GEORGIA COLLEGE & STATE UNIVERSITY

Milledgeville, Georgia

2018 Freshman Class

Annual Financial Report
Fiscal Year 2018


Terrell Hall
221 W. Hancock St.

GEORGIA COLLEGE & STATE UNIVERSITY
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For the Fiscal Year Ended June 30, 2018

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GEORGIA COLLEGE
GEORGIA'S PUBLIC LIBERAL ARTS UNIVERSITY

Message from the President

FY 2018 was a year of many firsts and new developments for the university, and we are well on our way toward being a preeminent liberal arts university. Our students, faculty, and staff are doing amazing work. Moving forward, I expect that you will hear even more from Georgia College as we "Think Independently. Lead Creatively." The world is rapidly changing and becoming more complex and interconnected. I am delighted to see that we are providing our students with the necessary skills to navigate their lives and careers.

I invite you to explore some of the many Georgia College (GC) achievements over this past year.

- GC tops the list of "Top Regional Public Schools" by U.S. News & World Report, ranking tenth.
- Alumna Janileyah Thompson was named a finalist for a prestigious Fulbright Scholarship, where she'll serve as an American cultural ambassador in South Korea.
- Junior Economics and Political Science major Jonathan Mangrum was recently selected as a Boren Scholar, and he will participate in the South Asian Flagship Language Institute. In addition, he was the first recipient from GC to receive the Boren Scholarship, propelling Georgia College towards national preeminence.
- In 2018, seven GC biology, physics and mathematics students were selected to Research Experiences for Undergraduates through the National Science Foundation.
- U.S. News & World Report lists GC as fourth in "Best Regional Undergraduate Teaching Programs."
- GC was gifted the final home of one of GC's most influential alumni, author Flannery O'Connor.
- GC partnered with the Baldwin County School District to create a Montessori School for the Georgia College and Baldwin communities.
- GC's Online Nursing Program was listed as one of the best online graduate nursing programs in the U.S. by U.S. News & World Report.
- GC's Early Childhood Education program was listed as one of the best in 2018 by BestValueSchools.org, ranking seventh in the nation.
- The GC Department of Athletics posted a 3.24 GPA for the 2017-2018 academic year, eclipsing the 3.2-mark for the fourth-straight year.
- GC recorded more than 750,000 service hours with the GIVE Center, a community service outreach arm of the university.
- 66 percent of GC's Student Athletes were named to the Peach Belt Conference Presidential Honor Roll.
- GC was recognized as the only NCAA Division II Athletics program in the country with a former student-athlete serving as a member of the **Knight Commission on Intercollegiate Athletics**
- Of University System of Georgia (USG) institutions, GC ranked fourth-highest in one-year retention rates, second-highest in four-year graduation rates, and third-highest in six-year graduation rates, conferring 1,717 degrees and certificates this past year.
- College Choice ranked GC as having one of the best online nurse practitioner programs, coming in sixth.
- GC recognized a 6 percent increase in total applications for first-time, full-time freshmen. The diverse student applications pool increased 8 percent..
- The GC National Scholarships Office produced two Fulbright semi-finalists (Hungary and Spain) and one Fulbright finalist (South Korea).
- Georgia College completed the fiscal year with $2,368,642 in grant awards. This represents a 47 percent success rate as of June 30 and an 18 percent increase in submissions from the previous year. This success is due to the hard work of our faculty, staff, and the Office of Grants and Sponsored Projects.
- At the May 15, 2018 meeting, the Board of Regents (BOR) of the University System of Georgia approved the establishment of an Education Doctorate in Curriculum and Instruction. The scheduled launch date for this new degree is Summer 2019.
- GC launched its first Sorority Leadership Living-learning Community.
- GC won "Best Fact Book" and second place for quick facts from the Southern Association for Institutional Research.
- The Office of Institutional Research won the Chancellor's Service Excellence award.
- Live Healthy Baldwin, the community-wide program coordinated through GC Center for Health and Social Issues, received the 2018 Joseph D. Greene Community Service Award.
- GC gained recognition for the renovation of Beeson Hall by the Georgia Trust for Historic Preservation for "2018 Excellence in Rehabilitation."
- GC was selected as one of 10 universities in the nation to take part in the Digital Polarization Initiative to build public awareness for web literacy.
- GC Director of the Science Education Center Dr. Catrena Lisse received the Society for Science & the Public Community Innovation Award for the Center's initiatives to bring STEM into local communities.
- Dr. Kerry Neville, GC's creative writing professor, garnered the J. William Fulbright Foreign Scholarship to teach creative writing in Ireland.
- GC had a record-breaking fundraising year, crossing the $6 million mark for the first time in school history -- $6,055,617. This marks a 13 percent increase from FY 2017, $5,357,759, and a 138 percent increase from FY 2014, $2,541,209.
- GC joined the Peach Belt Conference eSport league, ranking in the top five percent of players.
- This past year, some of our efficiencies in our operations and cost control measures included the following:
  - Approximately 35 percent of our students took advantage of the savings generated by tuition charges that max out at 15 hours, saving students a collective $1,014,064 in tuition costs.
  - 379 dual enrolled students brought in 5,607 credit hours to GC, saving $1,368,108 in tuition costs.
  - 558 students brought in 4,699 AP and IB credit hours to GC, saving $1,146.556 in tuition costs.
  - Our initiatives driven by faculty members reduced the cost of textbooks by more than $273,598 in our last academic year.

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

Steve M. Dorman
President
Georgia College & State University

GEORGIA COLLEGE
GEORGIA'S PUBLIC LIBERAL ARTS UNIVERSITY

Letter of Transmittal

August 16, 2018

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, 2018, 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, 2018.

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

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

Sincerely,

Susan C. Allen
Vice President
Finance & Administration

Financial Section

GEORGIA COLLEGE & STATE UNIVERSITY
Management's Discussion and Analysis (MD&A)

Introduction

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

As the State's designated public liberal arts university, Georgia College & State University is committed to combining the educational experiences typical of esteemed private liberal arts colleges with the affordability of public higher education. Georgia College & State University is a residential learning community that emphasizes undergraduate education and also offers selected graduate programs and one doctoral program called "Doctor of Nursing Practice (DNP)." 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 2018	6,952	6,542
FY 2017	6,915	6,538
FY 2016	6,889	6,538

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2018. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2018 and fiscal year 2017. However, the comparative data for fiscal year 2017 does not reflect the effects of the restatement of July 1, 2017 net position. This restatement is predominately related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of this Statement resulted in the accrual of the University's proportionate share of the net other post-employee benefit (OPEB) liability for the Board of Regents Retiree Health Benefit Plan, changes to the related OPEB note disclosures, additional OPEB required supplemental information, and the restatement of the July 1, 2017 net position balance. See Note 1 in the Notes to the Financial Statements for additional information related to the effects of the restatement of July 1, 2017 net position.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2018 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, 2018	June 30, 2017	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	$ 29,900,085	$ 29,993,715	$ (93,630)	(0.31)%
Capital Assets, Net	181,994,686	175,098,603	6,896,083	3.94 %
Other Assets	11,293,992	12,839,997	(1,546,005)	(12.04)%
TOTAL ASSETS	$ 223,188,763	$ 217,932,315	$ 5,256,448	2.41 %
DEFFERRED OUTFLOWS	$ 17,703,204	$ 17,154,919	$ 548,285	3.20 %
LIABILITIES				
Current Liabilities	$ 16,081,529	$ 13,710,729	$ 2,370,800	17.29 %
Non-Current Liabilities	253,396,749	177,254,428	76,142,321	42.96 %
TOTAL LIABILITIES	$ 269,478,278	$ 190,965,157	$ 78,513,121	41.11 %
DEFERRED INFLOWS	$ 10,571,081	$ 5,018,551	$ 5,552,530	110.64 %
NET POSITION				
Net Investment in Capital Assets	$ 63,216,913	$ 53,062,796	$ 10,154,117	19.14 %
Restricted, Non-Expendable	4,200,208	4,063,223	136,985	3.37 %
Restricted, Expendable	2,048,983	5,032,330	(2,983,347)	(59.28)%
Unrestricted	(108,623,496)	(23,054,823)	(85,568,673)	371.15 %
TOTAL NET POSITION	$ (39,157,392)	$ 39,103,526	$ (78,260,918)	(200.14)%

Total assets increased $5,256,448 which was due to an increase in net capital assets of $6,896,083, and a decrease in other assets of $(1,546,005). The overall decrease in current assets was mostly driven by a decrease of over $500,000 in Prepaid Items primarily due to the fact that in Fiscal Year 2017, we prepaid our Housing PPV lease payment and did not have to for Fiscal Year 2018 due to timing of year-end dates. The University had Accounts receivables decreases due to the timing on collecting amounts due from sponsored grants and contracts, Georgia State Financing and Investment Commission, Georgia Student Finance Commission, and affiliated and component unit organizations.

Total deferred outflows of resources increased by $548,285 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.

Total liabilities increased $78,513,121 which was due to an increase in current liabilities of $2,370,800 and an increase in non-current liabilities of $76,142,321. The primary increase in current liabilities was in the Contracts Payable line, as we had many more contracted capital projects at the end of FY 2018 than in the previous year. Advances increased $81,616, which was attributable to prepaid tuition and fees related to an increase in enrollment for the summer/fall semester. Compensated absences increased $322,932, which was related to a combination of an increase in salaries and an increase in unused vacation leave. Net pension liability decreased $3,363,098 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 large increase in non-current liabilities was primarily due to a new liability recorded on the financial statements this fiscal year due to the implementation in FY 2018 of GASB Statement No. 75 related to net other post-employee benefit (OPEB) liability for the Board of Regents Retiree Health Benefit Plan, as described in the third paragraph of this MD&A.

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 $(78,260,918). This change in net position is primarily due to an increase in the category of Net Investment in Capital Assets, in the amount of $10,154,117 and the large decrease in Unrestricted/ (Deficit) Net Position for the addition of the other post-employment benefit (OPEB) liability of $82,897,148.

