

# GEORGIA COLLEGE & STATE UNIVERSITY

Milledgeville, Georgia



*2020 Freshman Class*

## Annual Financial Report Fiscal Year 2020





**GEORGIA COLLEGE & STATE UNIVERSITY**  
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# Introductory Section



**GEORGIA COLLEGE & STATE UNIVERSITY**



## Message from the President

FY2020 was a challenging year as the university faced the COVID-19 pandemic. However, the challenges presented before us were successfully overcome through the deep commitment and perseverance of our campus community. Despite the unprecedented circumstances, Georgia College has had several notable accomplishments from our students, faculty, and staff. I am proud of these achievements and confident that our future is bright and will be filled with continued success. I invite you to explore some of our many accomplishments during the year:

- The 2019 U.S. News & World Report Best Colleges report ranked Georgia College as a Top Public Regional University. Designated 19<sup>th</sup> among the top public regional universities in the south, Georgia College was the state's highest-ranked university in this category.
- Georgia College was recognized by Forbes magazine as one of "America's Top Colleges" and ranked third-highest in the state of Georgia.
- The Princeton Review recognized Georgia College on the "2020 Best Colleges: Region by Region" list for the 13<sup>th</sup> consecutive year. The university is a member of the elite group classified as the "Best in the Southeast."
- GC launched the Rural Studies Institute, which will work to produce research and community-building models to resuscitate and strengthen rural life in Baldwin County, Georgia, and nationwide.
- The newly-renovated Terrell Hall opened after the completion of a \$13.3 million renovation. It is now the home for communication technology and studies on campus.
- Georgia College's men's flag football team won the state flag football championship in 2019. Four students from the team were named All-State Flag Football players, and one student was awarded All Tournament Official.
- GC had a record-breaking year for Fulbright semi-finalists, with nine students being awarded that distinction. From this group, two students emerged as scholarship recipients and one alternate was selected.
- The GC Department of Athletics ranked first in the state of Georgia for Federal Graduation Rates (FGR) for all NCAA Division I and II athletics. This was the second year in a row that the Bobcats took the top ranking.
- People for the Ethical Treatment of Animals (PETA) gave Georgia College dining services an "A" ranking for their food. This ranking signifies that the university's dining services goes above and beyond to provide students with exceptional vegan food.
- The university launched its first-ever GC Giving Challenge, and exceeded its goal by raising over \$31,700 in a 48-hour time period. This money will support six projects that support learning at the university.
- Money magazine recognized Georgia College as one of the top five public universities in the state of Georgia on their "Best Colleges 2019" list.
- The College of Education earned the highest rating on the 2019 Teacher Preparation Program Effectiveness Measures (PPEMs) published by the Georgia Professional Standards Commission (GaPSC). This level is above the expected level of performance for effectively preparing future teachers and is the highest rating awarded by the new state ratings system.
- Optimal (formerly SR Education Group) ranked three of the College of Education programs in its Guide to Online Schools. The COE was ranked 10<sup>th</sup> for 2020 Most Affordable Online Master's Teaching Degrees; it was 12<sup>th</sup> in the nation for 2020 Most Affordable Online Master's Educational Leadership Degrees; and it ranked 24<sup>th</sup> nationally for 2020 Most Affordable Online Master's Education degrees.
- The U.S. Department of Education awarded the Southern Regional Education Board a \$5.3 million, five-year Teacher Quality Partnership grant to create a residency-based teacher preparation program with GC's College of Education.
- The Andalusia Institute was launched in the spring and will be focused on promoting educational programming centered around famed author and GC alumna Flannery O'Connor. Early efforts will include developing a writers' creative workshop, working with local and regional K-12 schools, and the creation of a residence program.
- RegisteredNursing.org ranked the Georgia College Bachelor of Science in Nursing (BSN) program as the best in the state of Georgia for the year 2020.
- GC won best fact book and second place for quick facts from Southern Association for Institutional Research.
- Intelligent.com named Georgia College as having one of the top 50 online MBA programs in the nation for 2020, ranking 16<sup>th</sup> of 116 schools analyzed.
- Georgia College was featured in a special BBC production series called "Aiming Higher." This project premiered at the International Association of Universities (IAU) 2019 International Conference in Puebla, Mexico, Nov. 14. Georgia College was one of about 30 universities around the world to participate in this initiative.
- Andalusia was recently named as a Distinctive Destination by the National Trust for Historic Preservation in 2019. It is one of approximately 180 historic destinations to achieve this ranking throughout the U.S. and Caribbean.
- GC was named a Bronze Bicycle Friendly University by the League of American Bicyclists for 2019. This award recognizes the institution's achievements in promoting and enabling safe, accessible bicycling on campus.
- Georgia College's Dr. Chavonda Mills, professor of chemistry and chair of the department of chemistry, physics, and astronomy, was part of a new project awarded more than \$1.1 million from the National Science Foundation (NSF). The ADVANCE PLAN project provides opportunities at 29 COPLAC (Council of Public Liberal Arts Colleges) schools to bring research-based training in gender equity issues to administrators and to provide networking opportunities for women faculty and faculty from underrepresented groups.
- Assistant Professor of Physics Dr. Hasitha Mahabuduge was named a 2020 Fellow of the International Society for the Scholarship of Teaching and Learning (ISSoTL). He was one of nine educators - and the only U.S. applicant - to receive the prestigious lifetime award. In addition, he was named a 2019-20 Governor's Teaching Fellow, and he was also awarded the University System of Georgia (USG) Board of Regents Felton Jenkins, Jr. Hall of Fame award for his work.
- We completed our capital campaign, "Follow your Passion. Find your Purpose." With the help of many supporters, we raised \$30,852,775 over the course of the campaign.
- GC was one of 20 schools nationwide and the only school in Georgia to receive a grant from the Health Resources and Services Administration (HRSA) to administer the Sexual Assault Nurse Examiners (SANE) campus-based training program. The school was also the only one in the state to receive a \$2.7 million, four-year grant from HRSA to help educate and train nurse practitioners to work in rural areas as well as expand on the School of Nursing's partnership with the Georgia Department of Public Health (DPH) to provide free education for Georgia's public health nurses

As we continue on our journey to preeminence and navigate through these ever-changing times, I am confident that our next year will have continued success and displays of excellence from our entire campus community. As we "Think Independently" and "Lead Creatively" in our daily work, we will lean on those attributes more than ever to find creative solutions for the future.

Steve M. Dorman  
President  
Georgia College & State University



Letter of Transmittal

August 15, 2020

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, 2020, 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, 2020.

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.

	STUDENT HEADCOUNT	STUDENT FTE
FY 2020	7,031	6,581
FY 2019	6,989	6,565
FY 2018	6,952	6,452

### Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2020. 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 2020 and fiscal year 2019. The financial statements for fiscal year 2020 do not contain a restatement of the July 1, 2019 net position balance.

### Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2020 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.

<b>CONDENSED STATEMENT OF NET POSITION</b>				
	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
<b>ASSETS</b>				
Current Assets	\$ 29,557,767	\$ 29,961,313	\$ (403,546)	(1.35)%
Capital Assets, Net	187,658,958	179,928,578	7,730,380	4.30 %
Other Assets	11,525,104	11,273,127	251,977	2.24 %
<b>TOTAL ASSETS</b>	<b>\$ 228,741,829</b>	<b>\$ 221,163,018</b>	<b>\$ 7,578,811</b>	<b>3.43 %</b>
<b>DEFERRED OUTFLOWS</b>				
	\$ 26,491,835	\$ 23,834,921	\$ 2,656,914	11.15 %
<b>LIABILITIES</b>				
Current Liabilities	\$ 14,545,693	\$ 16,025,976	\$ (1,480,283)	(9.24)%
Non-Current Liabilities	256,360,389	253,256,971	3,103,418	1.23 %
<b>TOTAL LIABILITIES</b>	<b>\$ 270,906,082</b>	<b>\$ 269,282,947</b>	<b>\$ 1,623,135</b>	<b>0.60 %</b>
<b>DEFERRED INFLOWS</b>				
	\$ 18,953,196	\$ 15,428,962	\$ 3,524,234	22.84 %
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 76,072,511	\$ 63,902,975	\$ 12,169,536	19.04 %
Restricted, Non-Expendable	4,680,881	4,300,845	380,036	8.84 %
Restricted, Expendable	1,904,805	1,968,602	(63,797)	(3.24)%
Unrestricted	(117,283,811)	(109,886,392)	(7,397,419)	6.73 %
<b>TOTAL NET POSITION</b>	<b>\$ (34,625,614)</b>	<b>\$ (39,713,970)</b>	<b>\$ 5,088,356</b>	<b>(12.81)%</b>

Total assets increased \$7,578,811 primarily due to an increase in net capital assets of \$7,730,380, and an increase in other assets of \$251,977. The overall increase in current assets was mostly driven by the completion of GSFIC Terrell Hall Renovation, which was a total \$13.3 million asset addition and increase in Externally Restricted Cash from sponsored grants \$270,481.

Total deferred outflows of resources increased by \$2,656,914 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 increased \$1,623,135 which was due to a decrease in current liabilities of \$(1,480,283) and an increase in non-current liabilities of \$3,103,418. The primary decrease in current liabilities was in the Accounts Payable and Contracts Payable lines, as we had less contracted capital projects at the end of FY 2020 than in the previous year and due to the closure of the facilities as a result of COVID pandemic \$(1,269,923). Implementation of GASB 84 resulted in a decrease of Deposits Held for Others of \$(572,495). The increase in non-current liabilities Net pension liability increase of \$8,999,294 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 \$(7,579,647), in the line of lease purchases liability, which includes the Refinance of a Lease Obligation.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of \$5,088,356. This change in net position is primarily due to an decrease in the category of Expendable Net Position, in the amount of \$(63,797) and an increase in Unrestricted (Deficit) Net Position primarily caused by the increase of the other post-employment benefit (OPEB) liability of \$1,487,714 and Net Pension Liability of \$8,999,294 for fiscal year 2020.

Total deferred inflows of resources increased by \$3,524,234 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.

