

GEORGIA COLLEGE & STATE UNIVERSITY

Milledgeville, Georgia



**Annual Financial Report
Fiscal Year 2021**

(Page intentionally left blank)

GEORGIA COLLEGE & STATE UNIVERSITY
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2021

Introductory Section	
Message from the President	2
Letter of Transmittal	3
Financial Section	
Management's Discussion and Analysis	5
Financial Statements (GAAP Basis)	
Statement of Net Position	17
Statement of Revenues, Expenses, and Changes in Net Position	19
Statement of Cash Flows	21
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to the Financial Statements	25
Required Supplementary Information	
Schedule of Contributions for Defined Benefit Pension Plan	61
Schedule of Proportionate Share of Net Pension Liability	62
Notes to the Required Supplemental Information for Pension Plans	63
Schedule of Contributions for OPEB Plan	64
Schedule of Proportionate Share of the Net OPEB Liability	65
Notes to the Required Supplemental Information for OPEB Plan	66
Supplementary Information	
Balance Sheet (Non-GAAP Basis)	68
Statement of Funds Available and Expenditures Compared to Budget (Non-GAAP Basis)	69
Statement of Changes to Fund Balance by Program and Funding Source (Non-GAAP Basis)	71



Introductory Section



GEORGIA COLLEGE & STATE UNIVERSITY

Message from the President

FY 2021 was a year that continued to experience unprecedented times for the university and the world due to the ongoing pandemic, but our Georgia College (GC) community adapted wonderfully and we were able to complete a successful year on campus. In addition to achieving notable milestones and accolades while experiencing operational modifications, the academic year saw great accomplishments from our students, faculty, and staff. I invite you to explore some of the many achievements from the year:

- Georgia College was named a recipient of the [2020 Campus-wide Award for Undergraduate Research Accomplishments \(AURA\)](#) by the Council on Undergraduate Research (CUR). This annual award recognizes institutions with exemplary programs that provide high-quality research experiences for undergraduates.
- The university published the inaugural edition of "Undergraduate Research." The 174-page magazine showcases research by students in their freshman, sophomore, junior, or senior years of college. The journal is free and one of few in the nation to highlight undergraduate work in all disciplines.
- The 2021 [U.S. News & World Report Best Colleges](#) report lists [Georgia College](#) as a "Top Public School." Designated ninth in the South, Georgia College was the highest-ranked Georgia institution in this category for the second year in a row. The university was also named a "Most Innovative" school and a top undergraduate teaching institution.
- Georgia College's Theatre and Dance Department has won two highly-esteemed awards for last fall's production of "Giving Voice: A Black Lives Matter Musical." The awards were for "Best Social Justice Film" from Silk Road Film Awards Cannes - a monthly worldwide competition for independent filmmakers and writers—and "Best Feature Film" from the Canadian Diversity Film Festival.
- The University System of Georgia (USG) awarded its "2021 Regents' Momentum Year Award for Excellence in Teaching and Curricular Innovation" to GC Journeys—a program where every Georgia College student participates in at least five transformative experiences in their college years.
- Georgia College was the winner of the 2020-21 Peach Belt Conference Institution of the Year Sportsmanship Award. Bobcat Athletics won the honor for the second time in the last four years. A banner that rotates from winning school to winning school returned to Milledgeville for the first time since the 2017 season as GC became only the second PBC institution to win the award more than once.
- In 2020-21, Georgia College received a record-high amount in grants, exceeding \$4 million. It marked a 5.9 percent increase from the previous year and a whopping 73 percent since 2018.
- Georgia College Assistant Professor of Biology Dr. Kristine White and junior environmental science major Sally Sir of Duluth, Georgia, discovered and named a new species of amphipod never before identified by anyone else. They found it in a collection of about 7,000 amphipods White collected in the mid-2000s as a post-doctoral student in Okinawa, Japan
- Two Georgia College students were selected to participate in summer research internships funded through a partnership by Fulbright Canada and MITACS Globalink. Junior physics major Catherine Boyd and junior biology major Molly Bullington will undertake advanced research projects for 10 to 12 weeks under the supervision of faculty at Canadian institutions.
- The National Science Foundation (NSF) recently awarded Georgia College's Department of Chemistry, Physics and Astronomy a \$650,000 S-STEM grant, covering a five-year period. It provides eligible incoming students up to \$8,000 per year, a total of \$32,000 over four years, as part of a multi-pronged approach designed to attract and retain chemistry and physics majors.
- For the fall 2020 semester, 1,268 students enrolled in graduate programs at the university—the largest number in history. That number has been steadily rising since fall 2016 when 868 students were enrolled.
- In time for its 50th Anniversary celebration in November, the honors program transformed into the John E. Sallstrom Honors College at the start of the academic year in 2020—complete with its own dean and plans to make the honors experience even more dynamic for students.
- Georgia College earned a STARS Bronze rating in recognition of its sustainability achievements from the Association for the Advancement of Sustainability in Higher Education (AASHE). STARS, the Sustainability Tracking, Assessment & Rating System is a comprehensive rating system for colleges and universities for measuring the environmental, social, and economic dimensions of sustainability and encouraging sustainability in all aspects of higher education.

While these are just a few of our successes as an institution, with many more happening across all areas of the university as well as on individual levels, I am proud of what we have been able to accomplish. To become a nationally preeminent institution is a goal that we continuously strive for, and this is evident through the work of our entire campus community. I am confident that over the course of the next fiscal year that we will have continued success as well as new achievements to celebrate across our institution.

Steve M. Dorman
President
Georgia College & State University



Letter of Transmittal

August 12, 2021

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, 2021, 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, 2021.

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,

Lee Fruitticher
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 2021	6,873	6,404
FY 2020	7,031	6,581
FY 2019	6,989	6,565

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for the fiscal year 2021. 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 the fiscal year 2021 and fiscal year 2020. The financial statements for the fiscal year 2021 do not contain a restatement of the July 1, 2021 net position balance.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2021, 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.

CONDENSED STATEMENT OF NET POSITION				
	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	\$ 33,479,056	\$ 29,557,767	\$ 3,921,289	13.27 %
Capital Assets, Net	181,080,491	187,658,958	(6,578,467)	(3.51)%
Other Assets	12,991,492	11,525,104	1,466,388	12.72 %
TOTAL ASSETS	\$ 227,551,039	\$ 228,741,829	\$ (1,190,790)	(0.52)%
DEFFERED OUTFLOWS				
	\$ 42,487,611	\$ 26,491,835	\$ 15,995,776	60.38 %
LIABILITIES				
Current Liabilities	\$ 16,577,055	\$ 14,545,693	\$ 2,031,362	13.97 %
Non-Current Liabilities	279,138,339	256,360,389	22,777,950	8.89 %
TOTAL LIABILITIES	\$ 295,715,394	\$ 270,906,082	\$ 24,809,312	9.16 %
DEFERRED INFLOWS				
	\$ 14,116,565	\$ 18,953,196	\$ (4,836,631)	(25.52)%
NET POSITION				
Net Investment in Capital Assets	\$ 75,115,410	\$ 77,711,236	\$ (2,595,826)	(3.34)%
Restricted, Non-Expendable	6,994,193	4,680,881	2,313,312	49.42 %
Restricted, Expendable	468,830	1,904,805	(1,435,975)	(75.39)%
Unrestricted	(122,371,742)	(118,922,536)	(3,449,206)	2.90 %
TOTAL NET POSITION	\$ (39,793,309)	\$ (34,625,614)	\$ (5,167,695)	14.92 %

Total assets decreased \$(1,190,790) primarily due to a decrease in net capital assets of \$(6,578,467), and an increase in other assets of \$1,466,388. The overall decrease in current assets was mostly driven by the prior year's addition of GSFIC Terrell Hall Renovation, which was a total \$13.3 million asset addition and an increase in Other Assets of \$1,466,388 resulting from a transfer of Institutional Loan Funds to Endowments Funds.

Total deferred outflows of resources increased by \$15,995,776 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. Another increase of \$5,412,863 as a result of the refinancing of the Student Housing debt.

Total liabilities increased \$24,809,312 which was due to an increase in current liabilities of \$2,031,362 and an increase in non-current liabilities of \$22,777,950. The increase in non-current liabilities Net pension liability increase of \$122,846,819 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.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded a decrease in net position of \$(5,167,695). This change in net position is primarily due to a 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 \$15,261,470 and Net Pension Liability of \$7,585,349 for the fiscal year 2021.

Total deferred inflows of resources decreased by \$(4,836,631) 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.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
Operating Revenue	\$ 85,582,577	\$ 87,062,433	\$ (1,479,856)	(1.70)%
Operating Expense	145,030,406	149,011,873	(3,981,467)	(2.67)%
Operating Income/Loss	\$ (59,447,829)	\$ (61,949,440)	\$ 2,501,611	(4.04)%
Non-Operating Revenue and Expense	\$ 53,835,054	\$ 52,137,482	\$ 1,697,572	3.26 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	\$ (5,612,775)	\$ (9,811,958)	\$ 4,199,183	(42.80)%
Other Revenues, Expenses, Gains, Losses and Special Items	\$ 445,080	\$ 14,872,470	\$ (14,427,390)	(97.01)%
Change in Net Position	\$ (5,167,695)	\$ 5,060,512	\$ (10,228,207)	(202.12)%
Net Position at beginning of year	\$ (34,625,614)	\$ (39,686,126)	\$ 5,060,512	(12.75)%
Net Position at End of Year	\$ (39,793,309)	\$ (34,625,614)	\$ (5,167,695)	14.92 %

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:

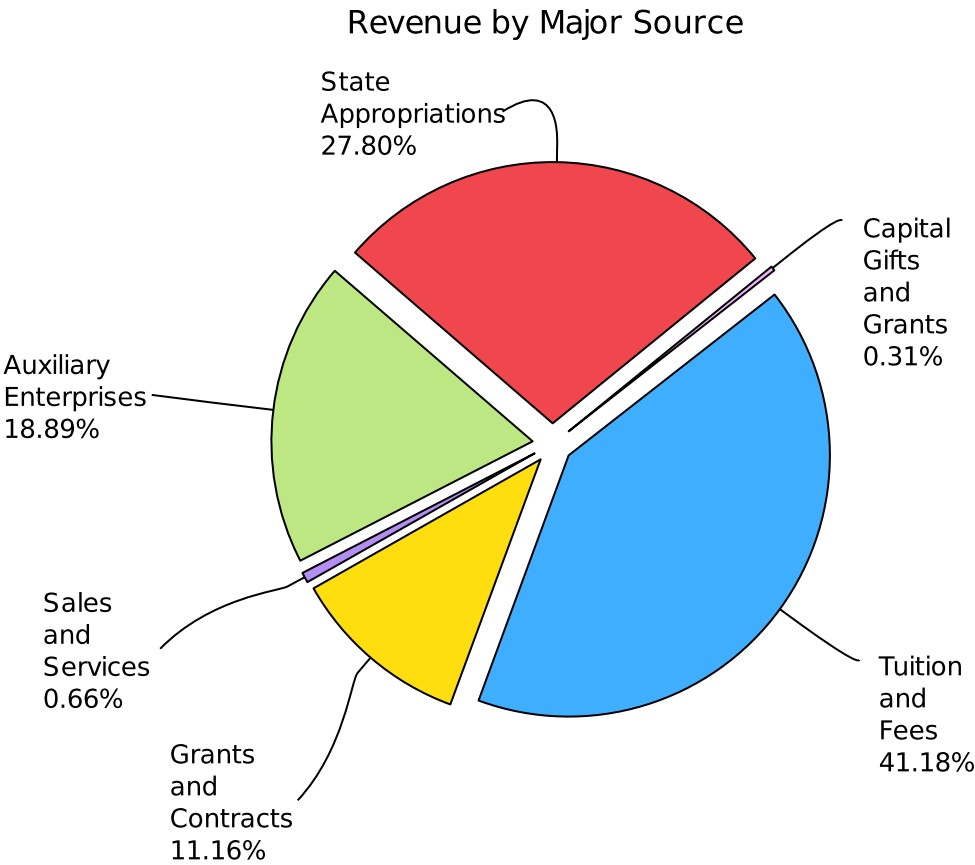
Revenues

In 2021, state appropriations decreased \$(4.6) million (10.64%), grants and contracts revenue increased by \$851,088, and net tuition and fee revenues declined by \$(2.5) million (4.20%), which resulted from a decline in enrollment.

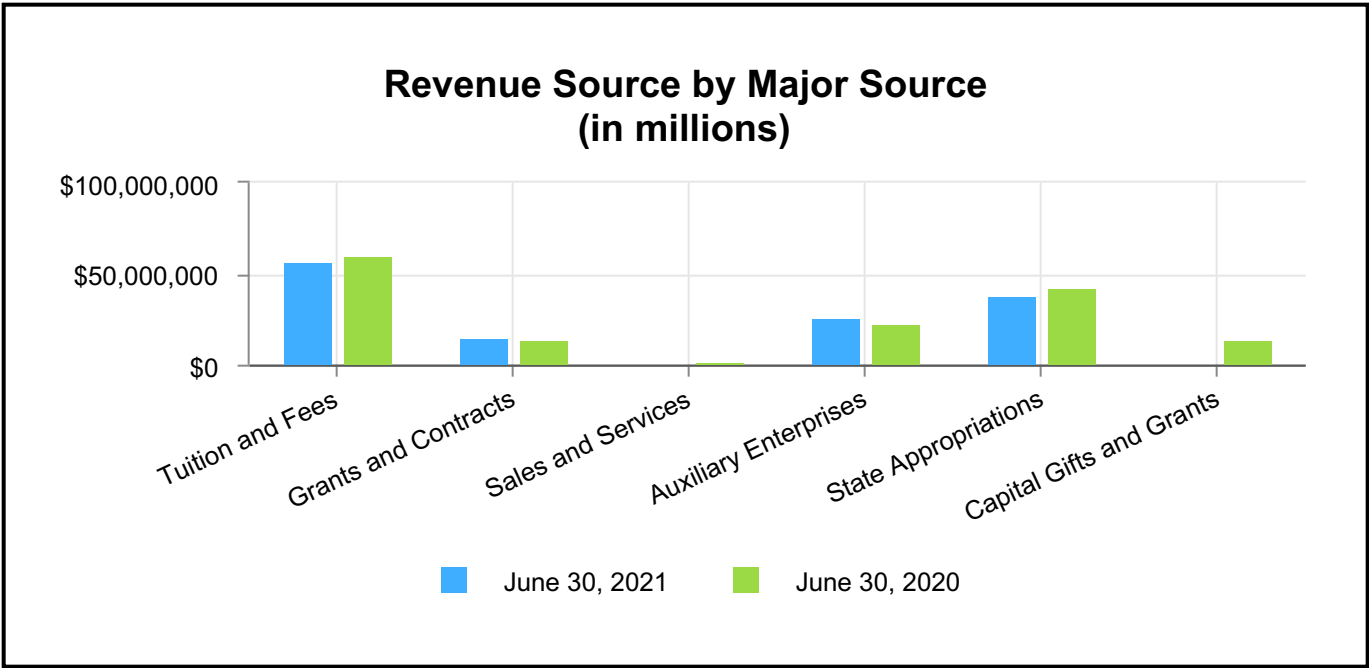
For the years ended June 30, 2021 and June 30, 2020, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
Tuition and Fees	\$ 57,432,799	\$ 59,947,932	\$ (2,515,133)	(4.20)%
Grants and Contracts	508,324	1,306,276	(797,952)	(61.09)%
Sales and Services	920,731	2,149,649	(1,228,918)	(57.17)%
Auxiliary Enterprises	26,342,482	23,180,082	3,162,400	13.64 %
Other Operating Revenues	378,241	478,494	(100,253)	(20.95)%
Total Operating Revenues	\$ 85,582,577	\$ 87,062,433	\$ (1,479,856)	(1.70)%
State Appropriations	\$ 38,767,532	\$ 43,385,510	\$ (4,617,978)	(10.64)%
Grants and Contracts	15,062,289	13,413,249	1,649,040	12.29 %
Gifts	2,647,366	702,578	1,944,788	276.81 %
Investment Income	2,456,571	267,718	2,188,853	817.60 %
Other Nonoperating Revenues	(12,887)	(383,349)	370,462	(96.64)%
Total Nonoperating Revenues	\$ 58,920,871	\$ 57,385,706	\$ 1,535,165	2.68 %
State Capital Gifts and Grants	\$ 182,823	\$ 14,242,128	\$ (14,059,305)	(98.72)%
Other Capital Gifts and Grants	243,470	255,970	(12,500)	(4.88)%
Total Capital Gifts and Grants	\$ 426,293	\$ 14,498,098	\$ (14,071,805)	(97.06)%
Additions to Permanent and Term Endowments	39,283	374,372	(335,089)	(89.51)%
Total Revenues	\$ 144,948,528	\$ 159,320,609	\$ (14,372,081)	(9.02)%

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



Revenue by major source for the years ended June 30, 2021 and June 30, 2020 is depicted by the following chart:



Expenses

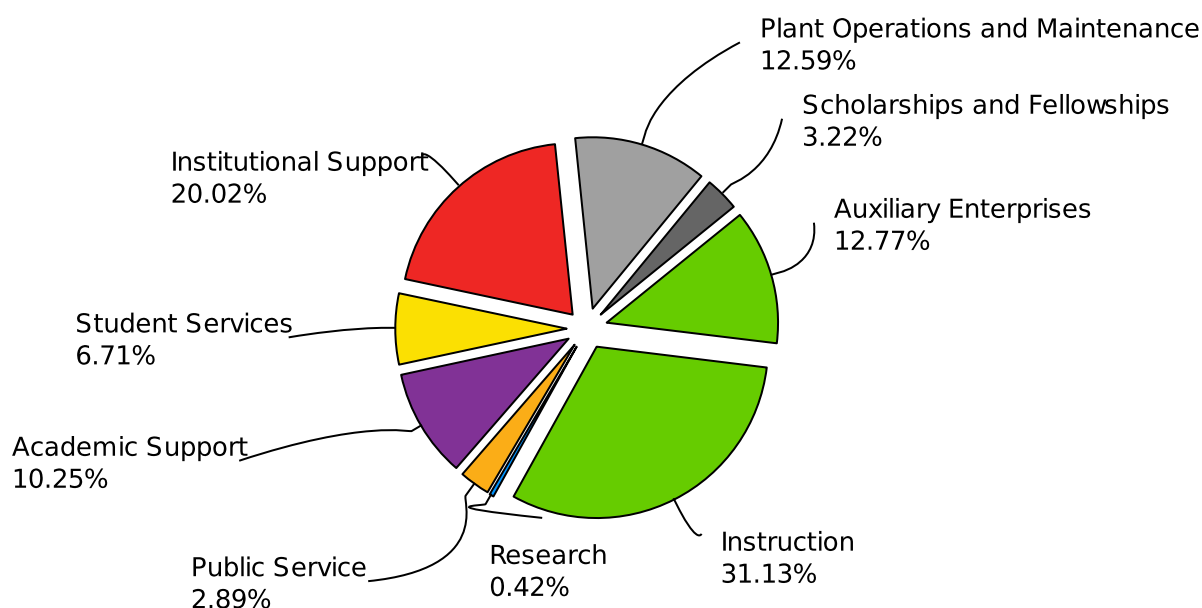
For the years ended June 30, 2021 and June 30, 2020, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
Instruction	\$ 45,142,503	\$ 46,563,798	\$ (1,421,295)	(3.05)%
Research	608,381	535,161	73,220	13.68 %
Public Service	4,193,987	4,212,128	(18,141)	(0.43)%
Academic Support	14,866,686	16,703,362	(1,836,676)	(11.00)%
Student Services	9,727,763	10,524,826	(797,063)	(7.57)%
Institutional Support	29,040,794	29,329,518	(288,724)	(0.98)%
Plant Operations and Maintenance	18,261,229	19,322,856	(1,061,627)	(5.49)%
Scholarships and Fellowships	4,669,488	4,651,862	17,626	0.38 %
Auxiliary Enterprises	18,519,575	17,168,362	1,351,213	7.87 %
Total Operating Expenses	\$ 145,030,406	\$ 149,011,873	\$ (3,981,467)	(2.67)%
Interest Expense	5,085,817	5,248,224	(162,407)	(3.09)%
Total Nonoperating Expenses	\$ 5,085,817	\$ 5,248,224	(162,407)	(0.03)
Total Expenses	\$ 150,116,223	\$ 154,260,097	\$ (4,143,874)	(2.69)%