Total deferred inflows of resources increased by $5,552,530 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, 2018	June 30, 2017	Increase/ (Decrease)	% Change
Operating Revenue	$ 90,103,465	$ 89,045,664	$ 1,057,801	1.19 %
Operating Expense	143,811,894	130,396,578	13,415,316	10.29 %
Operating Income/Loss	$ (53,708,429)	$ (41,350,914)	$ (12,357,515)	29.88 %
Non-Operating Revenue and Expense	$ 44,556,193	$ 40,606,931	$ 3,949,262	9.73 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	$ (9,152,236)	$ (743,983)	$ (8,408,253)	1,130.17 %
Other Revenues, Expenses, Gains, Losses and Special Items	$ 11,635,570	$ 5,302,391	$ 6,333,179	119.44 %
Change in Net Position	$ 2,483,334	$ 4,558,408	$ (2,075,074)	(45.52)%
Net Position at beginning of year, restated	$ (41,640,726)	$ 34,545,118	$ (76,185,844)	-220.54 %
Net Position at End of Year	$ (39,157,392)	$ 39,103,526	$ (78,260,918)	(200.14)%

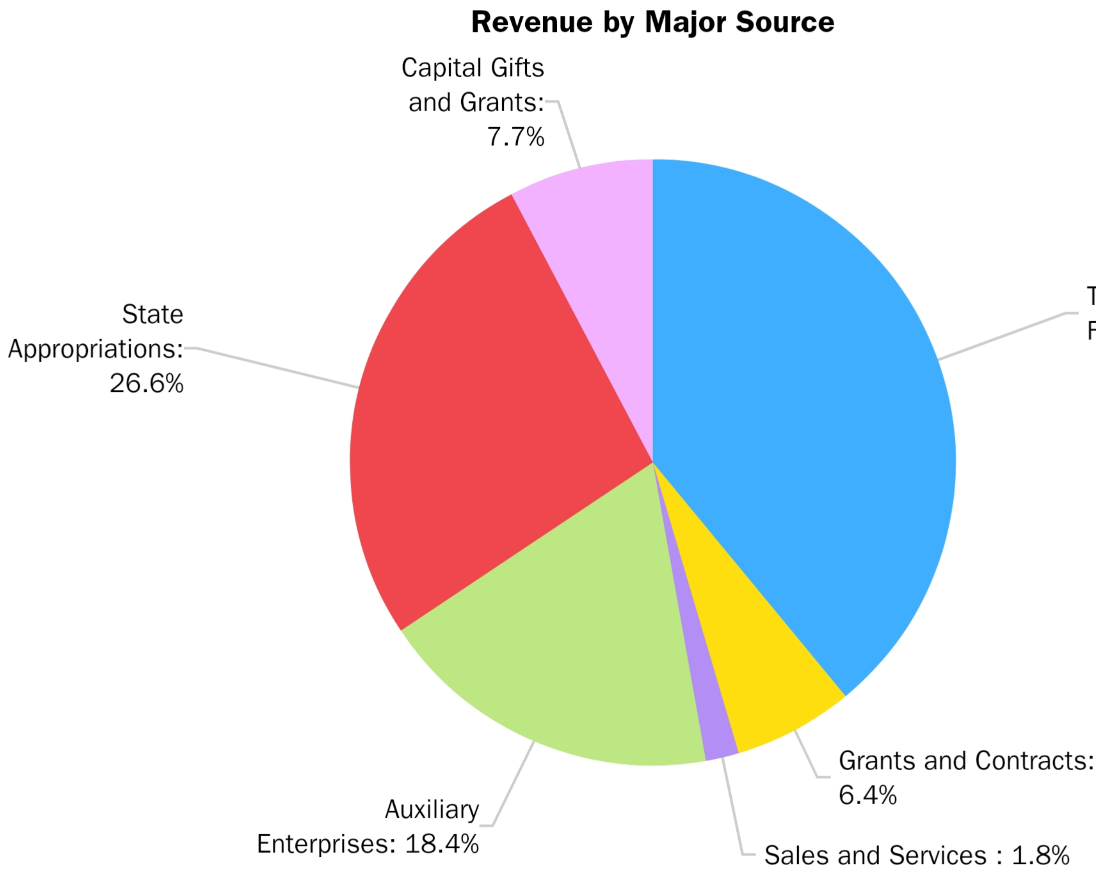
The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, if the effects of the implementation of GASB Statement No. 75 for the addition of the other post-employment benefit (OPEB) liability for the Board of Regents Retiree Health Benefit Plan (as discussed previously)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

Revenues
In fiscal year 2018, state appropriations increased $2.5 million (6.77%), grants and contracts revenue increased $837,076 in fiscal 2018, net tuition and fee revenues increased $1.2 million (2.13%), which is a direct result of enrollment increases.

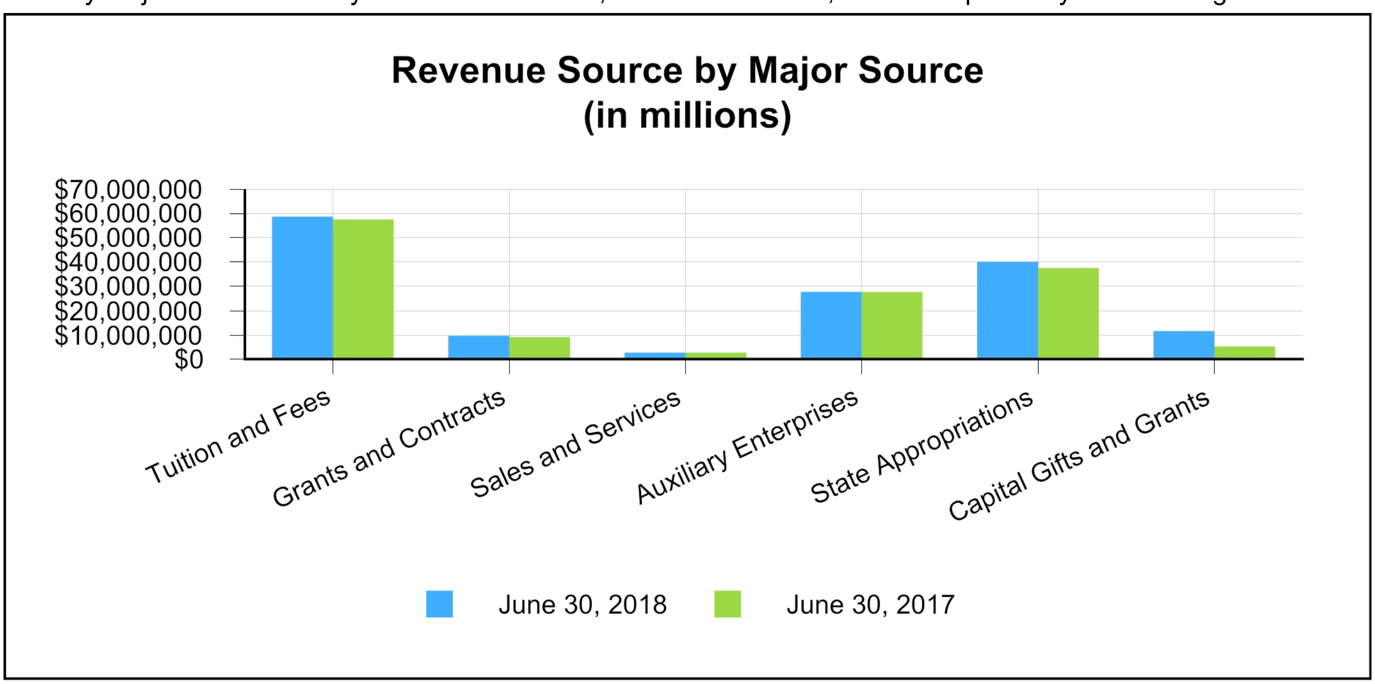
For the years ended June 30, 2018 and June 30, 2017, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2018	June 30, 2017	Increase/ (Decrease)	% Change
Tuition and Fees	$ 58,669,401	$ 57,447,517	$ 1,221,884	2.13%
Grants and Contracts	548,411	733,613	(185,202)	-25.25%
Sales and Services	2,665,498	2,670,863	(5,365)	-0.20%
Auxiliary Enterprises	27,729,355	27,602,611	126,744	0.46%
Other Operating Revenues	490,800	591,060	(100,260)	-16.96%
Total Operating Revenues	$ 90,103,465	$ 89,045,664	$ 1,057,801	1.19%
State Appropriations	$ 40,028,859	$ 37,490,685	$ 2,538,174	6.77%
Grants and Contracts	9,079,009	8,334,299	744,710	8.94%
Gifts	820,408	158,823	661,585	416.55%
Investment Income	806,881	987,733	(180,852)	-18.31%
Other Nonoperating Revenues	(36,727)	(72,271)	35,544	-49.18%
Total Nonoperating Revenues	$ 50,698,430	$ 46,899,269	$ 3,799,161	8.10%
State Capital Gifts and Grants	$ 10,670,162	$ 4,953,119	$ 5,717,043	115.42%
Other Capital Gifts and Grants	959,013	333,675	625,338	187.41%
Total Capital Gifts and Grants	$ 11,629,175	$ 5,286,794	$ 6,342,381	119.97%
Additions to Permanent and Term Endowments	6,395	15,597	(9,202)	-59.00%
Total Revenues	$ 152,437,465	$ 141,247,324	$ 11,190,141	7.92%

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, 2018 and June 30, 2017 is depicted by the following chart:



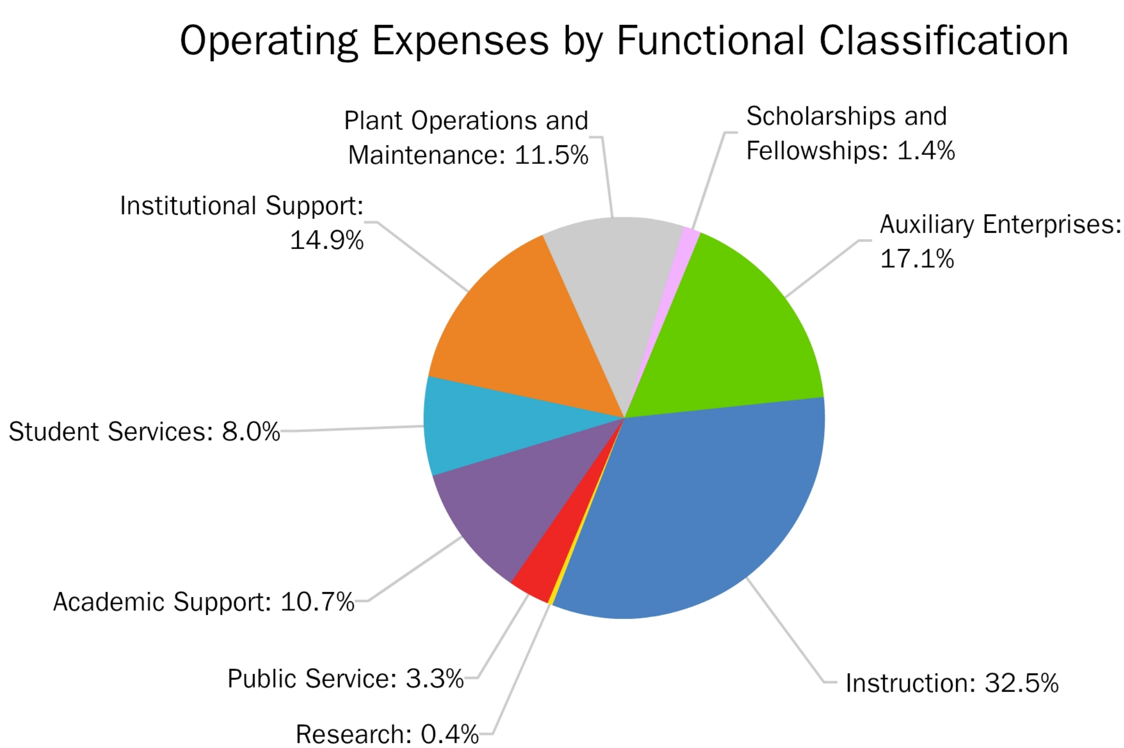
Expenses

For the years ended June 30, 2018 and June 30, 2017, expenses by functional classification were as follows:

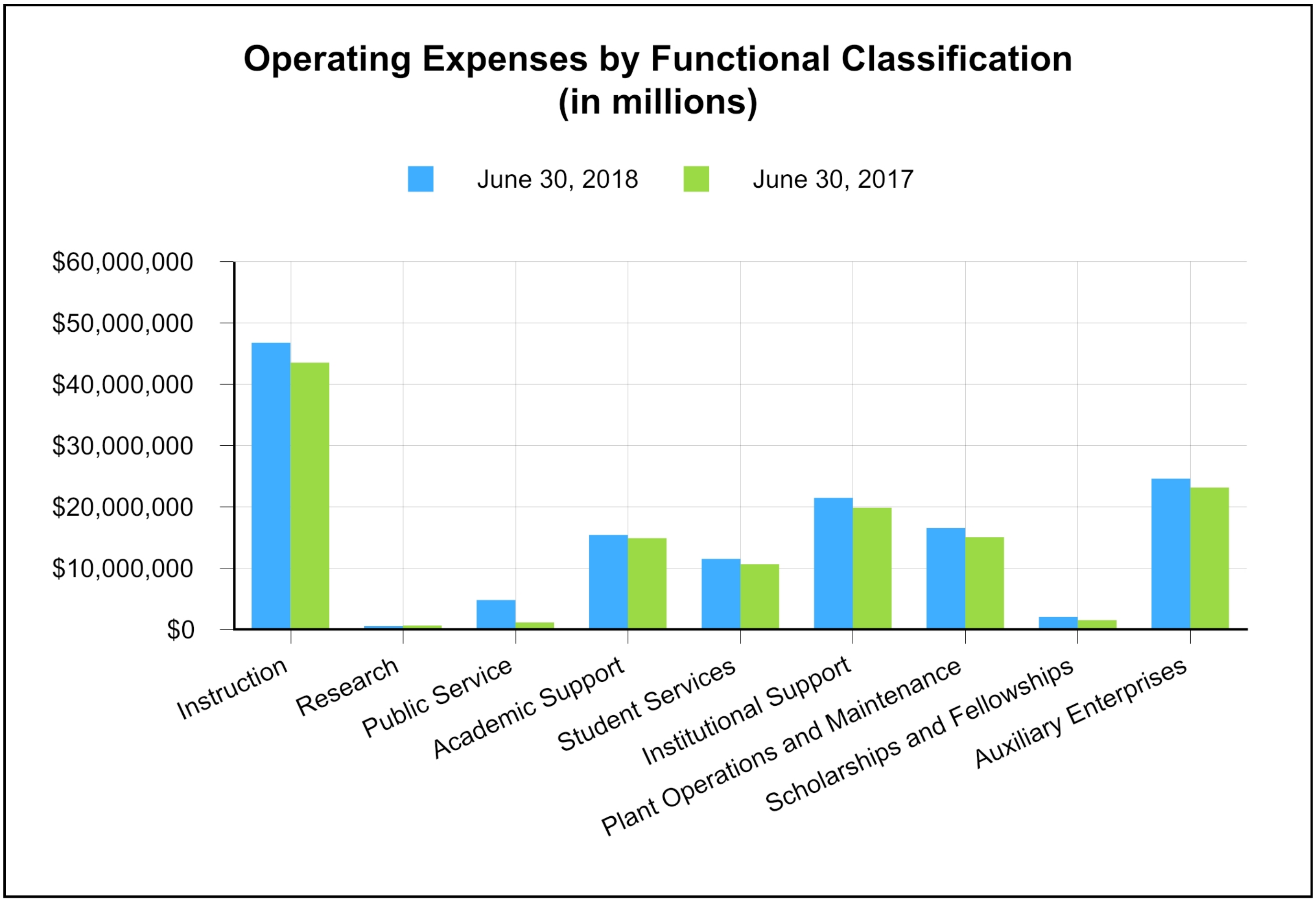
EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2018	June 30, 2017	Increase/ (Decrease)	% Change
Instruction	$ 46,775,967	$ 43,548,757	$ 3,227,210	7.41 %
Research	571,610	642,540	(70,930)	-11.04 %
Public Service	4,800,842	1,117,931	3,682,911	329.44 %
Academic Support	15,452,679	14,881,072	571,607	3.84 %
Student Services	11,532,588	10,638,807	893,781	8.40 %
Institutional Support	21,477,829	19,843,917	1,633,912	8.23 %
Plant Operations and Maintenance	16,556,090	15,043,190	1,512,900	10.06 %
Scholarships and Fellowships	2,035,180	1,527,189	507,991	33.26 %
Auxiliary Enterprises	24,609,109	23,153,175	1,455,934	6.29 %
Total Operating Expenses	$ 143,811,894	$ 130,396,578	$ 13,415,316	10.29 %
Interest Expense	6,142,237	6,292,338	(150,101)	-2.39 %
Total Nonoperating Expenses	$ 6,142,237	$ 6,292,338	$ (150,101)	(2.39)%
Total Expenses	$ 149,954,131	$ 136,688,916	$ 13,265,215	9.70 %

Total operating expenses were $143 million in fiscal 2018, an increase of $13.4 million (10.29%) when compared with fiscal 2017. These increases are primarily attributable to salaries and benefit expense related to the new liability recorded on the financial statements this fiscal year in accordance with the implementation in FY 2018 of GASB Statement No. 75 related to net other post-employee benefit (OPEB) liability for the Board of Regents Retiree Health Benefit Plan, as described in the third paragraph of this MD&A. There was also a 22.64% increase in Supplies and Other Services due to an increase in contracts for capital projects and deferred maintenance on campus.

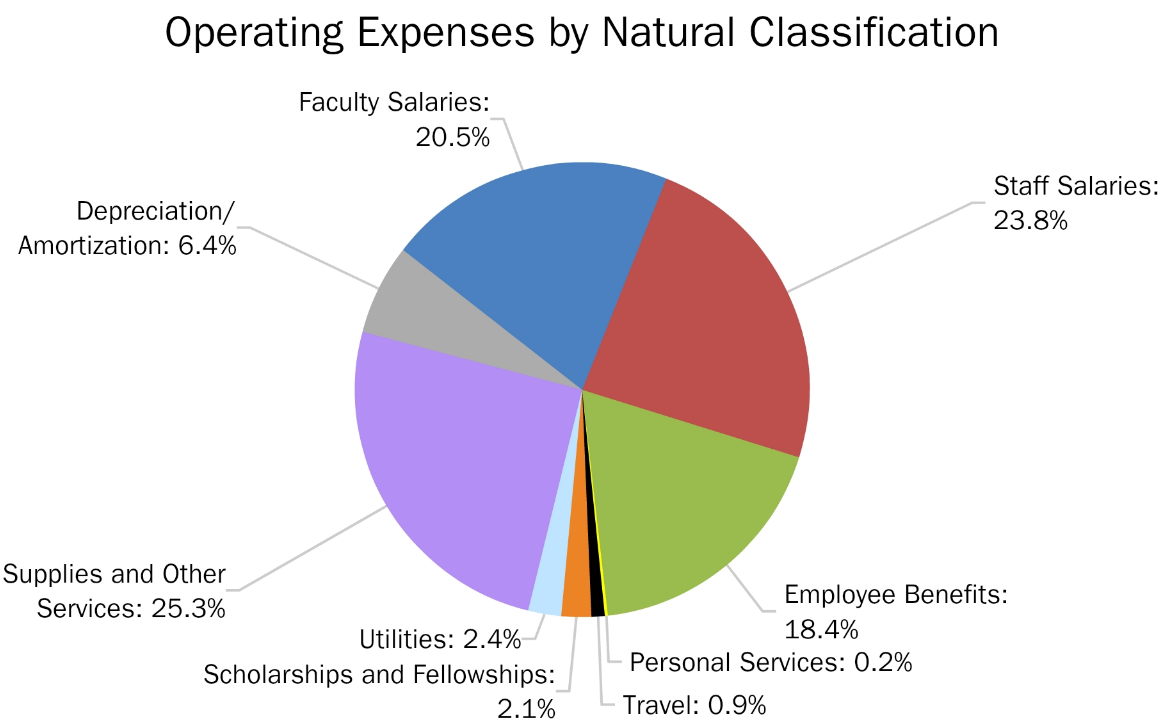
The following chart depicts the fiscal 2018 operating expenses by functional classification.