<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Operating Revenue	\$ 87,062,433	\$ 93,102,395	\$ (6,039,962)	-6.49 %
Operating Expense	149,011,873	140,609,029	8,402,844	5.98 %
Operating Income/Loss	\$ (61,949,440)	\$ (47,506,634)	\$ (14,442,806)	30.40 %
Non-Operating Revenue and Expense	\$ 52,137,482	\$ 46,629,368	\$ 5,508,114	11.81 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	\$ (9,811,958)	\$ (877,266)	\$ (8,934,692)	1,018.47 %
Other Revenues, Expenses, Gains, Losses and Special Items	\$ 14,872,470	\$ 320,688	\$ 14,551,782	4,537.68 %
Change in Net Position	\$ 5,060,512	\$ (556,578)	\$ 5,617,090	(1,009.2)%
Net Position at beginning of year, restated	\$ (39,686,126)	\$ (39,157,392)	\$ (528,734)	1.35 %
Net Position at End of Year	\$ (34,625,614)	\$ (39,713,970)	\$ 5,088,356	(12.81)%

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 2020, state appropriations increased \$2.2 million (5.36%), grants and contracts revenue increased \$4.7 million, and net tuition and fee revenues increased \$1.2 million (2.11%), which is a result of enrollment increases.

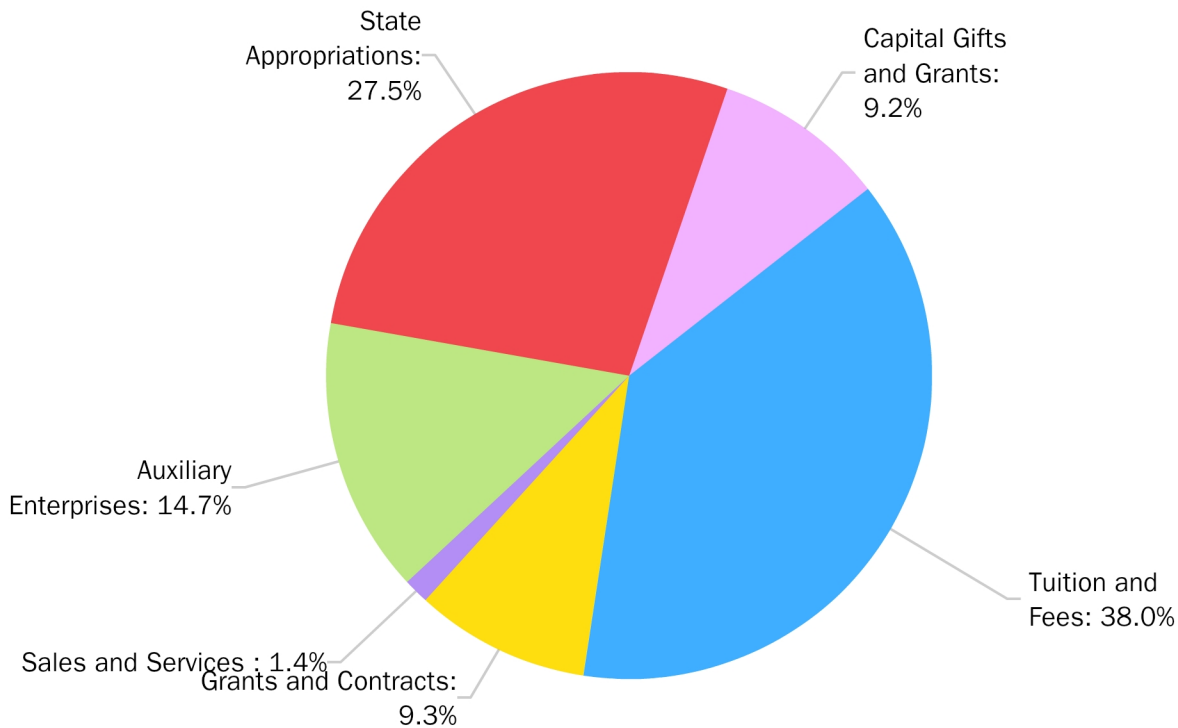


For the years ended June 30, 2020 and June 30, 2019, revenues by source were as follows:

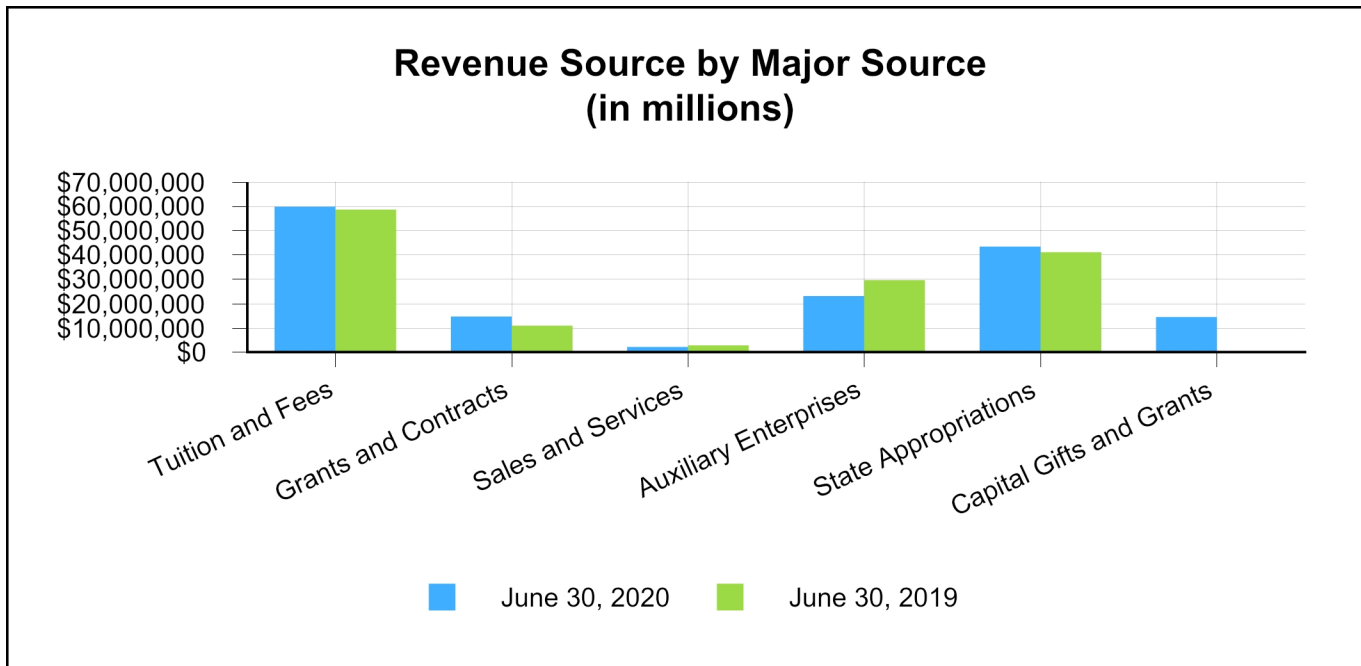
<b>REVENUES BY SOURCE</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Tuition and Fees	\$ 59,947,932	\$ 58,707,884	\$ 1,240,048	2.11 %
Grants and Contracts	1,306,276	1,203,726	102,550	8.52 %
Sales and Services	2,149,649	2,815,248	(665,599)	-23.64 %
Auxiliary Enterprises	23,180,082	29,553,323	(6,373,241)	-21.57 %
Other Operating Revenues	478,494	822,214	(343,720)	-41.80 %
<b>Total Operating Revenues</b>	<b>\$ 87,062,433</b>	<b>\$ 93,102,395</b>	<b>\$ (6,039,962)</b>	<b>(6.49)%</b>
State Appropriations	\$ 43,385,510	\$ 41,176,883	\$ 2,208,627	5.36 %
Grants and Contracts	13,413,249	9,727,010	3,686,239	37.90 %
Gifts	702,578	1,488,744	(786,166)	-52.81 %
Investment Income	267,718	248,257	19,461	7.84 %
Other Nonoperating Revenues	(383,349)	(47,525)	(335,824)	706.63 %
<b>Total Nonoperating Revenues</b>	<b>\$ 57,385,706</b>	<b>\$ 52,593,369</b>	<b>\$ 4,792,337</b>	<b>9.11 %</b>
State Capital Gifts and Grants	\$ 14,242,128	\$ 1,400	\$ 14,240,728	1,017.19 %
Other Capital Gifts and Grants	255,970	292,234	(36,264)	-12.41 %
<b>Total Capital Gifts and Grants</b>	<b>\$ 14,498,098</b>	<b>\$ 293,634</b>	<b>\$ 14,204,464</b>	<b>4,837.47 %</b>
Additions to Permanent and Term Endowments	374,372	27,054	347,318	1,283.80 %
<b>Total Revenues</b>	<b>\$ 159,320,609</b>	<b>\$ 146,016,452</b>	<b>\$ 13,304,157</b>	<b>9.11 %</b>

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**



Revenue by major source for the years ended June 30, 2020 and June 30, 2019 is depicted by the following chart:





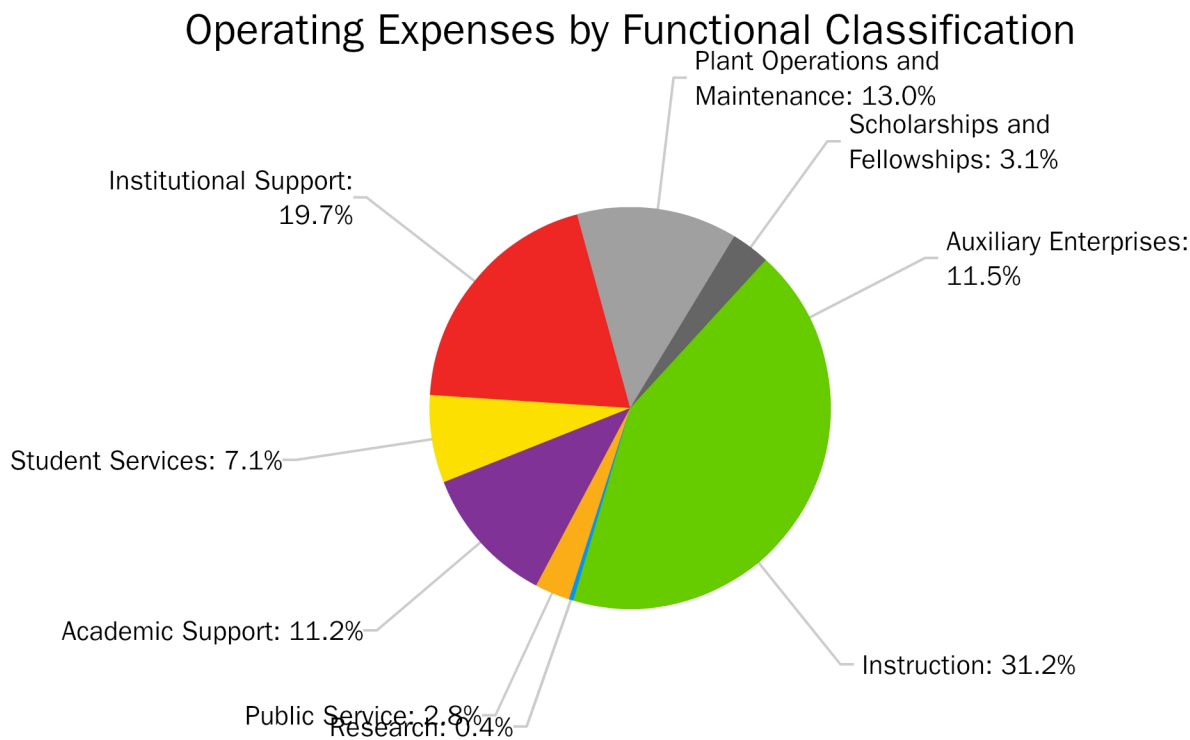
## Expenses

For the years ended June 30, 2020 and June 30, 2019, expenses by functional classification were as follows:

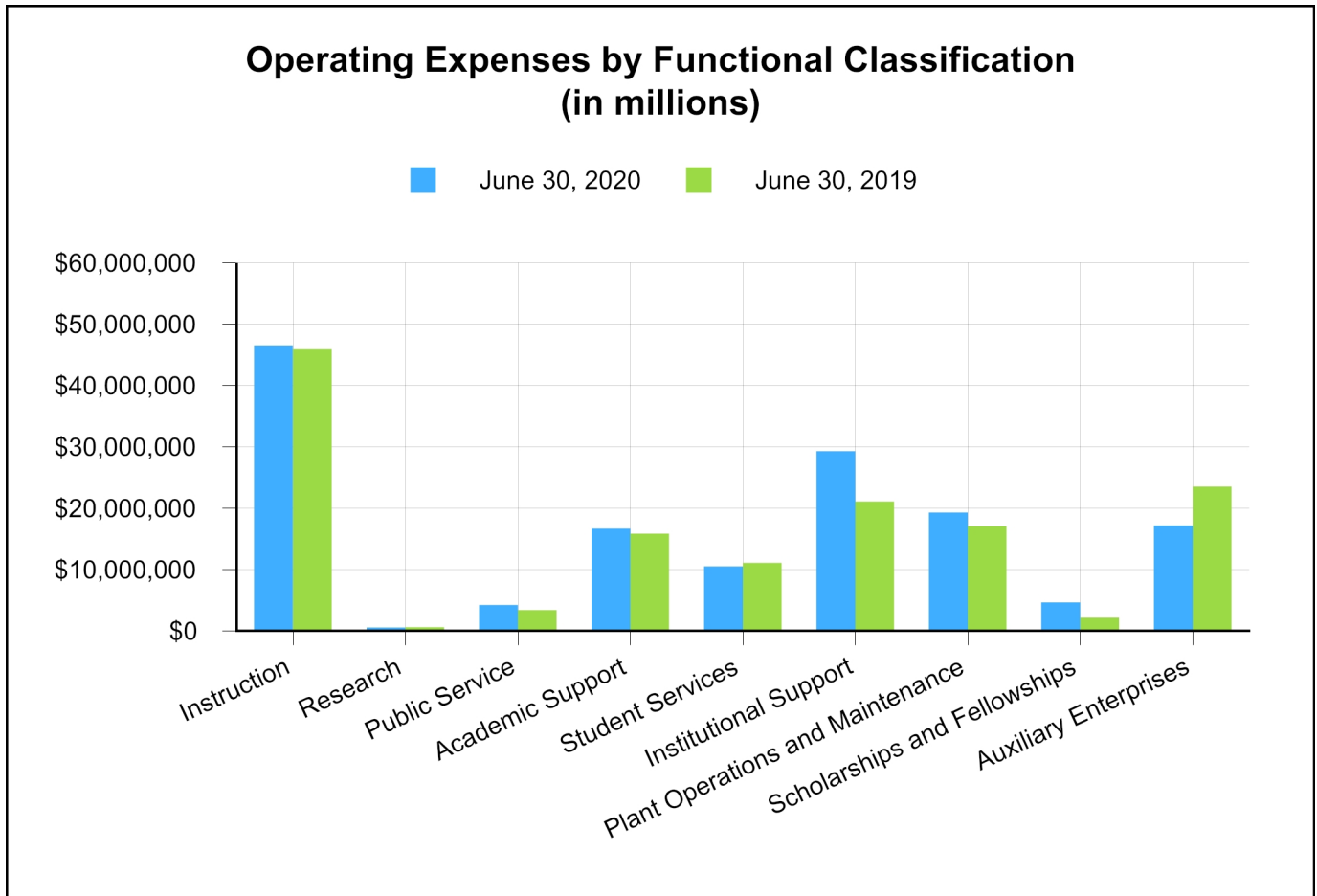
EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2020	June 30, 2019	Increase/ (Decrease)	% Change
Instruction	\$ 46,563,798	\$ 45,921,792	\$ 642,006	1.40 %
Research	535,161	571,991	(36,830)	-6.44 %
Public Service	4,212,128	3,372,890	839,238	24.88 %
Academic Support	16,703,362	15,855,287	848,075	5.35 %
Student Services	10,524,826	11,096,210	(571,384)	-5.15 %
Institutional Support	29,329,518	21,109,128	8,220,390	38.94 %
Plant Operations and Maintenance	19,322,856	17,059,278	2,263,578	13.27 %
Scholarships and Fellowships	4,651,862	2,115,577	2,536,285	119.89 %
Auxiliary Enterprises	17,168,362	23,506,876	(6,338,514)	-26.96 %
<b>Total Operating Expenses</b>	<b>\$ 149,011,873</b>	<b>\$ 140,609,029</b>	<b>\$ 8,402,844</b>	<b>5.98 %</b>
Interest Expense	5,248,224	5,964,001	(715,777)	-12.00 %
<b>Total Nonoperating Expenses</b>	<b>\$ 5,248,224</b>	<b>\$ 5,964,001</b>	<b>\$ (715,777)</b>	<b>(12.00)%</b>
<b>Total Expenses</b>	<b>\$ 154,260,097</b>	<b>\$ 146,573,030</b>	<b>\$ 7,687,067</b>	<b>5.24 %</b>

Total operating expenses were \$149.0 million in fiscal 2020, an increase of \$8.4 million (5.98%) when compared with fiscal 2019. These increases are primarily attributable to increase in Pension Contribution and increase in additional scholarships due to Federal CARES Funding.

The following chart depicts the fiscal 2020 operating expenses by functional classification.



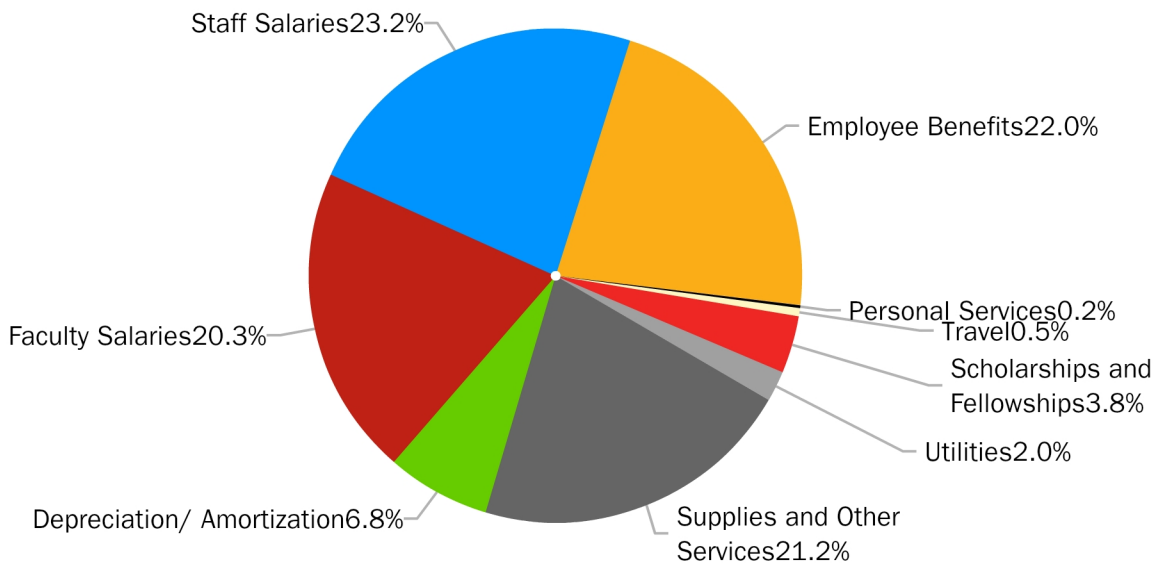
Operating expenses by by functional classification for the years ended June 30, 2020 and June 30, 2019 is depicted by the following chart:



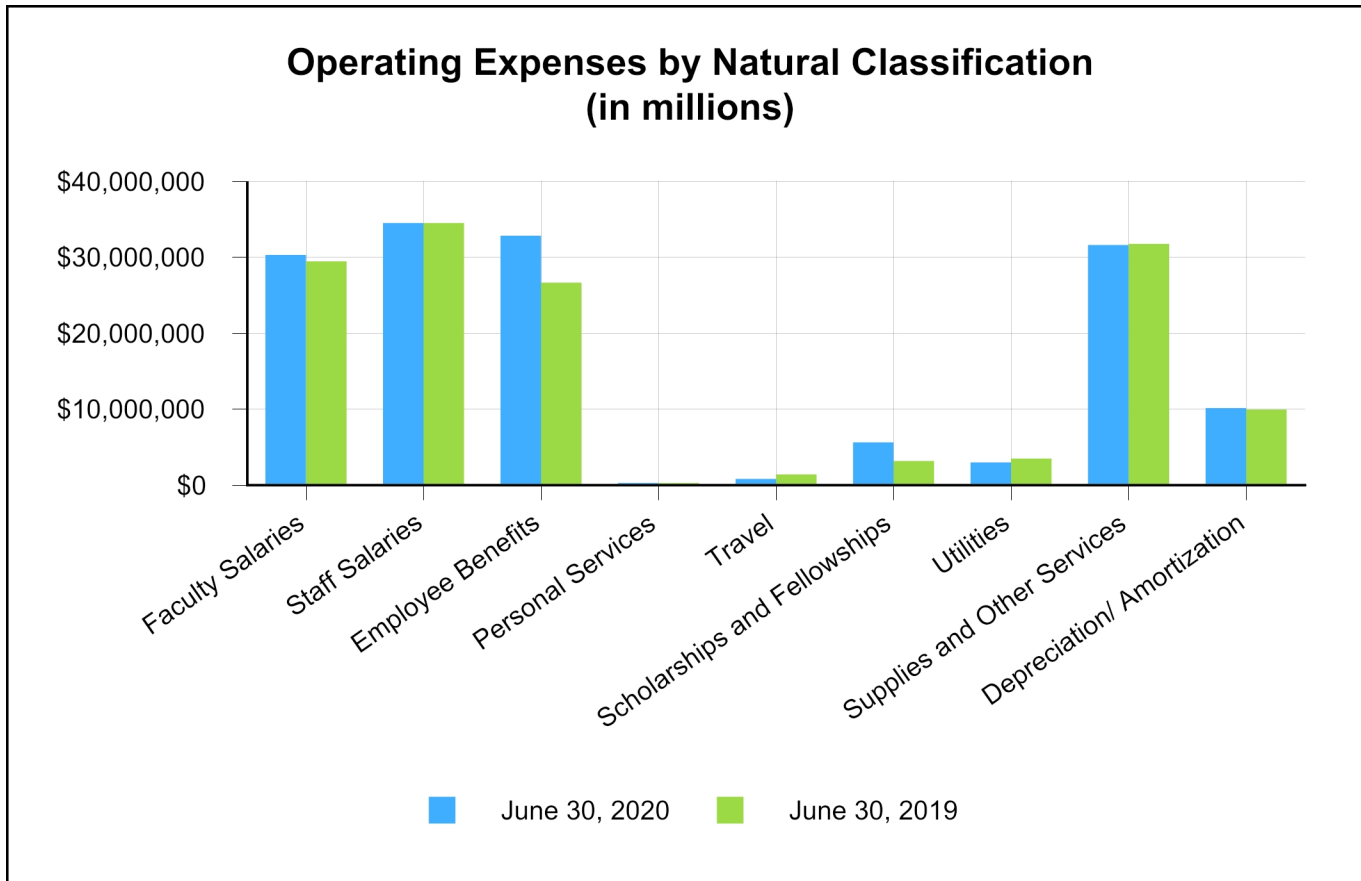


The following chart depicts the fiscal 2020 operating expenses by natural classification.

### Operating Expenses by Natural Classification



Operating expenses by by natural classification for the years ended June 30, 2020 and June 30, 2019 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, 2020 and 2019, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS		
	June 30, 2020	June 30, 2019
Cash Provided (Used) by:		
Operating Activities	\$ -43,877,639	\$ -36,015,421
Non-Capital Financing Activities	58,102,505	51,650,951
Capital and Related Financing Activities	-13,024,890	-16,445,709
Investing Activities	(106,067)	11,389
<b>NET CHANGE IN CASH</b>	<b>\$ 1,093,909</b>	<b>\$ (798,790)</b>
Cash, beginning of year (restated)	25,472,470	24,310,023
<b>CASH, end of year</b>	<b>\$ 26,566,379</b>	<b>\$ 23,511,233</b>

### Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2020 and June 30, 2019 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2020	June 30, 2019	Increase (Decrease)	% Change
Land	\$ 2,234,710	\$ 2,208,710	\$ 26,000	1.18%
Capitalized Collections	347,681	347,681		0.00%
Construction Work-in-Progress	1,380,497	2,240,387	(859,890)	-38.38%
Building and Building Improvements	167,891,623	160,238,653	7,652,970	4.78%
Facilities and Other Improvements	6,123,651	5,070,856	1,052,795	20.76%
Equipment	7,660,307	7,803,051	(142,744)	-1.83%
Library Collections	2,000,461	2,017,907	-17,446	-0.86%
Capitalized Collections	20,028	1,333	18,695	1,402.48%
<b>Capital Assets, net of accumulated depreciation</b>	<b>\$ 187,658,958</b>	<b>\$ 179,928,578</b>	<b>\$ 7,730,380</b>	<b>4.30%</b>

The University had a significant capital asset addition for Terrell Hall Renovation in fiscal year 2020 at a cost of \$13.2 million.

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 \$112,017,571 of which \$6,488,958 was reflected as current liability at June 30, 2020.

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**

Georgia College, along with the industry at large, has been and continues to be significantly impacted by the effects that the COVID-19 pandemic is forcing onto the world's economy. In just a few months, the COVID-19 pandemic has decimated the U.S. economy and the related systemic economic impact in higher education continues to be very unstable, with the economic outlook dependent on remedies and eradications addressing this economic stressor. For Georgia College, the areas most affected by changing the instructional delivery methods to online are those with their main revenue sources derived from related mandatory student fees that support programming that are unable to be delivered virtually. The majority of these areas fall within Auxiliary Enterprises and Student Life, which includes a significant portion of the debt service for the institution.

Although the effects of the pandemic are ongoing, the University's overall financial position remains stable at this time. When Net Position is viewed without the effects of GASB Statements 68 and 82, the ending balance at June 30, 2019 was \$88,636,672 and \$101,973,912 as of June 30, 2020, resulting in a net increase of \$13,337,240 for fiscal year 2020. The University continues to operate effectively within budgetary parameters and constraints. We have developed a realistic balanced budget for fiscal year 2021, with significant budget reductions not requiring furloughs or a reduction in force of filled positions.

While we will not know the long-term impacts of the pandemic for some time, we will maintain a conservative approach to spending and continuously look for ways to reduce costs and increase efficiencies. The principal concern at this point is whether or not students will be required to return home and resume online learning and virtual programming as they did during part of the 2020 spring semester. If this can be avoided, we feel confident that the University will be able to maintain a stable financial position moving forward.

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# Financial Statements (GAAP Basis)



**GEORGIA COLLEGE & STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Georgia College & State University	Component Units
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 25,356,980	\$ 2,758,460
Cash and Cash Equivalents (Externally Restricted)	1,035,264	—
Accounts Receivable, net		
Federal Financial Assistance	373,316	—
State General Appropriations		—
Margin Allocation Funds		—
Affiliated Organizations	9,557	—
Component Units	179,851	—
Primary Government		—
Pledges and Contributions		527,299
Other	1,442,111	2,197
Notes Receivable, net		—
Due From Other Funds		—
Investment in Capital Leases - Primary Government		814,219
Investment in Capital Leases - Other		—
Inventories	223,226	—
Prepaid Items	937,462	8,833
Other Assets	—	—
<b>Total Current Assets</b>	<b>\$ 29,557,767</b>	<b>4,111,008</b>
<b>Non-Current Assets</b>		
Accounts Receivable, net		
Affiliated Organizations		—
Component Units	\$ 1,474,681	—
Primary Government		—
Due From USO - Capital Liability Reserve Fund	1,081,967	—
Due From Institution - Capital Liability Reserve Fund		—
Pledges and Contributions		634,924
Other		—
Investments	3,422,381	11,087,289
Notes Receivable, net	—	—
Due From Other Funds		—
Investment in Capital Leases - Primary Government		163,847,087
Investment in Capital Leases - Other		(82,330,653)
Other Assets		1,173,124
Non-current Cash (Externally Restricted)	174,135	—
Short-term Investments (Externally Restricted)		—
Investments (Externally Restricted)	5,371,940	42,138,780
Capital Assets, net	187,658,958	1,210,801
<b>Total Non-Current Assets</b>	<b>\$ 199,184,062</b>	<b>137,761,352</b>
<b>TOTAL ASSETS</b>	<b>\$ 228,741,829</b>	<b>141,872,360</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 26,491,835</b>	<b>\$ —</b>

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

**GEORGIA COLLEGE & STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Georgia College & State University	Component Units
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 3,407,053	\$ 1,005,327
Salaries Payable	422,296	—
Benefits Payable	227,934	—
Contracts Payable	531,599	—
Retainage Payable	142,396	—
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)	2,304,616	—
Deposits	311,905	—
Deposits Held for Other Organizations	3,766	3,483,719
Other Liabilities	705,176	—
Notes and Loans Payable		—
Lease Purchase Obligations - External	821,085	—
Lease Purchase Obligations - Component Units	3,124,137	—
Revenue Bonds and Notes Payable		2,975,000
Liabilities Under Split Interest Agreements		—
Interest Rate Swap		—
Pollution Remediation		—
Claims and Judgments		—
Compensated Absences	2,543,730	—
<b>Total Current Liabilities</b>	<b>\$ 14,545,693</b>	<b>8,360,239</b>
<b>Non-Current Liabilities</b>		
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	\$ 28,243,460	—
Lease Purchase Obligations - Component Units	76,431,399	—
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	853,760	—
Net Other Post Employment Benefits Liability	88,278,769	—
Net Pension Liability	62,553,001	—
<b>Total Non-Current Liabilities</b>	<b>\$ 256,360,389</b>	<b>98,229,536</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 270,906,082</b>	<b>106,589,775</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	\$ 18,953,196	\$ —



**NET POSITION**

Net Investment in Capital Assets	\$	76,072,511		1,210,801
Restricted for:				
Nonexpendable		4,680,881		21,089,242
Expendable		1,904,805		9,103,132
Unrestricted (Deficit)		(117,283,811)		3,879,410
				<hr/>
<b>TOTAL NET POSITION</b>	\$	(34,625,614)	\$	35,282,585
				<hr/> <hr/>

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, 2020**

	Georgia College & State University	Component Units
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (net)	\$ 59,947,932	\$ —
Federal Appropriations		—
Grants and Contracts		
Federal	490,229	—
State	805,772	—
Other	10,275	—
Sales and Services	2,149,649	—
Rents and Royalties	76,771	4,793,939
Auxiliary Enterprises		
Residence Halls	12,709,593	—
Bookstore	979,757	—
Food Services	6,115,083	—
Parking/Transportation	1,253,512	—
Health Services		—
Intercollegiate Athletics	1,849,601	—
Other Organizations	272,536	—
Gifts and Contributions		2,030,399
Endowment Income		892,193
Other Operating Revenues	401,723	370,921
Total Operating Revenues	<u>\$ 87,062,433</u>	<u>8,087,452</u>
<b>OPERATING EXPENSES</b>		
Faculty Salaries	\$ 30,307,802	—
Staff Salaries	34,497,267	498,183
Employee Benefits	32,816,972	—
Other Personal Services	275,510	—
Travel	804,810	101,644
Scholarships and Fellowships	5,609,199	827,873
Utilities	2,980,727	—
Supplies and Other Services	31,591,057	2,748,323
Depreciation	10,128,529	1,074
Total Operating Expenses	<u>\$ 149,011,873</u>	<u>4,177,097</u>
Operating Income (Loss)	<u>\$ (61,949,440)</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, 2020**