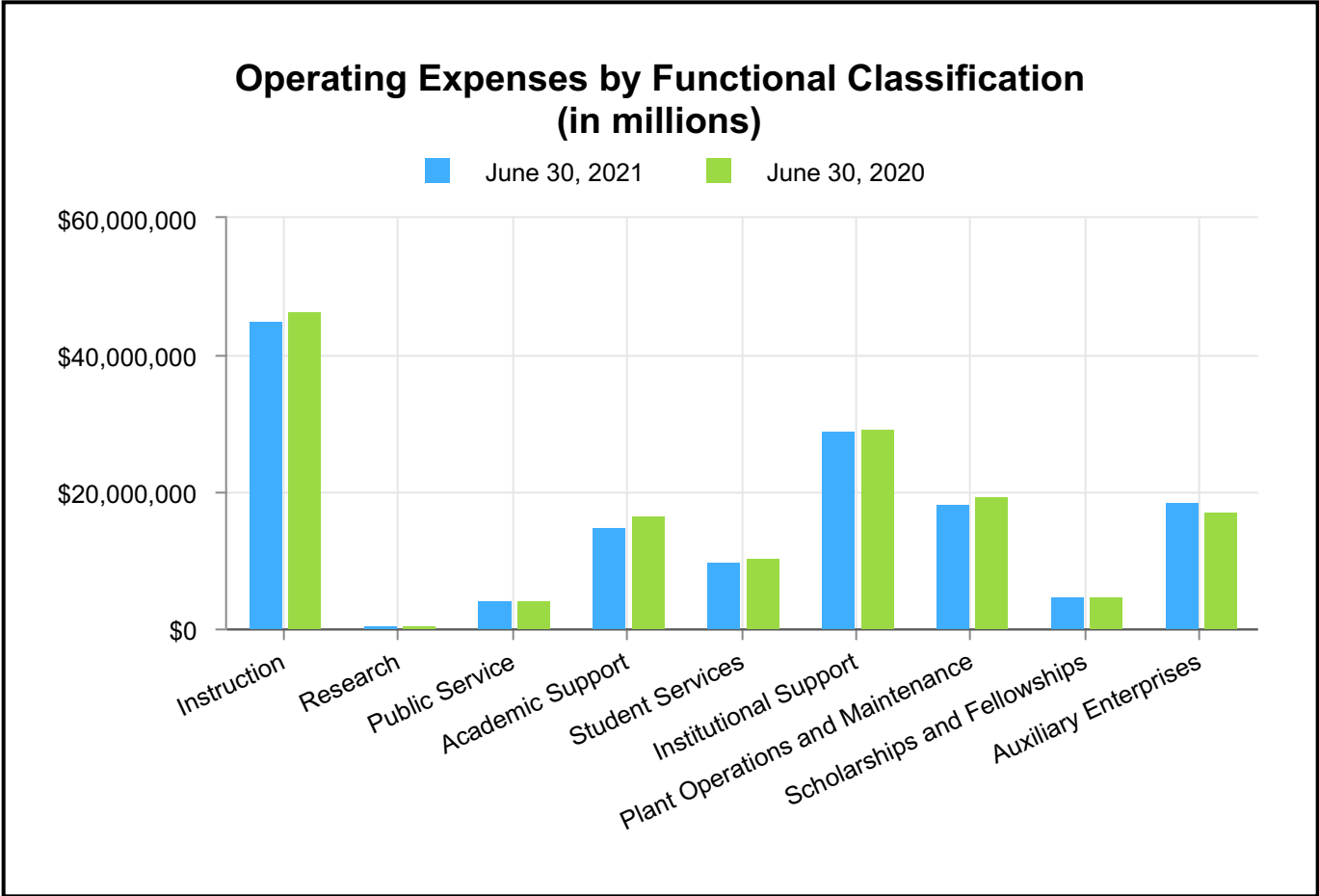
Total operating expenses were \$150.3 million in fiscal 2021, a decrease of (\$4.1) million (2.69%) when compared with fiscal 2020. These decreases are primarily attributable to supplies and other expenses related to State Appropriation Reduction and Tuition & Fee reduction.

The following chart depicts the fiscal 2021 operating expenses by functional classification.

Operating Expenses by Functional Classification

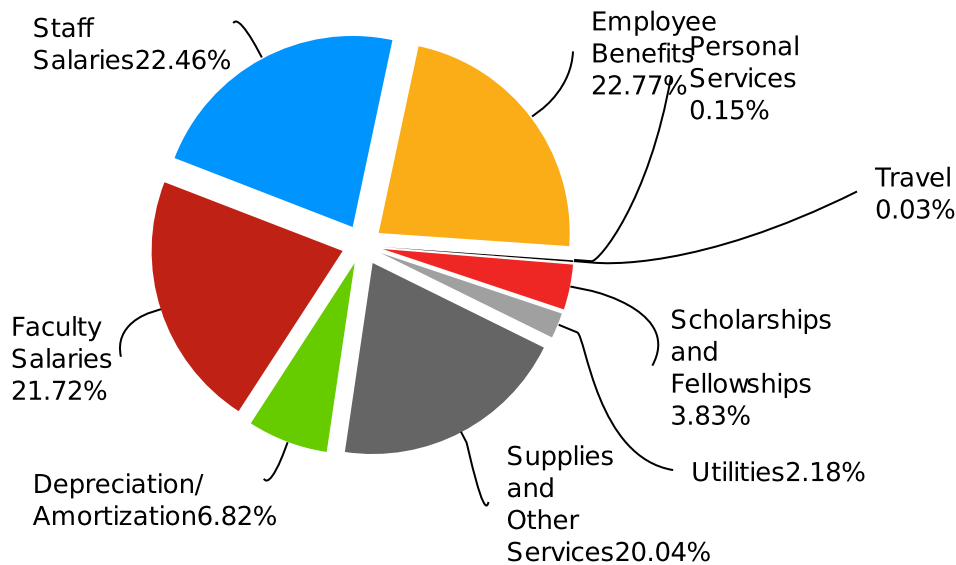


Operating expenses by functional classification for the years ended June 30, 2021 and June 30, 2020 is depicted by the following chart:

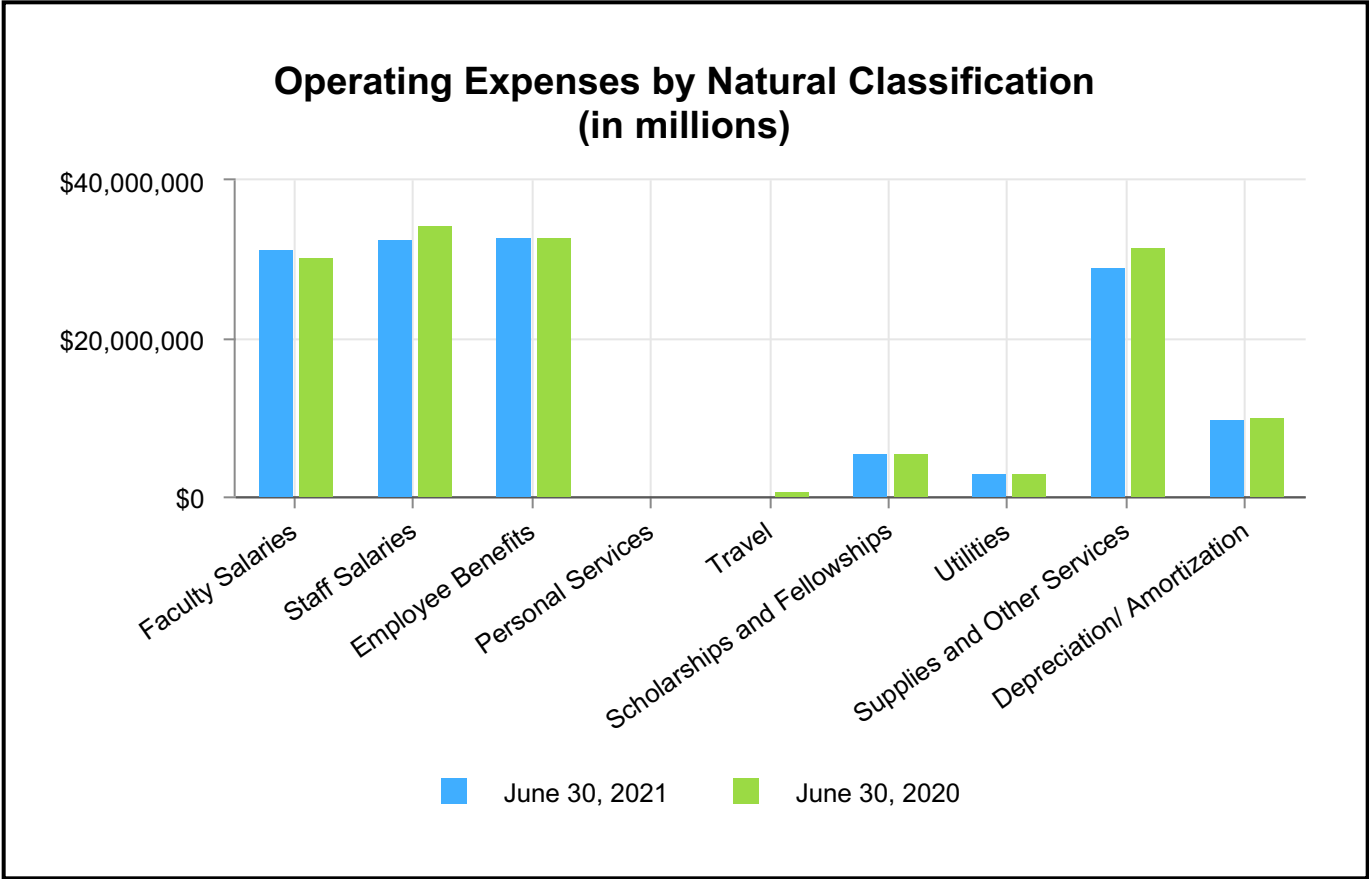


The following chart depicts the fiscal 2021 operating expenses by natural classification.