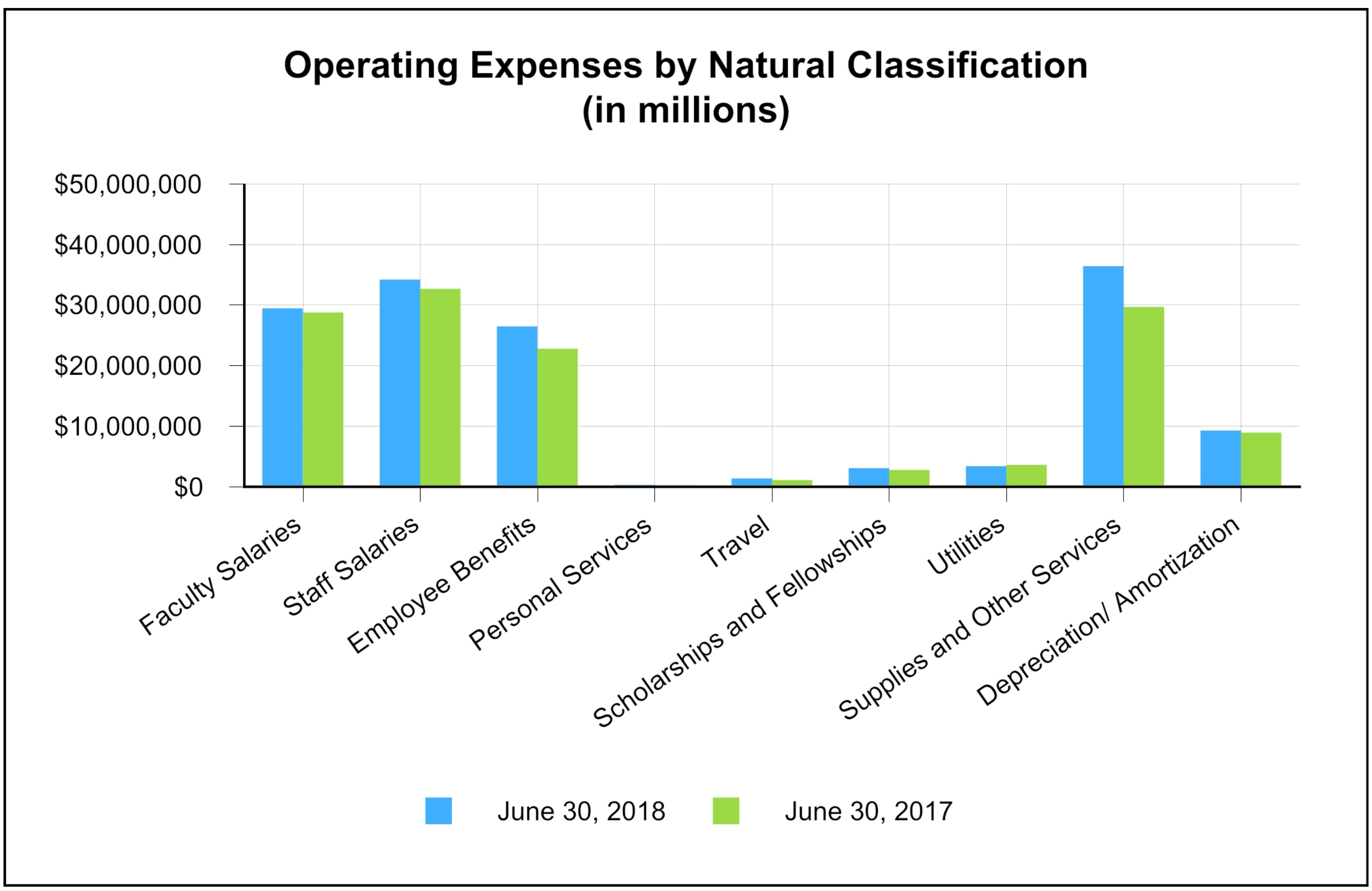
Operating expenses by by functional classification for the years ended June 30, 2018 and June 30, 2017 is depicted by the following chart:



The following chart depicts the fiscal 2018 operating expenses by natural classification.



Operating expenses by by natural classification for the years ended June 30, 2018 and June 30, 2017 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, 2018 and 2017, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2018	June 30, 2017
Cash Provided (Used) by:		
Operating Activities	$ (35,533,645)	$ (30,691,011)
Non-Capital Financing Activities	49,190,463	46,184,239
Capital and Related Financing Activities	(13,594,730)	(12,920,847)
Investing Activities	510,848	393,799
NET CHANGE IN CASH	$ 572,936	$ 2,966,180
Cash, beginning of year (restated)	23,737,087	20,770,907
CASH, end of year	$ 24,310,023	$ 23,737,087

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2018 and June 30, 2017 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2018	June 30, 2017	Increase (Decrease)	% Change
Land	$ 2,078,986	$ 1,417,860	$ 661,126	46.63%
Capitalized Collections	347,681	347,681		0.00%
Construction Work-in-Progress	1,689,376	6,785,008	(5,095,632)	-75.10%
Building and Building Improvements	163,934,576	153,872,092	10,062,484	6.54%
Facilities and Other Improvements	5,312,009	3,647,901	1,664,108	45.62%
Equipment	6,593,604	7,083,299	(489,695)	-6.91%
Library Collections	2,036,871	1,942,929	93,942	4.84%
Capitalized Collections	1,583	1,833	(250)	-13.64%
Capital Assets, net of accumulated depreciation	$ 181,994,686	$ 175,098,603	$ 6,896,083	3.94%

The University had two significant capital asset additions for facilities in fiscal year 2018. The Beeson Hall renovation, managed by GSFIC, was completed and turned over to the University in FY 2018 at a total cost of $10,984,815; and the Mayfair and McIntosh Halls' renovations, GSFIC-funded but University-managed projects, were completed during FY 2018 for total costs of $2,747,943 and $1,120,851 respectively.

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 $259,075,119 of which $5,678,370 was reflected as current liability at June 30, 2018.

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

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

Economic Outlook

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

The University's overall financial position remains strong, especially if Net Position is viewed: 1) without the effect of the additional Net Pension Liability ($53,932,163) required to be recorded this fiscal year in accordance with GASB Statement No. 68; and 2) also without the effect of the large decrease in Unrestricted Net Position for the new addition of other post-employment benefit (OPEB) liability of $82,897,148, which was in accordance with GASB Statement No. 75, effective in FY 2018. The University continues to operate effectively within budgetary parameters and constraints. Prior years' enrollment increases and strong retention rates have enabled the University to offset some of the negative impacts of GASB 68 & 75 on overall Net Position. The University anticipates the current fiscal year will be much like last, and we will maintain a close watch over resources and continue to hold costs to lower levels in order to maintain the University's ability to react to unknown internal and external issues.

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Financial Statements
(GAAP Basis)

GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2018

	Georgia College & State University	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 23,311,418	$ 3,257,017
Cash and Cash Equivalents (Externally Restricted)	880,554	—
Short-term Investments	—	—
Short-term Investments (Externally Restricted)	—	—
Accounts Receivable, net		
Federal Financial Assistance	303,609	—
State General Appropriations	—	—
Margin Allocation Funds	—	—
Affiliated Organizations	167,989	—
Component Units	34,041	—
Primary Government	—	—
Pledges and Contributions	—	304,457
Other	3,570,146	1,295
Notes Receivable, net	—	—
Due From Other Funds	—	—
Investment in Capital Leases - Primary Government	—	—
Investment in Capital Leases - Other	—	—
Inventories	292,019	—
Prepaid Items	1,340,309	30,002
Other Assets	—	—
Total Current Assets	$ 29,900,085	3,592,771
Non-Current Assets		
Accounts Receivable, net		
Affiliated Organizations	1,803,415	—
Component Units	$ —	—
Primary Government	—	—
Due From USO - Capital Liability Reserve Fund	1,081,968	—
Due From Institution - Capital Liability Reserve Fund	—	—
Pledges and Contributions	—	361,972
Other	—	—
Investments	3,200,363	37,828,406
Notes Receivable, net	106,890	—
Due From Other Funds	—	—
Investment in Capital Leases - Primary Government	—	84,779,839
Investment in Capital Leases - Other	—	—
Other Assets	—	945,869
Non-current Cash (Externally Restricted)	118,051	—
Short-term Investments (Externally Restricted)	—	—
Investments (Externally Restricted)	4,983,305	13,159,200
Capital Assets, net	181,994,686	1,216,075
Total Non-Current Assets	$ 193,288,678	138,291,361
TOTAL ASSETS	$ 223,188,763	141,884,132
DEFERRED OUTFLOWS OF RESOURCES	$ 17,703,204	$ —

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

GEORGIA COLLEGE & STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2018

	Georgia College & State University	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 3,527,527	$ 1,021,259
Salaries Payable	433,227	—
Benefits Payable	197,088	—
Contracts Payable	1,898,383	—
Retainage Payable	328,196	—
Due to Affiliated Organizations	—	1,966,905
Due to Component Units	—	—
Due to Primary Government	—	34,041
Due to Other Funds	—	—
Due to USO - Capital Liability Reserve Fund	—	—
Advances (Including Tuition and Fees)	1,941,653	—
Deposits	345,975	—
Deposits Held for Other Organizations	923,618	3,404,151
Other Liabilities	807,492	—
Notes and Loans Payable	—	—
Lease Purchase Obligations - External	751,173	—
Lease Purchase Obligations - Component Units	2,449,186	—
Revenue Bonds and Notes Payable	—	2,655,000
Liabilities Under Split Interest Agreements	—	—
Interest Rate Swap	—	—
Pollution Remediation	—	—
Claims and Judgments	—	—
Compensated Absences	2,478,011	—
Total Current Liabilities	$ 16,081,529	9,081,356
		—
Non-Current Liabilities		—
Due to Affiliated Organizations	—	—
Due to Component Units	—	—
Due to Primary Government	—	—
Due to Other Funds	—	—
Due to USO - Capital Liability Reserve Fund	—	—
Advances (Including Tuition and Fees)	—	—
Other Liabilities	—	—
Notes and Loans Payable	—	—
Lease Purchase Obligations - External	$ 33,479,849	—
Lease Purchase Obligations - Component Units	82,330,653	—
Revenue Bonds and Notes Payable	—	92,186,880
Liabilities Under Split Interest Agreements	—	808,641
Interest Rate Swap	—	5,479,942
Pollution Remediation	—	—
Claims and Judgments	—	—
Compensated Absences	756,936	—
Net Other Post Employment Benefits Liability	82,897,148	—
Net Pension Liability	53,932,163	—
Total Non-Current Liabilities	$ 253,396,749	98,475,463
TOTAL LIABILITIES	$ 269,478,278	107,556,819
		—
DEFERRED INFLOWS OF RESOURCES	$ 10,571,081	$ —
		—