	Georgia College & State University	Component Units
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	\$ 43,385,510	\$ —
Grants and Contracts		
Federal	11,716,887	—
State	160,237	—
Other	1,536,125	—
Gifts	702,578	—
Investment Income	267,718	(500,333)
Interest Expense	(5,248,224)	(3,967,057)
Other Nonoperating Revenues (Expenses)	(383,349)	(4,200)
Net Nonoperating Revenues	<u>\$ 52,137,482</u>	<u>(4,471,590)</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>\$ (9,811,958)</u>	<u>(561,235)</u>
Capital Grants and Gifts		
Federal	—	—
State	\$ 14,242,128	—
Other	255,970	—
Additions to Permanent and Term Endowments	374,372	1,516,507
Special Item	—	—
Extraordinary Item	—	—
Total Other Revenues, Expenses, Gains or Losses	<u>\$ 14,872,470</u>	<u>1,516,507</u>
Change in Net Position	<u>\$ 5,060,512</u>	<u>955,272</u>
Net Position, Beginning of Year, As Originally Reported	\$ (39,713,970)	34,327,313
Prior Year Adjustments	27,844	—
Net Position, Beginning of Year, Restated	<u>\$ (39,686,126)</u>	<u>34,327,313</u>
Net Position, End of Year	<u><u>\$ (34,625,614)</u></u>	<u><u>\$ 35,282,585</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, 2020**

Georgia College & State  
University

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 85,776,260
Grants and Contracts (Exchange)	1,276,437
Payments to Suppliers	(60,118,054)
Payments to Employees	(65,209,149)
Payments for Scholarships and Fellowships	(5,609,199)
Loans Issued to Students	(30,153)
Collection of Loans from Students	32,453
Net Cash Used by Operating Activities	<u>\$ (43,877,639)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	\$ 43,385,510
Agency Funds Transactions - Receipts	—
Agency Funds Transactions - Disbursements	—
Gifts and Grants Received for Other Than Capital Purposes	14,689,151
Net Cash Flows Provided by Non-Capital Financing Activities	<u>\$ 58,102,505</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	\$ 14,953,172
Purchases of Capital Assets	(18,900,705)
Principal Paid on Capital Debt and Leases	(3,705,252)
Interest Paid on Capital Debt and Leases	(5,372,105)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (13,024,890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	\$ 126,678
Investment Income	344,795
Purchase of Investments	(577,540)
Net Cash Used by Investing Activities	<u>\$ (106,067)</u>
Net Increase in Cash and Cash Equivalents	\$ 1,093,909
Cash and Cash Equivalents, Beginning of Year (Restated)	<u>25,472,470</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 26,566,379</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, 2020**

	<u>Georgia College &amp; State University</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (61,949,440)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	10,128,529
Operating Expenses Related to Noncash Gifts	3,450
Change in Assets and Liabilities:	
Receivables, net	607,807
Inventories	59,871
Prepaid Items	(69,729)
Other Assets	
Notes Receivable, Net	2,300
Accounts Payable	(536,513)
Salaries Payable	6,431
Benefits Payable	10,692
Contracts Payable	(53,719)
Retainage Payable	8,612
Deposits	(13,870)
Advances (Including Tuition and Fees)	(338,517)
Other Liabilities	(39,266)
Funds Held for Others	3,766
Compensated Absences	364,106
Due to Affiliated Organizations	
Pollution Remediation	
Claims and Judgments	
Net Pension Liability	8,999,294
Other Post-Employment Benefit Liability	1,487,714
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	97,757
Deferred Outflows of Resources	(2,656,914)
Net Cash Used by Operating Activities	<u>\$ (43,877,639)</u>

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

Noncapital Financing Activities Noncash Items:	
Noncapital Gifts	<u>\$ 3,450</u>
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	<u>\$ 725,247</u>
Amortization of Non-capital Financing Activities Advances and Deferred Inflows	<u>\$ 104,332</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>\$ 368,056</u>
Gift of Capital Assets	<u>\$ —</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (383,349)</u>
Accrual of Capital Asset Related Payables	<u>\$ 514,120</u>

Capital Assets Acquired Through Prepaid Capital	\$ —
Capital Assets Acquired by Incurring Capital Lease Obligations	\$ —
Deferred Gain (Loss) due to Debt Refundings	\$ 3,530,544
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	\$ 104,066
Accrual of Capital Financing Interest Payable	\$ 74,053
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	\$ (77,077)
Gift of Investments	\$ —
Other Investing Activities Noncash Items	\$ —

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

**GEORGIA COLLEGE & STATE UNIVERSITY  
STATEMENT OF FIDUCIARY NET POSITION  
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ —
Investments	
Receivables	
Due From Component Units	
Due From Affiliated Organizations	
Other	2,541,824
Prepaid Items	
Other Assets	
	<hr/>
Total Assets	<u>2,541,824</u>
<b>LIABILITIES</b>	
Cash Overdraft	2,039,956
Accounts Payable	
Benefits Payable	
Due to Component Units	
Advances	
Deposits held for other organizations	212
Other Liabilities	
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Total Liabilities	<u>2,040,168</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, Organizations, and Other Governments	<u><u>501,656</u></u>



**GEORGIA COLLEGE & STATE UNIVERSITY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Custodial Funds</u>
ADDITIONS	
Investment Income:	—
Dividends and Interest	
Net Appreciation in Investments Reported at Fair Value	
Net Appreciation in Investments Reported at Fair Value	
Less: Investment Expense	
Net Investment Income	<u>—</u>
Federal Financial Aid	31,241,502
State Financial Aid	30,656,221
Other Financial Aid	3,951,370
Clubs and Other Organizations Fund Raising	280,839
Public-Private Partnership Passthrough	
Miscellaneous	
Total Additions	<u>66,129,932</u>
DEDUCTIONS	
Administrative Expense	
Scholarships and Other Student Support	65,889,561
Student Organizations Support	282,824
Public-Private Partnership Passthrough	
Other Payments	
Total Deductions	<u>66,172,385</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>(42,453)</u>
Net Position, Beginning of Year	
Net Position, Beginning of Year, As Originally Reported	571,953
Prior Year Adjustments	<u>-27,844</u>
Net Position, Beginning of Year	<u>544,109</u>
Net Position, End of Year	<u><u>501,656</u></u>

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# Notes to the Financial Statements



**GEORGIA COLLEGE & STATE UNIVERSITY**

**GEORGIA COLLEGE & STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020, 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](http://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 and fiduciary fund financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when



earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. All significant intra-fund transactions have been eliminated.

The University reports the following fiduciary funds:

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

### **New Accounting Pronouncements**

For fiscal year 2020, the University adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement improves guidance regarding the identification and reporting of fiduciary activities. This Statement requires activity meeting certain criteria to be reported in a fiduciary fund within a statement of fiduciary net position and a statement of changes in fiduciary net position. The adoption of this Statement resulted in the restatement of the July 1, 2019 fiduciary net position for custodial fiduciary funds.

For fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The 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, 2020 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 others result primarily from escheated funds that are the result of unclaimed property.

### **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 \$6,250,264.

### Restatement of Prior Year Net Position

The College made the following restatements:

	Business-type Activities	Fiduciary Funds
Net position, beginning of year, as originally reported	\$ (39,713,970)	\$ 571,953
Changes in financial reporting entity	0	0
Changes in accounting principles	27,844	(27,844)
Correction of prior year errors		
Net position, beginning of year, restated	<u>\$ (39,686,126)</u>	<u>\$ 544,109</u>

### Changes in accounting principles

The University made prior period adjustments due to the adoption of GASB Statement No. 84, which required the restatement of the June 30, 2019, fiduciary net position. The result is a decrease in fiduciary net position at July 1, 2019 of \$27,844. This change is in accordance with generally accepted accounting principles.

## Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2020 are classified in the accompanying statement of net position as follows:

Cash and Cash Equivalents	\$	23,317,024
Cash and Cash Equivalents (Externally Restricted)		1,035,264
Non Current - Investments		3,422,381
Noncurrent Cash (Externally Restricted)		174,135
Noncurrent Investments (Externally Restricted)		5,371,940
	\$	<u>33,320,744</u>

Cash on hand, deposits and investments as of June 30, 2020 consist of the following:

Cash on Hand	\$	21,700
Deposits with Financial Institutions		24,330,588
Investments		8,968,456
Pooled Assets Held on Behalf of Component Units		—
	\$	<u>33,320,744</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, 2020, the bank balances of the University's deposits totaled \$25,089,720. Of these deposits, \$4,970,843 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>\$ 4,970,843</u>
Total deposits exposed to custodial credit risk	<u>\$ 4,970,843</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, 2020.