Operating Expenses by Natural Classification



Operating expenses by natural classification for the years ended June 30, 2021 and June 30, 2020 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, 2021 and 2020, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2021	June 30, 2020
Cash Provided (Used) by:		
Operating Activities	\$ (39,447,815)	\$ (43,877,639)
Non-Capital Financing Activities	53,185,516	58,102,505
Capital and Related Financing Activities	(11,965,365)	(13,024,890)
Investing Activities	(484,739)	(106,067)
NET CHANGE IN CASH	\$ 1,287,597	\$ 1,093,909
Cash, beginning of year (restated)	26,566,379	25,472,470
CASH, end of year	\$ 27,853,976	\$ 26,566,379

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2021 and June 30, 2020 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2021	June 30, 2020	Increase (Decrease)	% Change
Land	\$ 2,234,710	\$ 2,234,710	\$ —	— %
Capitalized Collections	347,681	347,681	—	—
Construction Work-in-Progress	819,445	1,380,497	(561,052)	(40.64)%
Building and Building Improvements	162,538,253	167,891,623	(5,353,370)	(3.19)%
Facilities and Other Improvements	6,005,126	6,123,651	(118,525)	(1.94)%
Equipment	7,238,592	7,660,307	(421,715)	(5.51)%
Library Collections	1,877,302	2,000,461	(123,159)	(6.16)%
Capitalized Collections	19,382	20,028	(646)	(3.23)%
Capital Assets, net of accumulated depreciation	\$ 181,080,491	\$ 187,658,958	\$ (6,578,467)	(3.51)%

The University had a few minor capital additions totaling \$2.0 million of which the largest was the Russell Auditorium Renovation totaling \$1.2 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 \$113,265,782 of which \$7,806,032 was reflected as a current liability at June 30, 2021.

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 of COVID-19. 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, 2020 was \$101,973,912 and \$106,410,133 as of June 30, 2021, resulting in a net increase of \$4,436,221 for fiscal year 2021. The University continues to operate effectively within budgetary parameters and constraints. We have developed a realistic balanced budget for fiscal year 2022 in part by utilizing savings from the voluntary separation plan, the elimination of twenty-two vacant positions and other strategic measures.

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, as was in the prior year, 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.

(Page intentionally left blank)

Financial Statements (GAAP Basis)



GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Georgia College & State University	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 27,499,062	\$ 4,652,387
Cash and Cash Equivalents (Externally Restricted)	183,429	—
Accounts Receivable, net		
Federal Financial Assistance	3,754,815	—
State General Appropriations	—	—
Margin Allocation Funds	—	—
Affiliated Organizations	5,000	—
Component Units	2,000	—
Primary Government	—	—
Pledges and Contributions	—	600,350
Other	915,840	3,856
Notes Receivable, net	—	—
Due From Other Funds	—	—
Investment in Capital Leases - Primary Government	—	456,653
Investment in Capital Leases - Other	—	—
Inventories	54,166	—
Prepaid Items	1,064,744	45,766
Other Assets	—	—
Total Current Assets	\$ 33,479,056	\$ 5,759,012
Non-Current Assets		
Accounts Receivable, net		
Affiliated Organizations	—	—
Component Units	\$ —	—
Primary Government	—	—
Due From USO - Capital Liability Reserve Fund	1,081,967	—
Due From Institution - Capital Liability Reserve Fund	—	—
Pledges and Contributions	—	1,143,545
Other	—	—
Investments	4,898,811	52,539,387
Notes Receivable, net	2,408	—
Due From Other Funds	—	—
Investment in Capital Leases - Primary Government	—	1,564,289
Investment in Capital Leases - Other	—	—
Other Assets	—	53,235
Non-current Cash (Externally Restricted)	171,485	—
Short-term Investments (Externally Restricted)	—	—
Investments (Externally Restricted)	6,836,821	2,090,560
Capital Assets, net	181,080,491	2,907,657
Total Non-Current Assets	\$ 194,071,983	\$ 60,298,673
TOTAL ASSETS	\$ 227,551,039	\$ 66,057,685
DEFERRED OUTFLOWS OF RESOURCES		
	\$ 42,487,611	\$ —

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

GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Georgia College & State University	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 3,497,999	\$ 73,501
Salaries Payable	487,815	—
Benefits Payable	259,930	—
Contracts Payable	929,412	—
Retainage Payable	207,943	—
Due to Affiliated Organizations	—	—
Due to Component Units	—	—
Due to Primary Government	—	2,000
Due to Other Funds	—	—
Due to USO - Capital Liability Reserve Fund	—	—
Advances (Including Tuition and Fees)	2,301,501	400
Deposits	331,800	—
Deposits Held for Other Organizations	3,481	6,517,873
Other Liabilities	751,142	—
Notes and Loans Payable	—	124,457
Lease Purchase Obligations - External	4,865,782	—
Lease Purchase Obligations - Component Units	456,653	—
Revenue Bonds and Notes Payable	—	455,000
Liabilities Under Split Interest Agreements	—	—
Claims and Judgments	—	—
Compensated Absences	2,483,597	—
Total Current Liabilities	\$ 16,577,055	7,173,231
Non-Current Liabilities		
Due to Affiliated Organizations	—	—
Due to Component Units	—	—
Due to Primary Government	—	—
Lease Purchase Obligations - External	103,180,698	—
Lease Purchase Obligations - Component Units	1,564,289	—
Revenue Bonds and Notes Payable	—	1,974,985
Liabilities Under Split Interest Agreements	—	700,434
Interest Rate Swap	—	—
Compensated Absences	714,763	—
Net Other Post Employment Benefits Liability	103,540,239	—
Net Pension Liability	70,138,350	—
Total Non-Current Liabilities	\$ 279,138,339	2,675,419
TOTAL LIABILITIES	\$ 295,715,394	9,848,650
DEFERRED INFLOWS OF RESOURCES	\$ 14,116,565	—
NET POSITION		
Net Investment in Capital Assets	\$ 75,115,410	2,907,657
Restricted for:		
Nonexpendable	6,994,193	24,979,476
Expendable	468,830	16,198,008
Unrestricted (Deficit)	(122,371,742)	12,123,894
TOTAL NET POSITION	\$ (39,793,309)	\$ 56,209,035

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, 2021

	Georgia College & State University	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	\$ 57,432,799	\$ —
Federal Appropriations	—	—
Grants and Contracts		
Federal	336,715	—
State	110,656	—
Other	60,953	—
Sales and Services	920,731	—
Rents and Royalties	47,032	4,665,417
Auxiliary Enterprises		
Residence Halls	15,628,216	—
Bookstore	733,255	—
Food Services	6,645,116	—
Parking/Transportation	1,180,286	—
Health Services	—	—
Intercollegiate Athletics	1,906,936	—
Other Organizations	248,673	—
Gifts and Contributions	—	1,559,231
Endowment Income	—	1,337,123
Other Operating Revenues	331,209	42,407
Total Operating Revenues	\$ 85,582,577	\$ 7,604,178
OPERATING EXPENSES		
Faculty Salaries	\$ 31,495,636	—
Staff Salaries	32,580,303	452,114
Employee Benefits	33,025,086	—
Other Personal Services	220,459	—
Travel	38,050	8,102
Scholarships and Fellowships	5,561,116	1,008,785
Utilities	3,156,269	2,254
Supplies and Other Services	29,060,428	773,399
Depreciation	9,893,059	238,333
Total Operating Expenses	\$ 145,030,406	\$ 2,482,987
Operating Income (Loss)	\$ (59,447,829)	\$ 5,121,191

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, 2021

	Georgia College & State University	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 38,767,532	\$ —
Grants and Contracts		
Federal	13,340,723	—
State	175,243	—
Other	1,546,323	—
Gifts	2,647,366	—
Investment Income	2,456,571	11,606,175
Interest Expense	(5,085,817)	(3,480,351)
Other Nonoperating Revenues (Expenses)	(12,887)	4,449,545
Net Nonoperating Revenues	\$ 53,835,054	\$ 12,575,369
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$ (5,612,775)	\$ 17,696,560
Capital Grants and Gifts		
Federal	—	—
State	182,823	—
Other	243,470	—
Additions to Permanent and Term Endowments	39,283	2,470,088
Special Item	(20,496)	—
Extraordinary Item	—	—
Total Other Revenues, Expenses, Gains or Losses	\$ 445,080	\$ 2,470,088
Change in Net Position	\$ (5,167,695)	\$ 20,166,648
Net Position, Beginning of Year, As Originally Reported	(34,625,614)	36,042,387
Prior Year Adjustments	—	—
Net Position, Beginning of Year, Restated	\$ (34,625,614)	\$ 36,042,387
Net Position, End of Year	\$ (39,793,309)	\$ 56,209,035

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, 2021**

	Georgia College & State University
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 87,480,447
Grants and Contracts (Exchange)	464,406
Payments to Suppliers	(57,581,258)
Payments to Employees	(64,247,600)
Payments for Scholarships and Fellowships	(5,561,116)
Loans Issued to Students	(26,982)
Collection of Loans from Students	24,574
Other Receipts	—
Net Cash Used by Operating Activities	<u>\$ (39,447,815)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	\$ 38,767,532
Gifts and Grants Received for Other Than Capital Purposes	14,438,480
Other Non-Capital Financing Receipts	(20,496)
Net Cash Flows Provided by Non-Capital Financing Activities	<u>\$ 53,185,516</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	\$ 709,348
Purchases of Capital Assets	(3,332,031)
Principal Paid on Capital Debt and Leases	(3,952,655)
Interest Paid on Capital Debt and Leases	(5,390,027)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (11,965,365)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	\$ (461,721)
Investment Income	289,188
Purchase of Investments	(312,206)
Net Cash Used by Investing Activities	<u>\$ (484,739)</u>
Net Increase in Cash and Cash Equivalents	\$ 1,287,597
Cash and Cash Equivalents, Beginning of Year	<u>26,566,379</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 27,853,976</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, 2021