NET POSITION		
Net Investment in Capital Assets	$ 63,216,913	1,216,075
Restricted for:		
Nonexpendable	4,200,208	19,572,735
Expendable	2,048,983	9,193,328
Unrestricted (Deficit)	(108,623,496)	4,345,175
TOTAL NET POSITION	$ (39,157,392)	$ 34,327,313

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, 2018

	Georgia College & State University	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	$ 58,669,401	$ —
Federal Appropriations	—	—
Grants and Contracts		
Federal	436,349	—
State	60,317	—
Other	51,745	—
Sales and Services	2,665,498	—
Rents and Royalties	85,012	5,150,235
Auxiliary Enterprises		
Residence Halls	14,575,794	—
Bookstore	1,179,702	—
Food Services	7,617,953	—
Parking/Transportation	1,613,729	—
Health Services	—	—
Intercollegiate Athletics	2,418,077	—
Other Organizations	324,100	—
Gifts and Contributions	—	4,386,738
Endowment Income	—	2,443,949
Other Operating Revenues	405,788	151,110
Total Operating Revenues	$ 90,103,465	12,132,032
OPERATING EXPENSES		
Faculty Salaries	$ 29,450,286	—
Staff Salaries	34,192,834	196,359
Employee Benefits	26,434,560	—
Other Personal Services	312,520	—
Travel	1,341,618	90,380
Scholarships and Fellowships	3,058,703	820,559
Utilities	3,383,616	60,652
Supplies and Other Services	36,378,887	4,902,767
Depreciation	9,258,870	55,157
Total Operating Expenses	$ 143,811,894	6,125,874
Operating Income (Loss)	$ (53,708,429)	$ 6,006,158

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, 2018

	Georgia College & State University	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	$ 40,028,859	$ —
Grants and Contracts		
Federal	7,126,821	—
State	202,047	—
Other	1,750,141	—
Gifts	820,408	—
Investment Income	806,881	4,789,364
Interest Expense	(6,142,237)	(4,192,793)
Other Nonoperating Revenues (Expenses)	(36,727)	(1,979,146)
Net Nonoperating Revenues	$ 44,556,193	(1,382,575)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	$ (9,152,236)	4,623,583
Capital Grants and Gifts		
Federal	—	—
State	$ 10,670,162	—
Other	959,013	—
Additions to Permanent and Term Endowments	6,395	1,185,205
Special Item	—	—
Extraordinary Item	—	—
Total Other Revenues, Expenses, Gains or Losses	$ 11,635,570	1,185,205
Change in Net Position	$ 2,483,334	5,808,788
Net Position, Beginning of Year, As Originally Reported	$ 39,103,526	28,518,525
Prior Year Adjustments	(80,744,252)	—
Net Position, Beginning of Year, Restated	$ (41,640,726)	28,518,525
Net Position, End of Year	$ (39,157,392)	$ 34,327,313

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, 2018

	Georgia College & State University
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	$ 90,000,340
Grants and Contracts (Exchange)	531,359
Payments to Suppliers	(58,640,554)
Payments to Employees	(64,633,040)
Payments for Scholarships and Fellowships	(3,058,702)
Loans Issued to Students	(49,393)
Collection of Loans from Students	316,345
Net Cash Used by Operating Activities	$ (35,533,645)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	$ 40,028,859
Agency Funds Transactions - Receipts	180,598,198
Agency Funds Transactions - Disbursements	(180,662,093)
Gifts and Grants Received for Other Than Capital Purposes	9,225,499
Net Cash Flows Provided by Non-Capital Financing Activities	$ 49,190,463
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	$ 1,018,292
Purchases of Capital Assets	(4,972,898)
Principal Paid on Capital Debt and Leases	(3,424,394)
Interest Paid on Capital Debt and Leases	(6,215,730)
Net Cash Used by Capital and Related Financing Activities	$ (13,594,730)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	$ 1,391,234
Investment Income	345,393
Purchase of Investments	(1,225,779)
Net Cash Provided by Investing Activities	$ 510,848
Net Increase in Cash and Cash Equivalents	$ 572,936
Cash and Cash Equivalents, Beginning of Year	23,737,087
Cash and Cash Equivalents, End of Year	$ 24,310,023

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, 2018

		Georgia College & State University
RECONCILIATION OF OPERATING LOSS TO		
NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	$	(53,708,429)
Adjustments to Reconcile Net Operating Loss to		
Net Cash Used by Operating Activities		
Depreciation		9,258,870
Operating Expenses Related to Noncash Gifts		700,457
Change in Assets and Liabilities:		
Receivables, net		155,270
Inventories		4,601
Prepaid Items		584,467
Notes Receivable, Net		1,589,235
Accounts Payable		(164,804)
Salaries Payable		27,652
Benefits Payable		2
Contracts Payable		1,499,493
Retainage Payable		153,738
Deposits		800
Advances (Including Tuition and Fees)		137,763
Other Liabilities		51,882
Compensated Absences		322,931
Due to Affiliated Organizations		(3,652)
Net Pension Liability		(3,363,098)
Other Post-Employment Benefit Liability		196,554
Change in Deferred Inflows/Outflows of Resources:		
Deferred Inflows of Resources		5,614,566
Deferred Outflows of Resources		1,408,057
Net Cash Used by Operating Activities	$	(35,533,645)

NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Non-Capital Financing Activities Accounts Receivable, Net of Allowances	$	432,098
Recognition of Non-Capital Financing Activities Advances and Deferred Inflows	$	188,862
Capital Financing Activities Accounts Receivable Accrual, Net of Allowances	$	729,677
Gift of Capital Assets	$	10,984,815
Loss on Disposal of Capital Assets	$	(36,727)
Accrual of Capital Asset Related Payables	$	(716,700)
Amortization of Deferred Gain/Loss of Capital Debt Refunded	$	62,036
Accrual of Capital Financing Interest Payable	$	(95,918)
Amortization of Gift Revenue recognized on Non-Cash Capital Gifts from Vendors	$	(243,470)
Unrealized Gain/Loss on Investments	$	461,488

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

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Notes to the Financial Statements

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

GEORGIA COLLEGE & STATE UNIVERSITY

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, 2018, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

New Accounting Pronouncements

For fiscal year 2018, the University adopted GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement addresses accounting and financial reporting issues regarding in-substance defeasance of debt. The adoption of this Statement does not have a significant impact on the University's financial statements.

For fiscal year 2018, the University adopted GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues identified during implementation and application of certain other GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The adoption of this Statement does not have a significant impact on the University's financial statements.

For fiscal year 2018, the University adopted GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The adoption of this Statement does not have a significant impact on the University's financial statements.

For fiscal year 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to improve the usefulness of information about post employment benefits other than pensions. The adoption of this Statement resulted in the accrual of the University's proportionate share of the net other post-employee benefit (OPEB) liability for the Board of Regents Retiree Health Benefit Plan, changes to the related OPEB note disclosures, additional OPEB required supplemental information, and the restatement of the July 1, 2017 net position balance.

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, 2018 are recorded as prepaid items.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income Taxes

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

Classification of Revenues and Expenses

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

- Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain federal, state and local grants and contracts, and (3) sales and services.

- Nonoperating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenue by GASB Statements No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* such as state appropriations and investment income.

- Operating expense includes activities that have the characteristics of exchange transactions.

- Nonoperating expense includes activities that have the characteristics of non-exchange transactions, such as capital financing costs and costs related to investment activity.

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of $7,084,528.

Restatement of Prior Year Net Position
The University made the following restatements:

		Business-type Activities
Net position, beginning of year, as originally reported	$	39,103,526
Changes in accounting principles		(80,744,252)
Net position, beginning of year, restated	$	(41,640,726)

Changes in accounting principles
For fiscal year 2018, the University made prior period adjustments due to the adoption of GASB Statement No. 75, which required the restatement of the June 30, 2017 net position. The result is a decrease in Net Position at July 1, 2017, of $80,744,252 of which $82,700,593 is represented in Net OPEB Liability and $1,956,341 is represented in deferred outflow. This change is in accordance with generally accepted accounting principles.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2018 are classified in the accompanying statement of net position as follows:

Cash and Cash Equivalents	$	23,311,418
Cash and Cash Equivalents (Externally Restricted)		880,554
Non Current - Investments		3,200,363
Noncurrent Cash (Externally Restricted)		118,051
Noncurrent Investments (Externally Restricted)		4,983,305
	$	32,493,691

Cash on hand, deposits and investments as of June 30, 2018 consist of the following:

Cash on Hand	$	21,950
Deposits with Financial Institutions		24,194,376
Investments		8,277,365
	$	32,493,691

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, 2018, the bank balances of the University’s deposits totaled $24,950,575. Of these deposits, $4,677,784 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	$ 4,677,784
Total deposits exposed to custodial credit risk	$ 4,677,784

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, 2018.

		Fair Value Hierarchy		
	Fair Value	Level 1	Level 2	Level 3
Investment type:				
Debt Securities				
U.S. Treasuries	$ 187,564	$ 187,564		
U.S. Agencies				
Implicitly Guaranteed	36,377		$ 36,377	
Bond Securities	—	—		
Corporate Debt	229,967		229,967	
Money Market Mutual Funds	93,697	93,697		
Mutual Bond Funds	846,799	846,799		
Other Investments				
Equity Mutual Funds - Domestic	1,774,329	1,774,329		
Equity Mutual Funds - International	321,777	321,777		
Equity Securities - Domestic	2,017,239	2,017,239		
Equity Securities - International	117,147	117,147		
Real Estate Investment Trusts	224,878	224,878		
	$ 5,849,774	$ 5,583,430	$ 266,344	$ —
Investment Pools				
Board of Regents				
Total Return Fund	2,427,591			
Total Investments	$ 8,277,365			

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

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

Investments classified in Level 3 includes real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investment in this category have been estimated using the net asset value of the University's ownership interest in partners' capital. These investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

Board of Regents Pooled Investment Program

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

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

The University's position in the pooled investment fund options are described below.