	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Investment type:				
Debt Securities				
U.S. Treasuries	\$ 234,953	\$ 234,953		
U.S. Agencies				
Explicitly Guaranteed	—			
Implicitly Guaranteed	36,495		\$ 36,495	
Bond Securities				
Corporate Debt	327,134		327,134	
Guaranteed Investment Contracts	—			
General Obligation Bonds	—			
Money Market Mutual Funds	—			
Municipal Obligations	—			
Mutual Bond Funds	213,920	213,920		
Repurchase Agreements	—			
Other Investments				
Cash Surrender Value	—	—		
Equity Mutual Funds - Domestic	344,455	344,455		
Equity Mutual Funds - International	272,785	272,785		
Equity Securities - Domestic	687,830	687,830		
Equity Securities - International	118,595	118,595		
Real Estate Held for Investment Purposes	—	—		
Real Estate Investment Trusts	98,103	98,103		
Other	174,135	174,135		
	<u>\$ 2,508,405</u>	<u>\$ 2,144,776</u>	<u>\$ 363,629</u>	<u>\$ —</u>
Investment Pools				
Board of Regents				
Short-Term Fund	—			
Legal Fund	—			
Balanced Income Fund	—			
Total Return Fund	2,607,694			
Diversified Fund	3,852,357			
Diversified Fund for Foundations	—			
Office of the State Treasurer				
Georgia Fund 1	—			
Georgia Extended Asset Pool	—			
Total Investments	<u>\$ 8,968,456</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, 2020 was \$2,607,694, of which 30% is invested in debt securities. The Effective Duration of the Fund is 5.62 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, 2020 was \$3,852,356.99, 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	\$ 234,953		\$ 15,383	\$ 90,532	\$ 129,038	
U.S. Agencies						
Explicitly Guaranteed	—					
Implicitly Guaranteed	36,495			36,495		
Bond Securities						
Corporate Debt	327,134		32,239	195,120	99,775	
Guaranteed Investment Contracts	—					
General Obligation Bonds	—					\$ —
Money Market Mutual Funds	—					
Municipal Obligations	—					
Mutual Bond Funds	213,920			94,638	70,328	48,954
Repurchase Agreements	—					
	<u>\$ 812,502</u>	<u>\$ —</u>	<u>\$ 47,622</u>	<u>\$ 416,785</u>	<u>\$ 299,141</u>	<u>\$ 48,954</u>
Other Investments						
Cash Surrender Value	—					
Equity Mutual Funds - Domestic	344,454					
Equity Mutual Funds - International	272,785					
Equity Securities - Domestic	687,831					
Equity Securities - International	118,595					
Real Estate Held for Investment Purposes	—					
Real Estate Investment Trusts	98,103					
Other	174,135					
Investment Pools						
Board of Regents						
Short-Term Fund	—					
Legal Fund	—					
Balanced Income Fund	—					
Total Return Fund	2,607,694					
Diversified Fund	3,852,357					
Diversified Fund For Foundations	—					
Office of the State Treasurer						
Georgia Fund 1	—					
Georgia Extended Asset Pool	—					
Total Investments	<u>\$ 8,968,456</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, 2020, \$812,502 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	\$ 36,495		\$ 36,495			
Bond Securities	—					\$ —
Corporate Debt	327,134		42,200	\$ 183,638	\$ 101,296	
Guaranteed Investment Contracts	—					
General Obligation Bonds	—					
Money Market Mutual Funds	—	\$ —				
Municipal Obligations	—					
Mutual Bond Funds	213,920					213,920
Repurchase Agreements	—					
	<u>\$ 577,549</u>	<u>\$ —</u>	<u>\$ 78,695</u>	<u>\$ 183,638</u>	<u>\$ 101,296</u>	<u>\$ 213,920</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, 2020, 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, 2020:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 356,463	
Auxiliary Enterprises and Other Operating Activities	443,692	
Federal Financial Assistance	373,316	
Georgia State Financing and Investment Commission	368,055	
Due from Affiliated Organizations	9,557	
Due from Component Units	1,654,531	
Due From Other USG Institutions	1,081,968	
Other	401,542	2,541,824
	<u>\$ 4,689,124</u>	<u>2,541,824</u>
Less: Allowance for Doubtful Accounts	127,641	
Net Accounts Receivable	<u>\$ 4,561,483</u>	<u>\$ 2,541,824</u>

### Note 4 Inventories

Inventories consisted of the following at June 30, 2020:

Merchandise for Resale	\$ <u>223,226</u>
Total	\$ <u><u>223,226</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, 2020. 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, 2020, the allowance for uncollectible loans was \$3,879. 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, 2020 are shown below:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 2,208,710	\$ 26,000		\$ 2,234,710
Capitalized Collections	347,681	—		347,681
Construction Work-in-Progress	2,240,387	4,569,606	\$ 5,429,496	1,380,497
Software Development-in-Progress	—			—
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 4,796,778</b>	<b>\$ 4,595,606</b>	<b>\$ 5,429,496</b>	<b>\$ 3,962,888</b>
<b>Capital Assets, Being Depreciated/Amortized:</b>				
Infrastructure	—			—
Building and Building Improvements	\$ 263,383,475	\$ 15,407,112	275,625	\$ 278,514,962
Facilities and Other Improvements	6,841,064	1,325,242		8,166,306
Equipment	22,407,379	1,916,825	\$ 1,948,019	22,376,185
Library Collections	10,965,266	407,769	13,491	11,359,544
Capitalized Collections	10,000	19,200		29,200
<b>Total Capital Assets Being Depreciated/Amortized</b>	<b>\$ 303,607,184</b>	<b>\$ 19,076,148</b>	<b>\$ 2,237,135</b>	<b>\$ 320,446,197</b>
<b>Less: Accumulated Depreciation/Amortization</b>				
Infrastructure	—			—
Building and Building Improvements	\$ 103,144,822	\$ 7,488,164	9,647	\$ 110,623,339
Facilities and Other Improvements	1,770,208	272,447	—	2,042,655
Equipment	14,604,328	1,942,198	\$ 1,830,648	14,715,878
Library Collections	8,947,359	425,215	13,491	9,359,083
Capitalized Collections	8,667	505	—	9,172
<b>Total Accumulated Depreciation/Amortization</b>	<b>\$ 128,475,384</b>	<b>\$ 10,128,529</b>	<b>\$ 1,853,786</b>	<b>\$ 136,750,127</b>
<b>Total Capital Assets, Being Depreciated/Amortized, Net</b>	<b>\$ 175,131,800</b>	<b>\$ 8,947,619</b>	<b>\$ 383,349</b>	<b>\$ 183,696,070</b>
<b>Capital Assets, net</b>	<b>\$ 179,928,578</b>	<b>\$ 13,543,225</b>	<b>\$ 5,812,845</b>	<b>\$ 187,658,958</b>

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the **Institution** when complete. For projects managed by the **Institution**, the **Institution** retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, **2020**, GSFIC transferred capital additions from GSFIC managed projects valued at **\$12,827,683** to the **Institution**. In addition, at June 30, **2020**, GSFIC had construction in progress of approximately **\$3,137,504** for incomplete GSFIC managed projects for the **Institution**.

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

Fiscal Year	Depreciation Expense
2020	\$ 10,128,529
2019	\$ 9,937,270
2018	\$ 9,258,870

## Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2020:

	Current Liabilities
Prepaid Tuition and Fees	\$ 1,913,534
Research	320,311
Other - Advances	70,771
	<hr/>
Totals	<u>\$ 2,304,616</u>

## Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2020 was as follows:

	(Restated) Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Leases					
Lease Purchase Obligations	\$ 115,855,877	\$ —	\$ 7,235,796	\$ 108,620,081	\$ 3,945,222
Other Liabilities					
Compensated Absences	\$ 3,033,384	\$ 2,544,230	\$ 2,180,124	\$ 3,397,490	\$ 2,543,730
Total	<u>\$ 3,033,384</u>	<u>\$ 2,544,230</u>	<u>\$ 2,180,124</u>	<u>\$ 3,397,490</u>	<u>\$ 2,543,730</u>
Total Long-Term Obligations	<u>\$ 118,889,261</u>	<u>\$ 2,544,230</u>	<u>\$ 9,415,920</u>	<u>\$ 112,017,571</u>	<u>\$ 6,488,952</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, 2020, consisted of the following:

### Deferred Outflow of Resources

Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	\$ 19,243,153
Deferred Outflow on OPEB Plan (See Note 17)	7,248,682
<b>Total Deferred Outflows of Resources</b>	<u>\$ 26,491,835</u>

### Deferred Inflow of Resources

Deferred Inflow on Debt Refunding	\$ 4,724,056
Unavailable Revenues	—
Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	1,775,740
Deferred Inflow on OPEB Plan (See Note 17)	10,514,851
<b>Total Deferred Inflows of Resources</b>	<u>\$ 18,953,196</u>

## Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2020 is as follows:

### NET POSITION

Net Investment in Capital Assets	\$ 76,072,511
Restricted for	
Nonexpendable	
Permanent Endowment	\$ 4,680,881
Expendable	
Sponsored and Other Organized Activities	\$ 324,612
Federal Loans	
Institutional Loans	1,580,193
Sub-Total	\$ 1,904,805
Unrestricted	
Auxiliary Enterprises Operations	\$ (3,789,802)
Auxiliary Enterprises Renewals and Replacement Reserve	5,345,754
Reserve for Encumbrances	13,468,867
Capital Liability Reserve Fund	1,081,967
Other Unrestricted	(133,390,597)
Sub-Total	\$ (117,283,811)
Total Net Position	\$ (34,625,614)

Changes in Net Position for the year ended June 30, 2020 are as follows:

	(Restated)			Balance
	July 1, 2019	Additions	Reductions	June 30, 2020
Net Investments in Capital Assets	\$ 63,883,435	\$ 25,304,938	\$ 13,115,862	\$ 76,072,511
Restricted Net Position	6,269,447	29,591,995	29,275,756	6,585,686
Unrestricted Net Position	(109,839,008)	130,111,963	137,556,766	(117,283,811)
Total Net Position	\$ (39,686,126)	\$ 185,008,896	\$ 179,948,384	\$ (34,625,614)



## **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 \$145,094 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 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, 2020. In addition to these encumbrances, the University had no other significant unearned outstanding construction or renovation contracts executed as of June 30, 2020.

## **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 2020 were \$3,705,252 and \$5,352,524, respectively. Interest rates range from 4.100% - 17.930%.