Georgia College &
State University

RECONCILIATION OF OPERATING LOSS TO

NET CASH USED BY OPERATING ACTIVITIES:

Operating Loss	\$ (59,447,829)
Adjustments to Reconcile Net Operating Loss to	
Net Cash Used by Operating Activities	
Depreciation	9,893,059
Operating Expenses Related to Noncash Gifts	
Change in Assets and Liabilities:	
Receivables, net	1,606,535
Inventories	169,060
Prepaid Items	(127,282)
Other Assets	
Notes Receivable, Net	(2,408)
Accounts Payable	269,745
Salaries Payable	65,519
Benefits Payable	31,996
Contracts Payable	271,084
Retainage Payable	79,216
Deposits	19,895
Advances (Including Tuition and Fees)	(1,695,871)
Other Liabilities	45,966
Funds Held for Others	(286)
Compensated Absences	(199,129)
Due to Affiliated Organizations	—
Pollution Remediation	—
Claims and Judgments	—
Net Pension Liability	7,585,349
Other Post-Employment Benefit Liability	15,261,470
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	(2,690,991)
Deferred Outflows of Resources	(10,582,913)
Net Cash Used by Operating Activities	<u><u>\$ (39,447,815)</u></u>

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

Noncapital Financing Activities Noncash Items:

Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	<u><u>\$ 3,812,977</u></u>
Amortization of Non-capital Financing Activities Advances and Deferred Inflows	<u><u>\$ 320,311</u></u>
Other Noncapital Financing Activities Noncash Items	<u><u>\$ (20,494)</u></u>
Capital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	<u><u>\$ 85,000</u></u>
Gain (Loss) on Disposal of Capital Assets	<u><u>\$ (25,753)</u></u>
Accrual of Capital Asset Related Payables	<u><u>\$ 522,434</u></u>
Deferred Gain (Loss) due to Debt Refundings	<u><u>\$ (5,412,862)</u></u>
Early Extinguishment of Capital Debt	<u><u>\$ 12,866</u></u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u><u>\$ 230,157</u></u>
Amortization of Gift Revenue recognized or Non-Cash Capital Gifts from Vendors	<u><u>(243,470)</u></u>
Unrealized Gain (Loss) on Investments	<u><u>\$ 2,167,383</u></u>

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, 2021

	<u>Custodial Funds</u>
ASSETS	
Other	\$ 2,359,320
Total Assets	<u>2,359,320</u>
LIABILITIES	
Cash Overdraft	1,815,860
Accounts Payable	142
Deposits held for other organizations	146
Total Liabilities	<u>1,816,148</u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 543,172</u>

GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 28,651,964
State Financial Aid	29,798,934
Other Financial Aid	3,042,637
Clubs and Other Organizations Fund Raising	212,629
	<hr/>
Total Additions	61,706,164
DEDUCTIONS	
Scholarships and Other Student Support	61,455,174
Student Organizations Support	209,474
	<hr/>
Total Deductions	61,664,648
Net Increase (Decrease) in Fiduciary Net Position	41,516
Net Position, Beginning of Year	
Net Position, Beginning of Year, As Originally Reported	501,656
Net Position, End of Year	<hr/> <hr/> \$ 543,172

(Page intentionally left blank)

Notes to the Financial Statements



GEORGIA COLLEGE & STATE UNIVERSITY

GEORGIA COLLEGE & STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Discretely Presented Component Units

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

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

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

Basis of Accounting and Financial Statement Presentation

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

The University's business-type activities 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

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, effective for fiscal years beginning after December 15, 2018. In fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which postponed the effective date of Statement No. 90 to fiscal year 2021. This statement addresses owning or acquiring a majority of the equity interest in a legally separate organization. The adoption of this statement does not have a significant impact on the University 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, 2021 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 \$6,096,381.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2021 are classified in the accompanying statement of net position as follows:

Statement of Net Position

Current		
Cash and Cash Equivalents	\$	27,499,062
Cash and Cash Equivalents (Externally Restricted)		183,429
Noncurrent		
Cash (Externally Restricted)		171,485
Investments		4,898,811
Investments (Externally Restricted)		6,836,821

Statement of Fiduciary Net Position

Cash and Cash Equivalents	(1,815,860)
	<u>\$ 37,773,748</u>

Cash on hand, deposits and investments as of June 30, 2021 consist of the following:

Cash on Hand	\$	9,844
Deposits with Financial Institutions		25,856,787
Investments		11,907,117
	\$	<u>37,773,748</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, 2021, the bank balances of the University's deposits totaled \$25,661,295. Of these deposits, \$4,741,180 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>4,741,180</u>
Total deposits exposed to custodial credit risk	\$	<u>4,741,180</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, 2021.

	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Investment type:				
Debt Securities				
U.S. Treasuries	\$ 190,757	\$ 190,757		
U.S. Agencies				
Implicitly Guaranteed	35,620		\$ 35,620	
Corporate Debt	357,413		357,413	
Mutual Bond Funds	221,574	221,574		
Other Investments				
Equity Mutual Funds - Domestic	499,636	499,636		
Equity Mutual Funds - International	375,355	375,355		
Equity Securities - Domestic	955,007	955,007		
Equity Securities - International	189,073	189,073		
Real Estate Investment Trusts	130,312	130,312		
Other	171,485	171,485		
	<u>\$ 3,126,232</u>	<u>\$ 2,733,199</u>	<u>\$ 393,033</u>	<u>\$ —</u>
Investment Pools				
Board of Regents				
Total Return Fund	2,274,831			
Diversified Fund	6,506,054			
Total Investments	<u>\$ 11,907,117</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.

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, 2021 was \$2,274,831, of which 28% is invested in debt securities. The Effective Duration of the Fund is 6.23 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, 2021 was 6,506,054, of which 28% is invested in debt securities. The Effective Duration of the Fund is 5.88 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	\$ 190,757			\$ 114,329	\$ 76,428	
U.S. Agencies						
Implicitly Guaranteed	35,620			35,620		
Corporate Debt	357,413		12,731	185,011	159,671	
Money Market Mutual Funds	—					
Mutual Bond Funds	221,574			96,733	73,111	51,730
	<u>\$ 805,364</u>	<u>\$ —</u>	<u>\$ 12,731</u>	<u>\$ 431,693</u>	<u>\$ 309,210</u>	<u>\$ 51,730</u>
Other Investments						
Cash Surrender Value						
Equity Mutual Funds - Domestic	499,636					
Equity Mutual Funds - International	375,355					
Equity Securities - Domestic	955,007					
Equity Securities - International	189,073					
Real Estate Investment Trusts	130,312					
Other	171,485					
Investment Pools						
Board of Regents						
Total Return Fund	2,274,831					
Diversified Fund	6,506,054					
Total Investments	<u>\$ 11,907,117</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 January 20, 2021 and by the Board of Trustees on February 5, 2021, 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, 2021, \$9,586,249 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 January 20, 2021 and by the Board of Trustees on February 5, 2021, 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	\$ 35,620		\$ 35,620			
Corporate Debt	357,413		54,971	\$ 155,481	\$ 146,961	
Money Market Mutual Funds	—					
Mutual Bond Funds	221,574					221,574
	<u>\$ 614,607</u>	<u>\$ —</u>	<u>\$ 90,591</u>	<u>\$ 155,481</u>	<u>\$ 146,961</u>	<u>\$ 221,574</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, 2021, the University had no investments that had concentrations of greater than 5% of total investments held.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2021:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 286,692	\$ —
Auxiliary Enterprises and Other Operating Activities	400,548	—
Federal Financial Assistance	3,754,815	2,676
Georgia Student Finance Commission	—	2,352,059
Georgia State Financing and Investment Commission	85,000	—
Due from Affiliated Organizations	5,000	—
Due from Component Units	2,000	—
Due From Other USG Institutions	1,081,967	—
Other	212,607	4,585
	<u>\$ 5,828,629</u>	<u>\$ 2,359,320</u>
Less: Allowance for Doubtful Accounts	69,007	—
	<u>\$ 5,759,622</u>	<u>\$ 2,359,320</u>

Note 4 Inventories

Inventories consisted of the following at June 30, 2021:

Merchandise for Resale	<u>\$ 54,166</u>
Total	<u><u>\$ 54,166</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, 2021. 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, 2021, the allowance for uncollectible loans was \$2,408. 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, 2021 are shown below:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Capital Assets, Not Being Depreciated:				
Land	\$ 2,234,710	\$ —	\$ —	\$ 2,234,710
Capitalized Collections	347,681	—	—	347,681
Construction Work-in-Progress	1,380,497	1,886,597	2,447,649	819,445
Software Development-in-Progress	—	—	—	—
Total Capital Assets Not Being Depreciated	<u>\$ 3,962,888</u>	<u>\$ 1,886,597</u>	<u>\$ 2,447,649</u>	<u>\$ 3,401,836</u>
Capital Assets, Being Depreciated/Amortized:				
Building and Building Improvements	\$ 278,514,962	\$ 2,149,158	\$ —	\$ 280,664,120
Facilities and Other Improvements	8,166,306	206,824	—	8,373,130
Equipment	22,376,185	1,293,045	\$ 712,385	22,956,845
Library Collections	11,359,544	252,370	9,613	11,602,301
Capitalized Collections	29,200	—	—	29,200
Total Capital Assets Being Depreciated/Amortized	<u>\$ 320,446,197</u>	<u>\$ 3,901,397</u>	<u>\$ 721,998</u>	<u>\$ 323,625,596</u>
Less: Accumulated Depreciation/Amortization				
Building and Building Improvements	\$ 110,623,339	\$ 7,502,528	\$ —	\$ 118,125,867
Facilities and Other Improvements	2,042,655	325,349	—	2,368,004
Equipment	14,715,878	1,689,007	686,632	15,718,253
Library Collections	9,359,083	375,529	9,613	9,724,999
Capitalized Collections	9,172	646	—	9,818
Total Accumulated Depreciation/Amortization	<u>\$ 136,750,127</u>	<u>\$ 9,893,059</u>	<u>\$ 696,245</u>	<u>\$ 145,946,941</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>\$ 183,696,070</u>	<u>\$ (5,991,662)</u>	<u>\$ 25,753</u>	<u>\$ 177,678,655</u>
Capital Assets, net	<u>\$ 187,658,958</u>	<u>\$ (4,105,065)</u>	<u>\$ 2,473,402</u>	<u>\$ 181,080,491</u>

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2021, GSFIC had construction in progress of approximately \$15,972,019 for incomplete GSFIC managed projects for the University.