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

The equity allocation shall range between 60% and 70%, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 30% and 40%, with a target of 35% 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, 2018 was $2,427,591, of which 29% is invested in debt securities. The Effective Duration of the Fund is 5.63 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	$ 187,564		$ 29,530	$ 96,641	$ 61,393	
U.S. Agencies						
Implicitly Guaranteed	36,377			11,793	24,584	
Corporate Debt	229,967			186,710	43,257	
Money Market Mutual Funds	93,697	$ 93,697				
Mutual Bond Funds	846,799			204,519	165,646	476,634
	$ 1,394,404	$ 93,697	$ 29,530	$ 499,663	$ 294,880	$ 476,634
Other Investments						
Equity Mutual Funds - Domestic	1,774,329					
Equity Mutual Funds - International	321,777					
Equity Securities - Domestic	2,017,239					
Equity Securities - International	117,147					
Real Estate Investment Trusts	224,878					
Investment Pools						
Board of Regents						
Total Return Fund	2,427,591					
Total Investments	$ 8,277,365					

Custodial Credit Risk

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

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

At June 30, 2018, $4,642,935 was uninsured and held by the investment's counterparty's trust department or agent, but not in the University's name.

Credit Quality Risk

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

Equities:

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

Fixed Income:

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

The investments subject to credit quality risk are reflected below:

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
U. S. Agency Securities	$ 36,377		$ 36,377			
Corporate Debt	229,967		49,855	$ 122,024	$ 58,088	
Money Market Mutual Funds	93,697	$ —				93,697
Mutual Bond Funds	846,799					846,799
	$ 1,206,840	$ —	$ 86,232	$ 122,024	$ 58,088	$ 940,496

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, 2018, the University had three investments within their Endowment investment portfolio account with SunTrust (that is managed by the Georgia College & State University Foundation, Inc.) that had concentrations of greater than 5% of total investments held. These were as follows: 1) 1,877 shares for a market value of $465,044 in Vanguard Institutional Index Fund Mutual Fund Equities; 2) 3,415 shares for a market value of $491,077 in ishares Russell 1000 Growth ETF's; and 3) 3,520 shares for a market value of $427,258 in iShares Russell 1000 Value ETF's.

Foreign Currency Risk

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

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2018:

	Business Type Activities
Student Tuition and Fees	$ 106,618
Auxiliary Enterprises and Other Operating Activities	163,009
Federal Financial Assistance	303,609
Georgia State Financing and Investment Commission	729,677
Due from Affiliated Organizations	1,971,404
Due from Component Units	34,041
Other	2,632,804
	$ 7,023,130
Less: Allowance for Doubtful Accounts	61,962
Net Accounts Receivable	$ 6,961,168

Note 4 Inventories

Inventories consisted of the following at June 30, 2018:

Merchandise for Resale	$ 292,019
Total	$ 292,019

Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2018. 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, 2018, the allowance for uncollectible loans was $6,247. 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, and the University has assigned almost all remaining Federal loans that were outstanding at the University back to the U.S. Department of Education. As of June 30, 2018, that liquidation is still in process but should be completed early in Fiscal Year 2019.

Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2018 are shown below:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Capital Assets, Not Being Depreciated:				
Land	$ 1,417,860	$ 661,126		$ 2,078,986
Capitalized Collections	347,681			347,681
Construction Work-in-Progress	6,785,008	3,254,193	$ 8,349,825	1,689,376
Total Capital Assets Not Being Depreciated	$ 8,550,549	$ 3,915,319	$ 8,349,825	$ 4,116,043
Capital Assets, Being Depreciated/Amortized:				
Building and Building Improvements	$ 242,687,465	$ 17,179,882		$ 259,867,347
Facilities and Other Improvements	5,017,848	1,823,216		6,841,064
Equipment	19,308,842	1,313,510	$ 722,874	19,899,478
Library Collections	10,288,787	309,578	54,681	10,543,684
Capitalized Collections	10,000			10,000
Total Capital Assets Being Depreciated/Amortized	$ 277,312,942	$ 20,626,186	$ 777,555	$ 297,161,573
Less: Accumulated Depreciation/Amortization				
Building and Building Improvements	$ 88,815,373	$ 7,117,398		$ 95,932,771
Facilities and Other Improvements	1,369,947	159,108		1,529,055
Equipment	12,225,543	1,766,478	$ 686,147	13,305,874
Library Collections	8,345,858	215,636	54,681	8,506,813
Capitalized Collections	8,167	250		8,417
Total Accumulated Depreciation/Amortization	$ 110,764,888	$ 9,258,870	$ 740,828	$ 119,282,930
Total Capital Assets, Being Depreciated/Amortized, Net	$ 166,548,054	$ 11,367,316	$ 36,727	$ 177,878,643
Capital Assets, net	$ 175,098,603	$ 15,282,635	$ 8,386,552	$ 181,994,686

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, 2018, GSFIC transferred capital additions from GSFIC managed projects valued at $10,984,815 to the University.

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

Fiscal Year	Depreciation Expense
2018	$ 9,258,870
2017	$ 8,904,622
2016	$ 8,951,830

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2018:

	Current Liabilities
Prepaid Tuition and Fees	$ 1,702,520
Research	132,715
Other - Advances	106,418
Totals	$ 1,941,653

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2018 was as follows:

	Balance Balance Restated	Additions	Reductions	Balance June 30, 2018	Current Portion
Leases					
Lease Purchase Obligations	$ 122,435,255		$ 3,424,394	$ 119,010,861	$ 3,200,359
Other Liabilities					
Compensated Absences	$ 2,912,015	$ 2,630,122	$ 2,307,190	$ 3,234,947	$ 2,478,011
Net Pension Liability	57,295,261		3,363,098	53,932,163	
Net Other Post Employment Benefits Liability	82,700,593	196,555		82,897,148	
Total	$ 142,907,869	$ 2,826,677	$ 5,670,288	$ 140,064,258	$ 2,478,011
Total Long-Term Obligations	$ 265,343,124	$ 2,826,677	$ 9,094,682	$ 259,075,119	$ 5,678,370

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, 2018, consisted of the following:

Deferred Outflow of Resources	
Deferred Loss on Defined Benefit Pension Plans (See Note 14)	$ 12,571,619
Deferred Loss on OPEB Plan (See Note 17)	5,131,585
Total Deferred Outflows of Resources	$ 17,703,204
Deferred Inflow of Resources	
Deferred Gain on Debt Refunding	$ 1,359,614
Unavailable Revenues	2,842,247
Deferred Gain on Defined Benefit Pension Plans (See Note 14)	573,872
Deferred Gain on OPEB Plan (See Note 17)	5,795,348
Total Deferred Inflows of Resources	$ 10,571,081

Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2018 is as follows:

Net Investment in Capital Assets	$	63,216,913
Restricted for		
Nonexpendable		
Permanent Endowment	$	4,200,208
Expendable		
Sponsored and Other Organized Activities	$	340,491
Federal Loans		598,804
Institutional Loans		1,109,688
Sub-Total	$	2,048,983
Unrestricted		
Auxiliary Enterprises Operations	$	(14,867,848)
Auxiliary Enterprises Renewals and Replacement Reserve		14,941,940
Reserve for Encumbrances		11,807,123
Capital Liability Reserve Fund		1,081,968
Other Unrestricted		(121,586,679)
Sub-Total	$	(108,623,496)
Total Net Position	$	(39,157,392)

In fiscal year 2018, the University implemented GASB Statement No. 75 which reduced other unrestricted net position by $83,560,911 related to the recording of net OPEB liability, deferred gain on OPEB plan, and deferred loss on OPEB plan. Other unrestricted net position is also reduced by $41,934,416 related to the recording of net pension liability, deferred gain on defined benefit pension plans, and deferred loss on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation, student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in Net Position for the year ended June 30, 2018 are as follows:

	Balance July 1, 2017 Restated	Additions	Reductions	Balance June 30, 2018
Net Investments in Capital Assets	$ 53,062,796	$ 19,458,156	$ 9,304,039	$ 63,216,913
Restricted Net Position	9,095,553	21,262,990	24,109,352	6,249,191
Unrestricted Net Position	(103,799,075)	131,211,202	136,035,623	(108,623,496)
Total Net Position	$ (41,640,726)	$ 171,932,348	$ 169,449,014	$ (39,157,392)

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 $255,703 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 4.75% of endowment principal's market value. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the University uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

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

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2018. In addition to these encumbrances, the University had other significant unearned outstanding construction or renovation contracts in the amount of $0 executed as of June 30, 2018. This amount is not reflected in the accompanying basic financial statements.

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 2018 were $3,424,394 and $6,215,730, respectively. Interest rates range from 4.100% - 6.244%.

The University has $84,779,839 in outstanding lease obligations due to component units. Component units have $84,779,839 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, 2018:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2018	Outstanding Balance per Lease Schedules at June 30, 2018
	(+)	(-)	(=)	
Leased Land and Land Improvements	$ 735,481		$ 735,481	$ 459,251
Leased Equipment	488,898	$ 436,772	52,126	303,354
Leased Buildings and Building Improvements	129,258,240	42,585,538	86,672,702	113,470,028
Leased Facilities and Other Improvements	1,142,211	502,573	639,638	501,921
Total Assets Held Under Capital Lease	$ 131,624,830	$ 43,524,883	$ 88,099,947	$ 114,734,554

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

CAPITAL LEASE SCHEDULE

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/ Year	Outstanding Principal	
Student Housing	GCSU Foundation	$ 94,350,650	27 yrs	Jun 2007	May, 2034	$ 81,555,679	(1)
Student Activity Center	GCSU Foundation	6,382,006	20 yrs	Feb 2005	Jun, 2025	2,575,641	(1)
Irwin Street Parking Lot	GCSU Foundation	1,595,164	20 yrs	September 2004	June 2025	648,518	(1)
Campus Theater	USG Real Estate Foundation I, LLC	9,448,892	30 yrs	July 2010	June 2040	7,504,703	
Student Wellness & Recreation Center	USG Real Estate Foundation I, LLC	29,443,514	30 yrs	August 2010	June 2041	26,726,320	
Total Leases		$ 141,220,226				$ 119,010,861	

(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 2018 was $400,042, which includes payments to related parties of $189,908. The University is obligated to pay these related parties a total of $36,586 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, 2018, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2019	$ 10,062,744	$ 288,994
2020	10,288,246	
2021	10,517,100	
2022	10,760,020	
2023	10,999,950	
2024 through 2028	56,826,169	
2029 through 2033	62,399,238	
2034 through 2038	22,453,742	
2039 through 2043	6,838,446	
Total Minimum Lease Payments	$ 201,145,655	$ 288,994
Less: Interest	67,173,723	
Less: Executory Costs	14,961,071	
Principal Outstanding	$ 119,010,861	

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

Summary of Significant Accounting Policies
Pensions: 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 fiduciary net position of the Teachers Retirement System of Georgia (TRS) and Employees' Retirement System (ERS), additions to/deductions for TRS's and ERS's fiduciary net position have been determined on the same basis as they are reported by TRS and ERS. 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.