The University has \$79,555,537 in outstanding lease obligations due to component units. Component units have \$79,555,537 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, 2020:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2020	Outstanding Balance per Lease Schedules at June 30, 2020
	( + )	( - )	( = )	
Leased Land and Land Improvements	\$ 735,481		\$ 735,481	\$ 408,618
Leased Equipment	447,705	\$ 402,225	45,480	238,725
Leased Buildings and Building Improvements	129,258,240	51,202,821	78,055,419	107,591,552
Leased Facilities and Other Improvements	1,142,211	593,950	548,261	381,186
<b>Total Assets Held Under Capital Lease</b>	<b>\$ 131,583,637</b>	<b>\$ 52,198,996</b>	<b>\$ 79,384,641</b>	<b>\$ 108,620,081</b>

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	\$ 77,106,940 (1)
Student Activity Center	GCSU Foundation	6,382,006	20 yrs	Feb 2005	Jun, 2025	1,956,078 (1)
Irwin Street Parking Lot	GCSU Foundation	1,595,164	20 yrs	September 2004	June 2025	492,519 (1)
Campus Theater	USG Real Estate Foundation I, LLC	9,448,892	30 yrs	July 2010	June 2040	7,262,140
Student Wellness & Recreation Center	USG Real Estate Foundation I, LLC	29,443,514	30 yrs	August 2010	June 2041	21,770,069
Parking Vehicles	Enterprise FM Trust, Inc.	50,136	5 yrs	December 2018	February 2023	32,335
<b>Total Leases</b>		<b>\$ 141,270,362</b>				<b>\$ 108,620,081</b>

(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 2020 was \$276,934, which includes payments to related parties of \$37,684. The University is obligated to pay these related parties a total of \$276,039 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, 2020, are as follows:

Year Ending June 30:	Real Property and Equipment	
	Capital Leases	Operating Leases
2021	\$ 10,090,299	\$ 276,039
2022	10,333,377	
2023	10,572,444	
2024	10,799,052	
2025	11,034,308	
2026 through 2030	56,038,054	
2031 through 2035	49,819,478	
2036 through 2040	12,260,905	
2041 through 2045	1,834,668	
Total Minimum Lease Payments	\$ 172,782,585	\$ 276,039
Less: Interest	50,562,147	
Less: Executory Costs	13,600,357	
Principal Outstanding	\$ 108,620,081	

## 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](https://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 2020. The University's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of annual the University payroll. The University's contributions to TRS totaled \$7,862,825 for the year ended June 30, 2020.

## **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](http://ers.ga.gov/financials).

### Benefits provided

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

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

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

### Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2020 was 24.66% of annual covered payroll for old and new plan members and 21.64% for GSEPS members. The University's contributions to ERS totaled \$53,647 for the year ended June 30, 2020. 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, 2020, 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, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 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, 2019. At June 30, 2019, the University's TRS proportion was 0.28773%, which was an increase of 0.002955% from its proportion measured as of June 30, 2018. At June 30, 2019, the University's ERS proportion was 0.016558%, which was a decrease of (0.000308)% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized pension expense of \$11,815,935 for TRS and \$201,961 for ERS. At June 30, 2020, 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	\$ 3,487,293	\$ 18,343	\$ 22,755	\$ —
Changes of assumptions	5,937,208	—	12,026	—
Net difference between projected and actual earnings on pension plan investments	—	1,473,307	—	21,269
Changes in proportion and differences between contributions and proportionate share of contributions	1,839,787	255,459	27,602	7,362
Contributions subsequent to the measurement date	\$ 7,862,825		\$ 53,647	
<b>Total</b>	<b>\$ 19,127,113</b>	<b>\$ 1,747,109</b>	<b>\$ 116,030</b>	<b>\$ 28,631</b>

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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	TRS	ERS
2021	\$ 4,289,420	\$ 55,196
2022	\$ 1,075,578	\$ (20,073)
2023	\$ 2,022,429	\$ (4,190)
2024	\$ 2,129,752	\$ 2,819
2025	\$ —	\$ —
Thereafter	\$ —	\$ —

### Actuarial assumptions

The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

#### Teachers Retirement System

Inflation	2.50%
Salary increases	3.00% - 8.75%, average, including inflation
Investment rate of return	7.25%, 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the long-term assumed rate of return.

### 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the assumed investment rate of return.

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%	(0.10)%
Domestic large equities	51.00%	46.20%	8.90 %
Domestic mid equities			
Domestic small equities	1.50%	1.30%	13.20 %
International developed market equities	12.40%	12.40%	8.90 %
International emerging market equities	5.10%	5.10%	10.90 %
Alternatives	—%	5.00%	12.00 %
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 7.25% 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 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	\$100,432,680	\$61,869,730	\$30,157,283

Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	\$ 970,991	\$ 683,271	\$ 437,995

**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](http://trsga.com/publications) and [ers.ga.gov/financials](http://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 2020, 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 \$1,951,377 (9.24%) and \$1,267,128 (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 2020, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The 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, 2020.

## 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 2020, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The 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, 2020:

Active Employees	940
Retirees or Beneficiaries Receiving Benefits	298
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	75
	<hr/>
Total	1,313
	<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 2020 plan year, the employer rate was approximately 84% of the total health insurance cost for eligible retirees and the retiree rate was approximately 16%. 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 2020, the University contributed \$1,995,438 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, 2020, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2019 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, 2019. At June 30, 2019, the University's proportion was 1.974224%, which was an increase of 0.006508% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized OPEB expense of \$6,268,680. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,896,274	\$ 503,782
Changes of assumptions	—	9,917,099
Net difference between projected and actual earnings on OPEB plan investments	—	23,191
Changes in proportion and differences between contributions and proportionate share of contributions	356,970	70,779
Contributions subsequent to the measurement date	1,995,438	—
Total	<u>\$ 7,248,682</u>	<u>\$ 10,514,851</u>

The University's contributions subsequent to the measurement date of \$1,995,438 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2021	\$	(1,279,981)
2022	\$	(1,279,981)
2023	\$	(1,242,235)
2024	\$	(516,761)
2025	\$	(486,464)
Thereafter	\$	(456,185)

Actuarial assumptions

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of May 1, 2019 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 6/30/2019 3.50% from Bond Buyers GO 20-Bond Municipal Bond Index Interest Rate as of 6/30/2018 3.87% from Bond Buyers GO 20-Bond Municipal Bond Index Long-term Rate of Return 4.50%
Mortality Rates	General Inflation 2.50% Healthy: Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with scale MP-2018  Disabled: Pub-2010 Disabled Mortality for General Employees and Teachers (as appropriate) headcount weighted projected with scale MP-2018
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.9%
Medicare Eligible	4.5%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.5%
Year Ultimate Trend is Reached	Fiscal Year 2031 for Pre-Medicare Eligible, Fiscal Year 2020 for Medicare Eligible
Experience Study	

Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019. All other assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which cover the five year period ending June 30, 2014.

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption. Mortality rates were changed from the RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with MP-2018. Retirement rates were updated from the rates developed for the Teacher's Retirement System to rates based on actual experience. The discount rate was updated from 3.87% to 3.50% as of June 30, 2019.

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, 2019 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.09%	70%
Equity Allocation	4.46%	30%

Discount rate

The Plan's projected fiduciary net position at the end of 2023 is \$0, based on the valuation completed for the fiscal year ending June 30, 2019. 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 2023. 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, 2019. 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 3.50% 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 (2.50%) or 1% higher (4.50%) than the current discount rate (3.50%):

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Proportionate Share of the Net OPEB Liability	\$ 104,497,260	\$ 88,278,769	\$ 74,757,875

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	\$ 74,022,827	\$ 88,278,769	\$ 106,140,369
Pre-Medicare Eligible	5.9% decreasing to 3.5%	6.9% decreasing to 4.5%	7.9% 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/](https://usg.edu/fiscal_affairs/financial_reporting/).

## Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2020 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 27,526,326	\$ 3,853,240	\$ 9,447,297	\$ 58,213	\$ 132,657
Research	102,966	189,141	58,726	—	21,055
Public Service	11,220	1,126,597	368,628	13,661	18,674
Academic Support	2,433,355	6,364,273	3,186,573	77,274	360,031
Student Services	113,502	5,476,533	2,076,909	62,726	58,052
Institutional Support	120,433	8,124,356	13,993,111	63,636	97,675
Plant Operations and Maintenance		6,024,671	2,698,063	—	47,595
Scholarships and Fellowships					
Auxiliary Enterprises		3,338,456	987,665	—	69,071
<b>Total Operating Expenses</b>	<b>\$ 30,307,802</b>	<b>\$ 34,497,267</b>	<b>\$ 32,816,972</b>	<b>\$ 275,510</b>	<b>\$ 804,810</b>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 9,354	\$ 97,066	\$ 3,585,656	\$ 1,853,989	\$ 46,563,798
Research	8,803	420	100,996	53,054	535,161
Public Service	—	22,608	2,637,072	13,668	4,212,128
Academic Support		49,191	2,661,811	1,570,854	16,703,362
Student Services		45,446	1,509,161	1,182,497	10,524,826
Institutional Support		64,934	5,575,185	1,290,188	29,329,518
Plant Operations and Maintenance		1,621,999	8,681,068	249,460	19,322,856
Scholarships and Fellowships	4,651,862				4,651,862
Auxiliary Enterprises	939,180	1,079,063	6,840,108	3,914,819	17,168,362
<b>Total Operating Expenses</b>	<b>\$ 5,609,199</b>	<b>\$ 2,980,727</b>	<b>\$ 31,591,057</b>	<b>\$ 10,128,529</b>	<b>\$ 149,011,873</b>

## 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	
<b>Debt Securities</b>					
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					
<b>Other Investments</b>					
Cash Surrender Value					
Equity Mutual Funds - Domestic	288,575	288,575			
Equity Mutual Funds - International					
Equity Securities/Stock - Domestic	11,546,163	11,546,163			
Equity Securities/Stock - 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
<b>Investment Pools</b>					
<b>Board of Regents</b>					
Short-Term Fund					
Legal Fund					
Balanced Income Fund					
Total Return Fund					
Diversified Fund	4,959,628				
Diversified Fund for Foundations					
<b>Office of the State Treasurer</b>					
Georgia Fund 1	279,252.49				
Georgia Extended Asset Pool					
<b>Total Investments</b>	<b>\$ 53,505,321.49</b>				

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
2021	1	\$ 6,990,137
2022	2	7,182,125
2023	3	7,383,435
2024	4	7,588,007
2025	5	7,799,780
2026 through 2030	6-10	40,088,656
2031 through 2035	11-15	43,193,131
2036 through 2040	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	82,380
Less Total Accumulated Depreciation/Amortization	82,380
Total Capital Assets being Depreciated/Amortized, Net	—
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)	—
<b>Total Long Term Liabilities</b>	<b>\$ 101,130,463</b>	<b>\$ 1,009,726</b>	<b>\$ 2,574,291</b>	<b>\$ 99,565,898</b>	<b>\$ 2,975,000</b>

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

Year ending June 30:

2021	1	
2022	2	
2023	3	
2024	4	
2025	5	
2026 through 2030	6-10	
2031 through 2035	11-15	
2036 through 2040	16-20	
2041 through 2045	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				—
<b>Total</b>		<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