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

Fiscal Year	Depreciation Expense
2021	\$ 9,893,059
2020	\$ 10,128,529
2019	\$ 9,937,270

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2021:

	Current Liabilities
Prepaid Tuition and Fees	\$ 2,132,943
Research	97,583
Other - Advances	70,975
Totals	<u>\$ 2,301,501</u>

Fiduciary fund advances in the amount of \$0 consists of student support received prior to eligible requirements being met.

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2021 was as follows:

	(Restated) Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Leases					
Lease Purchase Obligations	\$ 108,620,081	\$ 5,412,862	\$ 3,965,521	\$ 110,067,422	\$ 5,322,435
Other Liabilities					
Compensated Absences	\$ 3,397,490	\$ 2,348,839	\$ 2,547,969	\$ 3,198,360	\$ 2,483,597
Total	<u>\$ 3,397,490</u>	<u>\$ 2,348,839</u>	<u>\$ 2,547,969</u>	<u>\$ 3,198,360</u>	<u>\$ 2,483,597</u>
Total Long-Term Obligations	<u>\$ 112,017,571</u>	<u>\$ 7,761,701</u>	<u>\$ 6,513,490</u>	<u>\$ 113,265,782</u>	<u>\$ 7,806,032</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, 2021, consisted of the following:

Deferred Outflow of Resources

Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	\$ 19,740,486
Deferred Outflow on OPEB Plan (See Note 17)	17,334,262
Total Deferred Outflows of Resources	<u>\$ 42,487,611</u>

Deferred Inflow of Resources

Deferred Inflow on Debt Refunding	\$ 4,493,900
Unavailable Revenues	23,064
Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	361,645
Deferred Inflow on OPEB Plan (See Note 17)	9,237,956
Total Deferred Inflows of Resources	<u>\$ 14,116,565</u>

Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2021 is as follows:

NET POSITION

Net Investment in Capital Assets	\$ 75,115,410
Restricted for	
Nonexpendable	
Permanent Endowment	\$ 6,994,193
Expendable	
Sponsored and Other Organized Activities	\$ 366,417
Federal Loans	
Institutional Loans	102,413
Sub-Total	\$ 468,830
Unrestricted	
Auxiliary Enterprises Operations	\$ 4,369,670
Auxiliary Enterprises Renewals and Replacement Reserve	—
Reserve for Encumbrances	13,406,928
Capital Liability Reserve Fund	1,081,967
Other Unrestricted	(141,230,307)
Sub-Total	\$ (122,371,742)
Total Net Position	\$ (39,793,309)

Changes in Net Position for the year ended June 30, 2021 are as follows:

	July 1, 2020	Additions	Reductions	Balance June 30, 2021
Net Investments in Capital Assets	\$ 77,711,235	\$ 7,101,145	\$ 9,696,970	\$ 75,115,410
Restricted Net Position	6,585,686	16,036,189	15,158,852	7,463,023
Unrestricted Net Position	(118,922,535)	128,925,226	132,374,433	\$ (122,371,742)
Total Net Position	\$ (34,625,614)	\$ 152,062,560	\$ 157,230,255	\$ (39,793,309)

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 \$1,471,005 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, 2021. In addition to these encumbrances, the University had no other significant unearned outstanding construction or renovation contracts executed as of June 30, 2021.

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 2021 were \$3,952,655 and \$5,390,067, respectively. Interest rates range from 4.100% - 17.930%.

The University has \$2,202,942 in outstanding lease obligations due to component units. Component units have \$2,202,942 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, 2021:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2021	Outstanding Balance per Lease Schedules at June 30, 2021
	(+)	(-)	(=)	
Leased Land and Land Improvements	\$ 735,481	\$ —	\$ 735,481	\$ 379,685
Leased Buildings and Building Improvements	129,551,029	55,580,632	73,970,397	109,373,126
Leased Facilities and Other Improvements	1,142,211	639,638	502,573	314,611
Total Assets Held Under Capital Lease	<u>\$ 131,428,721</u>	<u>\$ 56,220,270</u>	<u>\$ 75,208,451</u>	<u>\$ 110,067,422</u>

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	USG Real Estate Foundation	\$ 94,350,650	27 yrs	Jun 2007	Jun, 2037	\$ 79,823,320
Student Activity Center	GCSU Foundation	6,382,006	20 yrs	Feb 2005	Jun, 2025	1,614,443 (1)
Irwin Street Parking Lot	GCSU Foundation	1,595,164	20 yrs	September 2004	June 2025	406,499 (1)
Campus Theater	USG Real Estate Foundation I, LLC	9,448,892	30 yrs	July 2010	June 2040	7,101,924
Student Wellness & Recreation Center	USG Real Estate Foundation I, LLC	29,443,514	30 yrs	August 2010	June 2041	21,121,236
Total Leases		<u>\$ 141,220,226</u>				<u>\$ 110,067,422</u>

(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 2021 was \$276,039, which includes payments to related parties of \$38,815. The University is obligated to pay these related parties a total of \$276,610 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, 2021, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2022	\$ 9,673,757	\$ 276,610
2023	9,718,597	
2024	9,739,681	
2025	9,751,205	
2026	9,167,688	
2027 through 2031	46,150,472	
2032 through 2036	46,717,877	
2037 through 2041	18,507,735	
2042 through 2046	—	
Total Minimum Lease Payments	\$ 159,427,012	\$ 276,610
Less: Interest	35,047,875	
Less: Executory Costs	14,311,715	
Principal Outstanding	<u>\$ 110,067,422</u>	

Note 14. Retirement Plans

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

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

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

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of

benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2021. The University's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of the University annual payroll. The University's contributions to TRS totaled \$6,895,604 for the year ended June 30, 2021.

General Information about the Employees' Retirement System

Plan description

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

Benefits provided

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

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

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

Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2021 was 19.91% of annual covered payroll for old plan members, 24.66% for new plan members and 21.57% for GSEPS members. The University's contributions to ERS totaled \$47,146 for the year ended June 30, 2021. 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, 2021, 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, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 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, 2020. At June 30, 2020, the University's TRS proportion was 0.287993%, which was an increase of 0.000263% from its proportion measured as of June 30, 2019. At June 30, 2020, the University's ERS proportion was 0.008901%, which was a decrease of (0.007657)% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of \$12,658,636 for TRS and \$(41,966) for ERS. At June 30, 2021, 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	\$ 3,038,208	\$ —	\$ 4,570	\$ —
Changes of assumptions	7,185,687	—	—	—
Net difference between projected and actual earnings on pension plan investments	1,680,258	—	5,299	—
Changes in proportion and differences between contributions and proportionate share of contributions	883,715	173,053	—	188,592
Contributions subsequent to the measurement date	\$ 6,895,604	—	\$ 47,146	—
Total	<u>\$ 19,683,472</u>	<u>\$ 173,053</u>	<u>\$ 57,015</u>	<u>\$ 188,592</u>

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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
2022	\$ 3,000,046	\$ (130,404)
2023	\$ 3,948,176	\$ (59,104)
2024	\$ 4,055,566	\$ 6,150
2025	\$ 1,611,027	\$ 4,635
2026	\$ —	\$ —
Thereafter	\$ —	\$ —

Actuarial assumptions

The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 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 benefit increases	1.50% semi-annually

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the long-term assumed rate of return and the assumed annual rate of inflation.

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, 2019 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 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	100.00 %	100.00 %	

* Rates shown are net of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 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 Institution'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 of 7.25% for TRS and 7.30% for ERS, 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	\$ 110,627,745	\$ 69,763,177	\$ 36,265,948

Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	\$ 527,803	\$ 375,173	\$ 244,922

Pension plan fiduciary net position

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

B. Defined Contribution Plan:**Regents Retirement Plan**Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2021, 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 \$1,945,904 (9.24%) and \$1,263,574 (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 2021, 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, 2021.

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 2021, 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, 2021:

Active Employees	884
Retirees or Beneficiaries Receiving Benefits	334
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	73
	<hr/>
Total	<hr/> <hr/> 1,291

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 2021 plan year, the employer rate was approximately 85% of the total health insurance cost for eligible retirees and the retiree rate was approximately 15%. 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 2021, the University contributed \$2,276,610 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, 2021, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2020 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, 2020. At June 30, 2020, the University's proportion was 1.941239%, which was an decrease of (0.032985)% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized OPEB expense of \$6,175,606. At June 30, 2021, 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	\$ 5,257,925	\$ 414,818
Changes of assumptions	9,505,314	7,383,573
Net difference between projected and actual earnings on OPEB plan investments	—	32,227
Changes in proportion and differences between contributions and proportionate share of contributions	294,413	1,407,338
Contributions subsequent to the measurement date	2,276,610	—
Total	<u>\$ 17,334,262</u>	<u>\$ 9,237,956</u>

The University's contributions subsequent to the measurement date of \$2,276,610 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, 2022. 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:		
2022	\$	221,776
2023	\$	258,911
2024	\$	972,644
2025	\$	1,002,370
2026	\$	1,093,816
Thereafter	\$	2,270,179

Actuarial assumptions

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of May 1, 2020 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 6/30/2020 2.21% from Bond Buyers GO 20-Bond Municipal Bond Index Interest Rate as of 6/30/2019 3.50% from Bond Buyers GO 20-Bond Municipal Bond Index Long-term Rate of Return 3.75% General Inflation 2.10% Salary Increase 4.00%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2019
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.7%
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 remove excise tax adjustments. Mortality improvement scale was updated from MP-2018 to MP-2019. The discount rate was update from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020. The withdrawal rates were updated to better reflect the anticipated future experience as the result of an assumption study. The coverage election assumption was updated to better reflect anticipated future experience as the result of an assumption study. The spousal coverage assumption and the spousal age difference assumption were updated to better reflect anticipated future experience as the result of an assumption study.