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 2018. The University's contractually required contribution rate for the year ended June 30, 2018 was 16.81% of annual the University payroll. The University's contributions to TRS totaled $5,441,047 for the year ended June 30, 2018.

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, 2018 was 24.81% of annual covered payroll for old and new plan members and 21.81% for GSEPS members. The rates include the annual actuarially determined employer contributions rate of 24.69% of annual covered payroll for old and new plan members and 21.69% for GSEPS members, plus a 0.12% adjustment for the HB 751 one time benefit adjustment of 3% to retired state employees. The University's contributions to ERS totaled $98,551 for the year ended June 30, 2018. 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, 2018, 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, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017 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, 2017. At June 30, 2017, the University's TRS proportion was 0.287152%, which was an increase of 0.011956% from its proportion measured as of June 30, 2016. At June 30, 2017, the University's ERS proportion was 0.013889%, which was a increase of 0.002912% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the University recognized pension expense of $6,931,299 for TRS and $103,968 for ERS. At June 30, 2018, 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	$ 1,996,295	$ 201,406	$ 6,181	$ 4
Changes of assumptions	$ 1,169,895		$ 1,284	
Net difference between projected and actual earnings on pension plan investments		$ 367,262		$ 1,405
Changes in proportion and differences between contributions and proportionate share of contributions	$ 3,782,738		$ 75,628	$ 3,795
Contributions subsequent to the measurement date	$ 5,441,047		$ 98,551	
Total	$ 12,389,975	$ 568,668	$ 181,644	$ 5,204

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 ended June 30, 2018. 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 Ended June 30:	TRS	ERS
2019	$ 878,706	$ 36,852
2020	$ 3,963,073	$ 50,699
2021	$ 2,336,936	$ 6,332
2022	$ (871,251)	$ (15,994)
2023	$ 72,796	$ —
Thereafter	$ —	$ —

Actuarial assumptions
The total pension liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

<u>*Teachers Retirement System*</u>

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

Employees' Retirement System

Inflation	2.75%
Salary increases	3.25 – 7.00%, including inflation
Investment rate of return	7.50%, 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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

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

* Rates shown are net of the 2.75% assumed rate of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Institute's proportionate share of the net pension liability to changes in the discount rate:
The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Teachers Retirement System:

	1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	$ 87,583,287	$ 53,368,084	$ 25,182,446

Employees' Retirement System:

	1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	$ 796,169	$ 564,079	$ 366,099

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 publically 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 2018, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University and the covered employees made the required contributions of $2,123,838 (9.24%) and $1,378,025 (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 2018, 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, 2018.

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 2018, 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, 2018:

Active Employees	934
Retirees or Beneficiaries Receiving Benefits	276
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	68
Total	1,278

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 2018 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 2018, the University contributed $3,117,254 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, 2018, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2016. An expected total OPEB liability as of June 30, 2017 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, 2017. At June 30, 2017, the University's proportion was 1.964515%, which was a decrease of (0.003397)% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the University recognized OPEB expense of $5,933,912. At June 30, 2018, 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	$ 2,011,719	$ —
Changes of assumptions	—	$ 5,676,583
Net difference between projected and actual earnings on OPEB plan investments	$ 2,612	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	$ 118,765
Contributions subsequent to the measurement date	$ 3,117,254	—
Total	$ 5,131,585	$ 5,795,348

The University's contributions subsequent to the measurement date of $3,117,254 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. 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 Ended June 30:		
2019	$	(763,716)
2020	$	(763,716)
2021	$	(763,716)
2022	$	(763,716)
2023	$	(726,153)
Thereafter	$	—

Actuarial assumptions

The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 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 6/30/2016 2.85% from Bond Buyer Interest Rate as of 6/30/2017 3.58% from Bond Buyer General Inflation 2.50% Salary Growth 3.00% Salary Scale 4.00%
Mortality Rates	Healthy: RP-2014 Mortality Table with Generational Improvements by Scale MP-2014 Disabled: RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females)
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.3%
Medicare Eligible	7.3%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.7%
Year Ultimate Trend is Reached	2031 for Pre-Medicare Eligible, 2072 for Medicare Eligible
Experience Study	Based on the experience of the Teachers Retirement System of Georgia

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend was reset based on current conditions. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect the current Teachers Retirement System of Georgia.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014.

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 arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Expected Return	Target Allocation
Cash Equivalents	2.6%	Less than 5%
Fixed Income		60% to 70%
Domestic Fixed Income (Corporate Long Term)	4.2%	
Domestic Fixed Income (Corporate Short Term)	3.5%	
International Fixed Income	4.9%	
Equity Allocation		30% to 40%
Domestic Equity (Large Cap)	6.5%	
International Equity	7.3%	

Discount rate

The Plan's projected fiduciary net position at the end of 2018 is $0, based on the valuation completed for the fiscal year ending June 30, 2017. 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 2018. Therefore, the long-term expected rate of return on Plan investments of 4.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2017. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.58% from the Bond Buyer.

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

The following presents the the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.58%) or 1% higher (4.58%) than the current discount rate (3.58%):

	1% Decrease 2.58%	Current Rate 3.58%	1% Increase 4.58%
Proportionate Share of the Net OPEB Liability	$ 99,029,990	$ 82,897,148	$ 70,320,494

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	$ 69,927,014	$ 82,897,148	$ 100,033,046
Pre-Medicare Eligible	6.3% decreasing to 3.5%	7.3% decreasing to 4.5%	8.3% decreasing to 5.5%
Medicare Eligible	6.3% decreasing to 3.7%	7.3% decreasing to 4.7%	8.3% decreasing to 5.7%

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 2018 are shown below:

	Natural Classification				
Functional Classification	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	$ 26,871,410	$ 3,574,443	$ 8,503,672	$ 57,026	$ 146,665
Research	134,330	152,275	75,242		34,634
Public Service	92,681	901,399	271,419	25,419	17,087
Academic Support	2,168,847	6,007,510	2,621,467	22,310	621,570
Student Services	142,018	5,896,374	2,001,164	71,072	89,809
Institutional Support	41,000	8,018,836	9,532,863	136,693	248,863
Plant Operations and Maintenance		6,234,585	2,501,271	—	51,617
Scholarships and Fellowships					
Auxiliary Enterprises		3,407,412	927,462	—	131,373
Total Operating Expenses	$ 29,450,286	$ 34,192,834	$ 26,434,560	$ 312,520	$ 1,341,618

	Natural Classification				
Functional Classification	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/ Amortization	Total Operating Expenses
Instruction	$ 35,489	$ 90,688	$ 5,987,620	$ 1,508,954	$ 46,775,967
Research		2,359	133,378	39,392	571,610
Public Service		18,810	3,458,733	15,294	4,800,842
Academic Support		113,064	2,655,000	1,242,911	15,452,679
Student Services		68,751	2,073,985	1,189,415	11,532,588
Institutional Support		60,030	2,436,421	1,003,123	21,477,829
Plant Operations and Maintenance		1,846,387	5,744,650	177,580	16,556,090
Scholarships and Fellowships	2,035,180				2,035,180
Auxiliary Enterprises	988,034	1,183,527	13,889,100	4,082,201	24,609,109
Total Operating Expenses	$ 3,058,703	$ 3,383,616	$ 36,378,887	$ 9,258,870	$ 143,811,894

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, 2017, the GC&SUF distributed approximately $763,627 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, 2018:

		Fair Value Hierarchy			
	Fair Value	Level 1	Level 2	Level 3	NAV
Investment type					
Debt Securities					
U.S. Treasuries	$ —				
U.S. Agencies					
Explicitly Guaranteed	—				
Implicitly Guaranteed	—				
Bond Securities	—				
Corporate Debt	—				
General Obligation Bonds	—				
Money Market Mutual Funds	14,034,016	14,034,016			
Municipal Obligations	—				
Mutual Bond Funds	6,562,563	6,562,563			
Certificates of Deposits	750,000	750,000			
Repurchase Agreements	—				
Other Investments					
Cash Surrender Value	—				
Equity Mutual Funds - Domestic	15,914,844	15,914,844			
Equity Mutual Funds - International	—				
Equity Securities - Domestic	13,228,386	13,228,386			
Equity Securities - International	—				
Real Estate Held for Investment Purposes	—				
Real Estate Investment Trusts	—				
Other	497,797	497,797			
	50,987,606	$ 50,987,606	$ —	$ —	$ —
Investment Pools					
Board of Regents					
Short-Term Fund					
Legal Fund					
Balanced Income Fund					
Total Return Fund					
Diversified Fund					
Diversified Fund for Foundations					
Office of the State Treasurer					
Georgia Fund 1	279,127				
Georgia Extended Asset Pool					
Total Investments	$ 51,266,733				

Component unit investments of $97,512,605 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, 2018:

	Unrestricted/ Quasi Endowment	Temporarily Restricted/ Term Endowment	Permanently Restricted/ True Endowment	Total
Beginning	$ 5,026,907	$ 6,287,302	$ 18,388,049	$ 29,702,258
Contributions	219,769	5,240	1,185,206	1,410,215
Net realized and unrealized gains	306,031	1,483,084		1,789,115
Appropriation of endowment assets for expenditure	(28,359)			(28,359)
Transfers to comply with donor intent		(882,454)	(520)	(882,974)
Other	114,639	540,553		655,192
Ending	$ 5,638,987	$ 7,433,725	$ 19,572,735	$ 32,645,447

Combined amounts due to component units related to direct financing lease activity as of June 30, 2018 is as follows:

		Total
Year Ending June 30:	Year:	
2019	1	$ 6,803,533
2020	2	6,990,137
2021	3	7,182,125
2022	4	7,383,435
2023	5	7,588,007
2024 through 2028	6-10	39,510,684
2029 through 2033	11-15	44,492,943
2034 through 2038	16-20	7,077,940
Total Minimum Lease Payments to be Received		127,028,804
Less: Unearned Income		(42,248,965)
Net Investment in Direct Financing Lease Receivable		$ 84,779,839

