$ 35.02	—	\$ 35.02	\$ 35.02
Tobacco Funds	—	—	—	—	—
Federal Stimulus Stabilization Funds	—	—	—	—	—
Other Funds	—	—	—	—	—
Total Public Service / Special Funding Initiatives	23.22	\$ 35.02	—	\$ 35.02	\$ 35.02
Teaching					
State Appropriation					
State General Funds	4,789.44	\$ 10,832.89	—	\$ 10,832.89	\$ 10,832.89
American Recovery and Reinvestment Act					
Federal Funds Not Specifically Identified	—	—	—	—	—
State Fiscal Stabilization Fund					
Stabilization Fund - Education State Grants	—	—	—	—	—
Other Funds	\$ 6,241,422.55	6,237,491.80	\$ 6,233,630.37	3,861.43	6,237,491.80
Total Teaching	\$ 6,246,211.99	6,248,324.69	\$ 6,233,630.37	\$ 14,694.32	\$ 6,248,324.69
Total Operating Activity	\$ 6,246,235.21	6,248,359.71	\$ 6,233,630.37	\$ 14,729.34	6,248,359.71
Prior Year Reserves					
Not Available for Expenditure					
Inventories	—	—	—	—	—
Uncollectible Accounts Receivable	\$ 70,746.36	\$ 70,746.36	—	—	\$ 70,746.36
Early Retirement Program (Georgia Health Sciences University)	—	—	—	—	—
Budget Unit Totals	\$ 6,246,235.21	\$ 6,319,106.07	\$ 6,304,376.73	\$ 14,729.34	\$ 6,319,106.07
Departmental Sales and Services			\$ 2,040,033.75	—	\$ 2,040,033.75
Indirect Cost Recovery			1,280,606.26	—	1,280,606.26
Technology Fees			74,666.75	—	74,666.75
Restricted/Sponsored Funds			1,323,851.39	—	1,323,851.39
Tuition Carry-Forward			1,514,472.22	—	1,514,472.22
Uncollectible Accounts Receivable			70,746.36	—	70,746.36
Surplus			—	\$ 14,729.34	14,729.34
			\$ 6,304,376.73	\$ 14,729.34	\$ 6,319,106.07

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





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