Plan Changes:

HRA cost sharing for employees hired on or after January 1, 2013 and retiring after January 1, 2018 is based on a policy that ties years of service to the amount the USG contributes based on 22-tiers ranging from 100% for employees retiring with 30 years of service to 21% for employees retiring with 10 years of service.

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, 2020 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	— %	70 %
Equity Allocation	4.51 %	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, 2020. 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 3.75% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020. 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 2.21% from the Bond Buyers GO 20-Bond Municipal Bond Index.

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

The following presents the 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 (1.21%) or 1% higher (3.21%) than the current discount rate (2.21%):

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
Proportionate Share of the Net OPEB Liability	\$ 126,224,875	\$ 103,540,239	\$ 85,385,349

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	\$ 85,850,981	\$ 103,540,239	\$ 125,970,150
Pre-Medicare Eligible	5.7% decreasing to 3.5%	6.7% decreasing to 4.5%	7.7% decreasing to 5.5%
Medicare Eligible	3.5%	4.5%	5.5%

OPEB plan fiduciary net position:

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

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2021 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 27,952,757	\$ 3,349,536	\$ 9,448,121	\$ 14,700	\$ 1,035
Research	214,463	133,224	93,657	—	1,341
Public Service	138,868	1,083,088	370,239	—	271
Academic Support	2,497,838	5,577,527	2,669,165	99,182	4,264
Student Services	101,837	5,222,027	1,842,907	40,639	1,152
Institutional Support	589,373	8,574,959	15,294,932	65,938	3,118
Plant Operations and Maintenance	—	5,646,897	2,408,269	—	2,078
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	500	2,993,045	897,796	—	24,791
Total Operating Expenses	<u>\$ 31,495,636</u>	<u>\$ 32,580,303</u>	<u>\$ 33,025,086</u>	<u>\$ 220,459</u>	<u>\$ 38,050</u>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 5,500	\$ 101,997	\$ 2,302,247	\$ 1,966,610	\$ 45,142,503
Research	—	908	124,319	40,469	608,381
Public Service	—	23,652	2,555,058	22,811	4,193,987
Academic Support	—	45,763	2,448,897	1,524,050	14,866,686
Student Services	—	45,683	1,524,279	949,239	9,727,763
Institutional Support	—	62,326	3,095,529	1,354,619	29,040,794
Plant Operations and Maintenance	—	1,858,019	8,073,180	272,786	18,261,229
Scholarships and Fellowships	4,669,488	—	—	—	4,669,488
Auxiliary Enterprises	886,128	1,017,921	8,936,919	3,762,475	18,519,575
Total Operating Expenses	<u>\$ 5,561,116</u>	<u>\$ 3,156,269</u>	<u>\$ 29,060,428</u>	<u>\$ 9,893,059</u>	<u>\$ 145,030,406</u>

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, 2021, the GC&SUF distributed approximately \$1,535,224 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, 2020:

Investment type	Fair Value	Fair Value Hierarchy			NAV
		Level 1	Level 2	Level 3	
Debt Securities					
U.S. Treasuries					
U.S. Agencies					
Explicitly Guaranteed					
Implicitly Guaranteed					
Bond Securities					
Corporate Debt					
General Obligation Bonds	23,902,275	23,902,275			
Money Market Mutual Funds	3,183,995	3,183,995			
Municipal Obligations					
Mutual Bond Funds	—				
Certificates of Deposits	1,150,000	1,150,000			
Repurchase Agreements	—				
Other Investments					
Cash Surrender Value	—				
Equity Mutual Funds - Domestic	397,286	397,286			
Equity Mutual Funds - International					
Equity Securities/Stock - Domestic					
Equity Securities/Stock - International					
Real Estate Held for Investment Purposes					
Real Estate Investment Trusts					
Other	17,695,656				17,695,656
	46,329,212	\$ 28,633,556	\$ —	\$ —	\$ 17,695,656
Investment Pools					
Board of Regents					
Short-Term Fund					
Legal Fund					
Balanced Income Fund					
Total Return Fund					
Diversified Fund	8,300,735				
Diversified Fund for Foundations					
Office of the State Treasurer					
Georgia Fund 1					
Georgia Extended Asset Pool					
Total Investments	\$ 54,629,947				

Component unit investments of \$39,265,616 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, 2020:

	Unrestricted/ Quasi Endowment	Temporarily Restricted/ Term Endowment	Permanently Restricted/ True Endowment	Total
Beginning	\$ 5,381,992	\$ 28,716,648		\$ 34,098,640
Contributions	—	2,482,328	—	2,482,328
Net realized and unrealized gains	1,600,212	8,002,847	—	9,603,059
Appropriation of endowment assets for expenditure	(198,211)	(1,138,912)	—	(1,337,123)
Transfers to comply with donor intent	(46,700)		—	(46,700)
Other				—
Ending	<u>\$ 6,737,293</u>	<u>\$ 38,062,911</u>	<u>\$ —</u>	<u>\$ 44,800,204</u>

Combined amounts due to component units related to direct financing lease activity as of June 30, 2020 is as follows:

		Total
Year Ending June 30:	Year:	
2022	1	\$ 576,000
2023	2	576,000
2024	3	576,000
2025	4	576,000
2026	5	
2027 through 2031	6-10	
2032 through 2036	11-15	
2037 through 2041	16-20	
Total Minimum Lease Payments to be Received		2,304,000
Less: Unearned Income		(283,058)
Net Investment in Direct Financing Lease Receivable		<u>\$ 2,020,942</u>

Combined component unit's capital assets are comprised of the following amounts at June 30, 2020:

	Total
Capital Assets not being Depreciated:	
Land and Land Improvements	\$ 1,423,900
Capitalized Collections	1,245,424
Construction Work-in-Progress	
Software Development-in-Progress	
Total Capital Assets not being Depreciated	<u>2,669,324</u>
Capital Assets being Depreciated:	
Infrastructure	
Building and Building Improvements	234,365
Facilities and Other Improvements	
Equipment	92,203
Capital Leases	
Library Collections	
Capitalized Collections	
Water, Timber, Mineral Rights, and Easements	
Patents, Trademarks, and Copyrights	
Software	
Total Capital Assets being Depreciated/Amortized	326,568
Less Total Accumulated Depreciation/Amortization	<u>88,235</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>238,333</u>
Capital Assets, Net	<u>\$ 2,907,657</u>

Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2020:

	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	735,685		35,251	700,434	
Notes and Loans Payable	48,350	76,107		124,457	124,457
Note Premium	—			—	
Note (Discount)	—			—	
Interest Rate Swap	6,714,882		6,714,882	—	
Other Post Employment Benefits Obligation	—			—	
Pollution Remediation	—			—	
Revenue/Mortgage Bonds Payable	90,775,000		88,300,000	2,475,000	455,000
Bond - Premium	2,556		613	1,943	—
Bond - (Discount)	(1,330,509)		(1,283,551)	(46,958)	—
Total Long Term Liabilities	\$ 96,945,964	\$ 76,107	\$ 93,767,195	\$ 3,254,876	\$ 579,457

Combined component unit's capital lease obligations are comprised of the following amounts at June 30, 2020:

Year ending June 30:

2022	1	
2023	2	
2024	3	
2025	4	
2026	5	
2027 through 2031	6-10	
2032 through 2036	11-15	
2037 through 2041	16-20	
2042 through 2046	21-25	
Total minimum lease payments		—
Less: Interest		
Less: Executory costs (if paid)		
Principal Outstanding		<u>\$ —</u>

Combined component unit's notes and loans are comprised of the following amounts at June 30, 2020:

		Principal	Interest	Total
Year ending June 30:				
2018	1	\$ 124,457	\$3,547.0045	\$ 128,004.0045
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			—
		124,457	3,547.0045	128,004.0045
Note Premium				—
Note (Discount)/Cost of Issuance				—
Total		<u>\$ 124,457</u>	<u>\$ 3,547.0045</u>	<u>\$ 128,004.0045</u>

Combined component unit's bonds payable are comprised of the following amounts at June 30, 2020:

		Principal	Interest	Total
Year ending June 30:				
2022	1	\$ 455,000	\$ 92,993	\$ 547,993
2023	2	475,000	72,931	547,931
2024	3	495,000	50,965	545,965
2025	4	515,000	27,938	542,938
2026	5	535,000	4,012	539,012
2027 through 2031	6-10	—	—	—
2032 through 2036	11-15	—	—	—
2037 through 2041	16-20	—	—	—
		2,475,000	248,839	2,723,839
Bond Premium		1,943		1,943
Bond (Discount)		(46,958)		(46,958)
Total		<u>\$ 2,429,985</u>	<u>\$ 248,839</u>	<u>\$ 2,678,824</u>