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

		Principal	Interest	Total
Year ending June 30:				
2021	1	\$ 2,975,000	\$ 3,753,673	\$ 6,728,673
2022	2	3,310,000	3,625,556	6,935,556
2023	3	3,675,000	3,482,571	7,157,571
2024	4	4,060,000	3,324,015	7,384,015
2025	5	4,470,000	3,121,053	7,591,053
2026 through 2030	6-10	27,165,000	12,757,473	39,922,473
2031 through 2035	11-15	48,095,000	5,645,879	53,740,879
2036 through 2040	16-20			—
		93,750,000	35,710,220	129,460,220
Bond Premium		3,169		3,169
Bond (Discount)		(1,448,705)		(1,448,705)
<b>Total</b>		<b>\$ 92,304,464</b>	<b>\$ 35,710,220</b>	<b>\$ 128,014,684</b>

# 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	6/30/2020	\$ 53,657	\$ 53,657	—	\$ 224,431	23.91%
	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%
Teachers' Retirement System	6/30/2020	\$ 7,862,825	\$ 7,862,825	—	\$ 37,220,650	21.12%
	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%

**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	6/30/2020	0.016558%	\$ 683,271	\$ 224,431	304.45%	76.74%
	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%
Teachers Retirement System	6/30/2020	0.287730%	\$ 61,869,730	\$ 37,220,650	166.22%	78.56%
	6/30/2019	0.284775%	\$ 52,860,340	\$ 35,136,896	150.44%	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%

\*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, 2020**

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 FOUR 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)
6/30/2020	\$ 1,995,438	\$ 1,995,438	\$ —	\$ 59,572,820	3.35%
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 THREE 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
6/30/2020	1.97%	\$ 88,278,769	\$ 58,988,032	149.66%	3.13%
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, 2020**

*Changes in Assumptions Since Prior Valuation*

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption. Mortality rates were changed from the RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with MP-2018. Retirement rates were updated from the rates developed for the Teacher's Retirement System to rates based on actual experience. The discount rate was updated from 3.87% to 3.50% as of June 30, 2019.



## Supplementary Information

**GEORGIA COLLEGE & STATE UNIVERSITY**  
**BALANCE SHEET (NON-GAAP BASIS)**  
**BUDGET FUNDS**  
**JUNE 30, 2020**  
**(UNAUDITED)**

ASSETS

Cash and Cash Equivalents	\$	18,027,766.14
Investments		1,046,055.97
Accounts Receivable		
State Appropriation		—
Federal Financial Assistance		373,316.03
Other		2,504,476.95
Margin Allocation		—
Prepaid Expenditures		766,890.51
Inventories		—
Other Assets		—
		<hr/>
Total Assets	\$	<u><u>22,718,505.60</u></u>

LIABILITIES AND FUND EQUITY

Liabilities		
Cash Overdraft	\$	—
Contracts Payable		—
Accrued Payroll	\$	388,398.23
Payroll Withholdings		—
Encumbrance Payable		12,592,114.93
Accounts Payable		553,773.67
Unearned Revenue		2,303,648.81
Funds Held for Others		2,694.78
Other Liabilities		299,400.00
		<hr/>
Total Liabilities	\$	<u>16,140,030.42</u>

Fund Balances

Reserved		
Capital Outlay		—
Department Sales and Services	\$	1,798,180.41
Indirect Cost Recoveries		1,472,380.71
Technology Fees		145,963.23
Restricted/Sponsored Funds		1,435,135.93
Uncollectible Accounts Receivable		117,978.19
Inventories		—
Tuition Carry - Forward		1,255,226.52
Carry-Over "Per Governor's Office of Planning and Budget"		—
Early Retirement Program		—
Unreserved		
Surplus		353,610.19
		<hr/>

Total Fund Balances	\$	<u>6,578,475.18</u>
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Total Liabilities and Fund Balances	\$	<u><u>22,718,505.60</u></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, 2020**

	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	\$ 2,738,453.00	\$ 2,738,453.00	\$ 2,628,915.00	\$ 2,628,915.00	—
Tobacco Funds	—	—	—	—	—
Federal Stimulus Stabilization Funds	—	—	—	—	—
State Funds - Prior Year Carry-Over					
Other Funds	—	—	—	—	—
Total Public Service / Special Funding Initiatives	\$ 2,738,453.00	\$ 2,738,453.00	\$ 2,628,915.00	\$ 2,628,915.00	—
Teaching					
State Appropriation					
State General Funds	\$ 40,835,049.00	\$ 40,835,049.00	\$ 40,771,324.00	\$ 40,771,324.00	—
Federal Coronavirus Relief Funds			4,104,367.00	3,876,358.02	—
Other Funds	71,124,795.00	71,124,795.00	83,566,214.00	79,973,664.63	\$ 6,233,630.37
Total Teaching	\$ 111,959,844.00	\$ 111,959,844.00	\$ 128,441,905.00	\$ 124,621,346.65	\$ 6,233,630.37
Total Operating Activity	\$ 114,698,297.00	\$ 114,698,297.00	\$ 131,070,820.00	\$ 127,250,261.65	\$ 6,233,630.37

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



**GEORGIA 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, 2020**

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers of Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	—	\$ 2,628,915.00	—	\$ 2,620,813.69	8,101.31	8,101.31
Total Public Service / Special Funding Initiatives	—	\$ 2,628,915.00	—	\$ 2,620,813.69	8,101.31	8,101.31
Teaching						
State Appropriation						
State General Funds	—	40,771,324.00	—	40,770,324.00	1,000.00	1,000.00
Federal Coronavirus Relief Funds	—	3,876,358.02	(228,008.98)	3,876,358.02	228,008.98	—
Other Funds	—	86,207,295.00	\$ 2,641,081.00	79,773,876.67	\$ 3,792,337.33	\$ 6,433,418.33
Total Teaching	—	\$ 130,854,977.02	\$ 2,413,072.02	\$ 124,420,558.69	\$ 4,021,346.31	\$ 6,434,418.33
Total Operating Activity	—	\$ 133,483,892.02	\$ 2,413,072.02	\$ 127,041,372.38	\$ 4,029,447.62	\$ 6,442,519.64

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, 2020**

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2019 Surplus	Prior Year Adjustments	Other Adjustments	Early Return of Fiscal Year 2020 Surplus
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	35.02	—	(35.02)	\$ 8,792.09	—	—
Total Public Service / Special Funding Initiatives	<u>35.02</u>	<u>—</u>	<u>(35.02)</u>	<u>\$ 8,792.09</u>	<u>—</u>	<u>—</u>
Teaching						
State Appropriation						
State General Funds	\$ 10,832.89	—	\$ (10,832.89)	\$ 19,841.94	—	—
Federal Coronavirus Relief Funds						
Other Funds	6,237,491.80	\$ (6,233,630.37)	(3,861.43)	36,575.15	\$ (47,231.83)	—
Total Teaching	<u>\$ 6,248,324.69</u>	<u>\$ (6,233,630.37)</u>	<u>\$ (14,694.32)</u>	<u>\$ 56,417.09</u>	<u>\$ (47,231.83)</u>	<u>—</u>
Total Operating Activity	<u>\$ 6,248,359.71</u>	<u>\$ (6,233,630.37)</u>	<u>\$ (14,729.34)</u>	<u>\$ 65,209.18</u>	<u>\$ (47,231.83)</u>	<u>—</u>
Prior Year Reserves						
Not Available for Expenditure						
Inventories	—	—	—	—	—	—
Uncollectible Accounts Receivable	\$ 70,746.36	—	—	—	\$ 47,231.83	—
Early Retirement Program (Georgia Health Sciences University)	—	—	—	—	—	—
Budget Unit Totals	<u><u>\$ 6,319,106.07</u></u>	<u><u>\$ (6,233,630.37)</u></u>	<u><u>\$ (14,729.34)</u></u>	<u><u>\$ 65,209.18</u></u>	<u><u>\$ —</u></u>	<u><u>—</u></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, 2020**

	Excess (Deficiency) of Funds Available Over/Under Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
			Reserved	Surplus/(Deficit)	Total
<b>Public Service / Special Funding Initiatives</b>					
State Appropriation					
State General Funds	\$ 8,101.31	\$ 16,893.40	—	\$ 16,893.40	\$ 16,893.40
Tobacco Funds	—	—	—	—	—
Federal Stimulus Stabilization Funds	—	—	—	—	—
Other Funds	—	—	—	—	—
<b>Total Public Service / Special Funding Initiatives</b>	<b>8,101.31</b>	<b>\$ 16,893.40</b>	<b>—</b>	<b>\$ 16,893.40</b>	<b>\$ 16,893.40</b>
<b>Teaching</b>					
State Appropriation					
State General Funds	\$ 1,000.00	\$ 20,841.94	—	\$ 20,841.94	\$ 20,841.94
Federal Coronavirus Relief Funds					
Other Funds	\$ 6,433,418.33	6,422,761.65	\$ 6,106,886.80	315,874.85	6,422,761.65
<b>Total Teaching</b>	<b>\$ 6,434,418.33</b>	<b>6,443,603.59</b>	<b>\$ 6,106,886.80</b>	<b>\$ 336,716.79</b>	<b>\$ 6,443,603.59</b>
<b>Total Operating Activity</b>	<b>\$ 6,442,519.64</b>	<b>6,460,496.99</b>	<b>\$ 6,106,886.80</b>	<b>\$ 353,610.19</b>	<b>6,460,496.99</b>
<b>Prior Year Reserves</b>					
Not Available for Expenditure					
Inventories		—	—		—
Uncollectible Accounts Receivable		\$ 117,978.19	\$ 117,978.19		\$ 117,978.19
Early Retirement Program (Georgia Health Sciences University)		—	—		—
<b>Budget Unit Totals</b>	<b>\$ 6,442,519.64</b>	<b>\$ 6,578,475.18</b>	<b>\$ 6,224,864.99</b>	<b>\$ 353,610.19</b>	<b>\$ 6,578,475.18</b>
Departmental Sales and Services			\$ 1,798,180.41	—	\$ 1,798,180.41
Indirect Cost Recovery			1,472,380.71	—	1,472,380.71
Technology Fees			145,963.23	—	145,963.23
Restricted/Sponsored Funds			1,435,135.93	—	1,435,135.93
Tuition Carry-Forward			1,255,226.52	—	1,255,226.52
Uncollectible Accounts Receivable			117,978.19	—	117,978.19
Surplus			—	\$ 353,610.19	353,610.19
			<b>\$ 6,224,864.99</b>	<b>\$ 353,610.19</b>	<b>\$ 6,578,475.18</b>

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**

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