Required Supplementary



Information

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2021	\$ 46,756	\$ 46,756	—	\$ 189,604	24.66%
	June 30, 2020	\$ 55,344	\$ 55,344	—	\$ 224,431	24.66%
	June 30, 2019	\$ 104,472	\$ 104,472	—	\$ 386,819	27.01%
	June 30, 2018	\$ 101,156	\$ 101,156	—	\$ 433,852	23.32%
	June 30, 2017	\$ 89,782	\$ 89,782	—	\$ 340,674	26.35%
	June 30, 2016	\$ 63,597	\$ 63,597	—	\$ 254,953	24.94%
	June 30, 2015	\$ 59,589	\$ 59,589	—	\$ 271,351	21.96%
	June 30, 2014	\$ 44,958	\$ 44,958	—	\$ 243,543	18.46%
	June 30, 2013	\$ 33,653	\$ 33,653	—	\$ 225,859	14.90%
	June 30, 2012	\$ 16,582	\$ 16,582	—	\$ 142,580	11.63%
Teachers' Retirement System	June 30, 2021	\$ 6,902,070	\$ 6,902,070	—	\$ 36,206,508	19.06%
	June 30, 2020	\$ 7,862,825	\$ 7,862,825	—	\$ 37,220,650	21.12%
	June 30, 2019	\$ 7,341,341	\$ 7,341,341	—	\$ 35,136,896	20.89%
	June 30, 2018	\$ 5,463,981	\$ 5,463,981	—	\$ 31,310,997	17.45%
	June 30, 2017	\$ 4,565,650	\$ 4,565,650	—	\$ 33,002,605	13.83%
	June 30, 2016	\$ 4,334,213	\$ 4,334,213	—	\$ 30,403,885	14.26%
	June 30, 2015	\$ 3,616,671	\$ 3,616,671	—	\$ 27,503,201	13.15%
	June 30, 2014	\$ 3,186,940	\$ 3,186,940	—	\$ 25,952,283	12.28%
	June 30, 2013	\$ 2,871,462	\$ 2,871,462	—	\$ 25,166,187	11.41%
	June 30, 2012	\$ 2,546,382	\$ 2,546,382	—	\$ 24,770,253	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 SEVEN 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	June 30, 2021	0.008901%	\$ 375,173	\$ 224,431	167.17%	76.21%
	June 30, 2020	0.016558%	\$ 683,271	\$ 386,819	176.64%	76.74%
	June 30, 2019	0.016866%	\$ 693,367	\$ 433,852	159.82%	76.68%
	June 30, 2018	0.013889%	\$ 564,079	\$ 340,674	165.58%	76.33%
	June 30, 2017	0.010977%	\$ 519,258	\$ 254,953	203.67%	72.34%
	June 30, 2016	0.012000%	\$ 471,664	\$ 271,351	173.82%	76.20%
	June 30, 2015	0.011000 %	\$ 405,667	\$ 243,543	166.57%	77.99 %
Teachers Retirement System	June 30, 2021	0.287993%	\$ 69,763,177	\$ 37,220,650	187.43%	77.01%
	June 30, 2020	0.287730%	\$ 61,869,730	\$ 35,136,896	176.08%	78.56%
	June 30, 2019	0.284775%	\$ 52,860,340	\$ 31,310,997	168.82%	80.27%
	June 30, 2018	0.287152%	\$ 53,368,084	\$ 33,002,605	161.71%	79.33%
	June 30, 2017	0.275196%	\$ 56,776,003	\$ 30,403,885	186.74%	76.06%
	June 30, 2016	0.262000%	\$ 39,820,978	\$ 27,503,201	144.79%	81.44%
	June 30, 2015	0.254000 %	\$ 32,089,929	\$ 25,952,283	123.65%	84.03 %

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

**GEORGIA COLLEGE & STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

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. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuation.

Changes of benefit terms: A new benefit tier was added for members joining the System on and after July 1, 2009. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016, and a one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017. Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

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).

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

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

**GEORGIA COLLEGE & STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST FIVE YEARS***

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
June 30, 2021	\$ 2,276,610	\$ 2,276,610	\$ —	\$ 59,358,439	3.84%
June 30, 2020	\$ 1,995,438	\$ 1,995,438	\$ —	\$ 59,572,820	3.35%
June 30, 2019	\$ 3,166,320	\$ 3,166,320	\$ —	\$ 58,988,032	5.37%
June 30, 2018	\$ 3,117,254	\$ 3,117,254	\$ —	\$ 55,622,065	5.60%
June 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 FOUR YEARS***

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2021	1.941239%	\$ 103,540,239	\$ 59,572,820	173.80%	2.91%
June 30, 2020	1.974224%	\$ 88,278,769	\$ 58,988,032	149.66%	3.13%
June 30, 2019	1.967716%	\$ 86,791,055	\$ 55,622,065	156.04%	1.69%
June 30, 2018	1.964515%	\$ 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, 2021**

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to remove excise tax adjustments. Mortality improvement scale was updated from MP-2018 to MP-2019. The discount rate was update from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020. The withdrawal rates were updated to better reflect the anticipated future experience as the result of an assumption study. The coverage election assumption was updated to better reflect anticipated future experience as the result of an assumption study. The spousal coverage assumption and the spousal age difference assumption were updated to better reflect anticipated future experience as the result of an assumption study.

Plan Changes:

HRA cost sharing for employees hired on or after January 1, 2013 and retiring after January 1, 2018 is based on a policy that ties years of service to the amount the USG contributes based on 22-tiers ranging from 100% for employees retiring with 30 years of service to 21% for employees retiring with 10 years of service.

Supplementary Information



GEORGIA COLLEGE & STATE UNIVERSITY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2021
(UNAUDITED)

ASSETS

Cash and Cash Equivalents	\$	16,036,990.60
Investments		1,151,091.77
Accounts Receivable		
State Appropriation		—
Federal Financial Assistance		3,754,815.06
Other		1,020,695.20
Margin Allocation		—
Prepaid Expenditures		768,430.16
Inventories		54,166.07
Other Assets		—
		<hr/>
Total Assets	\$	<u>22,786,188.86</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Cash Overdraft	\$	—
Contracts Payable		—
Accrued Payroll	\$	448,143.68
Payroll Withholdings		—
Encumbrance Payable		11,852,182.27
Accounts Payable		1,148,900.66
Unearned Revenue		2,227,910.66
Funds Held for Others		2,529.13
Other Liabilities		331,000.00
		<hr/>
Total Liabilities	\$	<u>16,010,666.40</u>

Fund Balances

Reserved		
Capital Outlay		—
Department Sales and Services	\$	1,727,732.17
Indirect Cost Recoveries		1,486,912.01
Technology Fees		279,514.60
Restricted/Sponsored Funds		1,538,180.42
Uncollectible Accounts Receivable		63,143.78
Inventories		—
Tuition Carry - Forward		1,542,161.01
Carry-Over "Per Governor's Office of Planning and Budget"		—
Early Retirement Program		—
Unreserved		
Surplus		137,878.47
		<hr/>
Total Fund Balances	\$	<u>6,775,522.46</u>
		<hr/>
Total Liabilities and Fund Balances	\$	<u>22,786,188.86</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 FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over
Public Service / Special Funding Initiatives				
State Appropriation				
State General Funds	\$ 2,457,773.00	\$ 2,457,773.00	\$ 2,457,773.00	\$ —
Total Public Service / Special Funding Initiatives	2,457,773.00	2,457,773.00	2,457,773.00	—
Teaching				
State Appropriation				
State General Funds	36,478,036.00	36,663,369.00	36,663,369.00	—
Federal Funds-COVID19				
Federal Funds Not Itemized-Covid		6,406,079.00	6,406,078.25	—
Other Funds	71,386,252.00	71,206,722.00	70,694,281.84	6,106,886.80
Total Teaching	107,864,288.00	114,276,170.00	113,763,729.09	6,106,886.80
Total Operating Activity				

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, 2021

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	\$ —	\$ 2,457,773.00	\$ —	\$ 2,457,758.67	\$ 14.33	\$ 14.33
Total Public Service / Special Funding Initiatives	—	2,457,773.00	—	2,457,758.67	14.33	14.33
Teaching						
State Appropriation						
State General Funds	—	36,663,369.00	—	36,663,368.17	0.83	0.83
Federal Funds-COVID19						
Federal Funds Not Itemized- Covid	—	6,406,078.25	(0.75)	6,406,078.25	0.75	—
Other Funds	—	76,801,168.64	5,594,446.64	70,281,203.34	925,518.66	6,519,965.30
Total Teaching	—	119,870,615.89	5,594,445.89	113,350,649.76	925,520.24	6,519,966.13
Total Operating Activity						

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, 2021

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2020 Surplus	Prior Year Adjustments	Other Adjustments	Early Return of Fiscal Year 2021 Surplus
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	\$ 16,893.40	\$ —	\$ (16,893.40)	\$ 74,972.58	\$ —	\$ —
Total Public Service / Special Funding Initiatives	16,893.40	—	(16,893.40)	74,972.58	—	—
Teaching						
State Appropriation						
State General Funds	20,841.94	—	(20,841.94)	33,082.53	—	—
Federal Coronavirus Relief Funds						
Other Funds	6,422,761.65	(6,106,886.80)	(315,874.85)	29,508.70	\$ 54,834.41	—
Total Teaching	6,443,603.59	(6,106,886.80)	(336,716.79)	62,591.23	54,834.41	—
Total Operating Activity	6,460,496.99	(6,106,886.80)	(353,610.19)	137,563.81	54,834.41	—
Prior Year Reserves						
Not Available for Expenditure						
Inventories	—				—	
Uncollectible Accounts Receivable	117,978.19				(54,834.41)	
Budget Unit Totals	\$ 6,578,475.18	\$ (6,106,886.80)	\$ (353,610.19)	\$ 137,563.81	\$ —	\$ —

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, 2021

	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
			Reserved	Surplus/(Deficit)	Total
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	\$ 14.33	\$ 74,986.91	\$ —	\$ 58,093.51	\$ 58,093.51
Other Funds	—	—	—	—	—
Total Public Service / Special Funding Initiatives	14.33	\$ 74,986.91	—	58,093.51	\$ 58,093.51
Teaching					
State Appropriation					
State General Funds	0.83	\$ 33,083.36	—	49,976.76	49,976.76
Federal Coronavirus Relief Funds					
Other Funds	6,519,965.30	6,604,308.41	6,574,500.21	29,808.20	6,604,308.41
Total Teaching	6,519,966.13	6,637,391.77	6,574,500.21	79,784.96	6,654,285.17
Total Operating Activity	6,519,980.46	6,712,378.68	6,574,500.21	137,878.47	6,712,378.68
Prior Year Reserves					
Not Available for Expenditure					
Inventories		—	—		—
Uncollectible Accounts Receivable		63,143.78	63,143.78		63,143.78
Budget Unit Totals	<u>\$ 6,519,980.46</u>	<u>\$ 6,775,522.46</u>	<u>\$ 6,637,643.99</u>	<u>\$ 137,878.47</u>	<u>\$ 6,775,522.46</u>
Departmental Sales and Services			1,727,732.17	—	1,727,732.17
Indirect Cost Recovery			1,486,912.01	—	1,486,912.01
Technology Fees			279,514.60	—	279,514.60
Restricted/Sponsored Funds			1,538,180.42	—	1,538,180.42
Tuition Carry-Forward			1,542,161.01	—	1,542,161.01
Uncollectible Accounts Receivable			63,143.78	—	63,143.78
Surplus			—	137,878.47	137,878.47
			<u>\$ 6,637,643.99</u>	<u>\$ 137,878.47</u>	<u>\$ 6,775,522.46</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

231 W. Hancock Street
Milledgeville, Ga 31061
478-445-5148

www.gcsu.edu