Combined component unit's capital assets are comprised of the following amounts at June 30, 2018:

	Total
Capital Assets not being Depreciated:	
Land and Land Improvements	$ 1,210,801
Capitalized Collections	
Construction Work-in-Progress	
Software Development-in-Progress	
Total Capital Assets not being Depreciated	1,210,801
Capital Assets being Depreciated:	
Infrastructure	
Building and Building Improvements	
Facilities and Other Improvements	
Equipment	87,280
Capital Leases	
Library Collections	
Capitalized Collections	
Water, Timber, Mineral Rights, and Easements	
Patents, Trademarks, and Copyrights	
Software	
Total Capital Assets being Depreciated/Amortized	87,280
Less Total Accumulated Depreciation/Amortization	82,006
Total Capital Assets being Depreciated/Amortized, Net	5,274
Capital Assets, Net	$ 1,216,075

Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2018:

	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	846,253		37,612	808,641	
Notes and Loans Payable	646,679		646,679	—	
Note Premium	—			—	
Note (Discount)	—			—	
Interest Rate Swap	9,643,001		4,163,059	5,479,942	
Other Post Employment Benefits Obligation	—			—	
Pollution Remediation	—			—	
Revenue/Mortgage Bonds Payable	98,770,000		2,365,000	96,405,000	2,655,000
Bond - Premium	4,396		614	3,782	
Bond - (Discount)	(1,685,099)		(118,197)	(1,566,902)	
Total Long Term Liabilities	$ 108,225,230	$ —	$ 7,094,767	$ 101,130,463	$ 2,655,000

Combined component unit's capital lease obligations are comprised of the following amounts at June 30, 2018:

Year ending June 30:		
2019	1	
2020	2	
2021	3	
2022	4	
2023	5	
2024 through 2028	6-10	
2029 through 2033	11-15	
2034 through 2038	16-20	
2039 through 2043	21-25	
Total minimum lease payments		—
Less: Interest		
Less: Executory costs (if paid)		
Principal Outstanding		$ —

Combined component unit's notes and loans are comprised of the following amounts at June 30, 2018:

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

Combined component unit's bonds payable are comprised of the following amounts at June 30, 2018:

		Principal	Interest	Total
Year ending June 30:				
2019	1	$ 2,655,000	$ 3,868,104	$ 6,523,104
2020	2	2,975,000	3,753,673	6,728,673
2021	3	3,310,000	3,625,556	6,935,556
2022	4	3,675,000	3,482,571	7,157,571
2023	5	4,060,000	3,324,015	7,384,015
2024 through 2028	6-10	25,840,000	13,697,981	39,537,981
2029 through 2033	11-15	37,655,000	7,377,874	45,032,874
2034 through 2038	16-20	16,235,000	329,976	16,564,976
		96,405,000	39,459,750	135,864,750
Bond Premium		3,782		3,782
Bond (Discount)		(1,566,902)		(1,566,902)
Total		$ 94,841,880	$ 39,459,750	$ 134,301,630

Required Supplementary

Information

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	6/30/2018	$ 98,551	$ 98,551	—	$ 433,852	22.72%
	6/30/2017	$ 89,782	$ 89,782	—	$ 340,674	26.35%
	6/30/2016	$ 63,597	$ 63,597	—	$ 254,953	24.94%
	6/30/2015	$ 59,589	$ 59,589	—	$ 271,351	21.96%
	6/30/2014	$ 44,958	$ 44,958	—	$ 243,543	18.46%
	6/30/2013	$ 33,653	$ 33,653	—	$ 225,859	14.90%
	6/30/2012	$ 16,582	$ 16,582	—	$ 142,580	11.63%
	6/30/2011	$ 9,133	$ 9,133	—	$ 87,733	10.41%
	6/30/2010	$ 11,285	$ 11,285	—	$ 108,405	10.41%
	6/30/2009	$ 16,329	$ 16,329	—	$ 182,536	8.95%
Teachers' Retirement System	6/30/2018	$ 5,441,047	$ 5,441,047	—	$ 31,310,997	17.38%
	6/30/2017	$ 4,565,650	$ 4,565,650	—	$ 33,002,605	13.83%
	6/30/2016	$ 4,334,213	$ 4,334,213	—	$ 30,403,885	14.26%
	6/30/2015	$ 3,616,671	$ 3,616,671	—	$ 27,503,201	13.15%
	6/30/2014	$ 3,186,940	$ 3,186,940	—	$ 25,952,283	12.28%
	6/30/2013	$ 2,871,462	$ 2,871,462	—	$ 25,166,187	11.41%
	6/30/2012	$ 2,546,382	$ 2,546,382	—	$ 24,770,253	10.28%
	6/30/2011	$ 2,487,096	$ 2,487,096	—	$ 24,193,541	10.28%
	6/30/2010	$ 2,358,204	$ 2,358,204	—	$ 24,211,540	9.74%
	6/30/2009	$ 2,269,337	$ 2,269,337	—	$ 24,454,062	9.28%

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

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

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

GEORGIA COLLEGE & STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2018

Changes of assumptions

Employees' Retirement System:
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.

Teachers Retirement System:
In 2010 and later, the expectation of retired life mortality was changed to the RP–2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP–2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

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

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
6/30/2018	$ 3,117,254	$ 3,117,254	$ —	$ 55,622,065	5.60%
6/30/2017	$ 1,956,341	$ 1,956,341	$ —	$ 53,605,305	3.65%

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

GEORGIA COLLEGE & STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2018*

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
6/30/2018	1.96%	$ 82,897,148	$ 53,605,305	154.64%	0.19%

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

GEORGIA COLLEGE & STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2018

Changes in Assumptions Since Prior Valuation

Expected claim costs were updated to reflect actual claims experience. Trend was reset based on current conditions. Disability, termination, retirement, and disabled mortality tables were updated to reflect the current Teachers Retirement System of Georgia methodology.

Supplementary Information

GEORGIA COLLEGE & STATE UNIVERSITY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30. 2018
(UNAUDITED)

ASSETS		
Cash and Cash Equivalents	$	15,570,014.04
Investments		829,773.86
Accounts Receivable		
Federal Financial Assistance		303,608.83
Other		1,134,075.31
Prepaid Expenditures		740,429.08
Total Assets	$	18,577,901.12
LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued Payroll	$	394,802.27
Encumbrance Payable		9,746,549.85
Accounts Payable		707,148.83
Unearned Revenue		1,817,978.32
Other Liabilities		306,400.00
Total Liabilities	$	12,972,879.27
Fund Balances		
Reserved		
Department Sales and Services	$	1,525,863.40
Indirect Cost Recoveries		1,228,698.41
Technology Fees		38,746.36
Restricted/Sponsored Funds		1,176,519.05
Uncollectible Accounts Receivable		58,575.22
Tuition Carry - Forward		1,545,917.18
Unreserved		
Surplus		30,702.23
Total Fund Balances	$	5,605,021.85
Total Liabilities and Fund Balances	$	18,577,901.12

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. 2018

				Funds Available Compared to Budget	
	Original Appropriation	Amended Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	$ 2,712,913.00	$ 2,712,913.00	$ 2,712,913.00	$ 2,712,913.00	—
Total Public Service / Special Funding Initiatives	$ 2,712,913.00	$ 2,712,913.00	$ 2,712,913.00	$ 2,712,913.00	—
Teaching					
State Appropriation					
State General Funds	$ 37,024,230.00	$ 37,024,230.00	$ 37,344,426.00	$ 37,344,426.00	—
Other Funds	67,960,216.00	67,960,216.00	77,028,218.00	72,378,333.82	$ 5,095,395.77
Total Teaching	$ 104,984,446.00	$ 104,984,446.00	$ 114,372,644.00	$ 109,722,759.82	$ 5,095,395.77
Total Operating Activity	$ 107,697,359.00	$ 107,697,359.00	$ 117,085,557.00	$ 112,435,672.82	$ 5,095,395.77

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. 2018

	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	—	$ 2,712,913.00	—	$ 2,712,913.00	—	—
Total Public Service / Special Funding Initiatives	—	$ 2,712,913.00	—	$ 2,712,913.00	—	—
Teaching						
State Appropriation						
State General Funds	—	$ 37,344,426.00	—	$ 37,344,426.00	—	—
Other Funds	—	77,473,729.59	$ 445,511.59	71,999,473.81	$ 5,028,744.19	$ 5,474,255.78
Total Teaching	—	$ 114,818,155.59	$ 445,511.59	$ 109,343,899.81	$ 5,028,744.19	$ 5,474,255.78
Total Operating Activity	—	$ 117,531,068.59	$ 445,511.59	$ 112,056,812.81	$ 5,028,744.19	$ 5,474,255.78

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. 2018

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2017 Surplus	Prior Year Adjustments	Other Adjustments
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	—	—	—	$ 3,383.72	—
Total Public Service / Special Funding Initiatives	—	—	—	$ 3,383.72	—
Teaching					
State Appropriation					
State General Funds	$ 841.94	—	$ (841.94)	$ 8,844.86	—
Other Funds	5,123,033.43	$ (5,095,395.77)	(27,637.66)	33,396.85	$ 26,565.42
Total Teaching	$ 5,123,875.37	$ (5,095,395.77)	$ (28,479.60)	$ 42,241.71	$ 26,565.42
Total Operating Activity	$ 5,123,875.37	$ (5,095,395.77)	$ (28,479.60)	$ 45,625.43	$ 26,565.42
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	$ 85,140.64				$ (26,565.42)
Budget Unit Totals	$ 5,209,016.01	$ (5,095,395.77)	$ (28,479.60)	$ 45,625.43	$ —

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. 2018

	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	—	$ 3,383.72	—	$ 3,383.72	$ 3,383.72
Total Public Service / Special Funding Initiatives	—	$ 3,383.72	—	$ 3,383.72	$ 3,383.72
Teaching					
State Appropriation					
State General Funds	—	$ 8,844.86	—	$ 8,844.86	$ 8,844.86
Other Funds	$ 5,474,255.78	5,534,218.05	$ 5,515,744.40	18,473.65	5,534,218.05
Total Teaching	$ 5,474,255.78	5,543,062.91	$ 5,515,744.40	$ 27,318.51	$ 5,543,062.91
Total Operating Activity	$ 5,474,255.78	5,546,446.63	$ 5,515,744.40	$ 30,702.23	5,546,446.63
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable		$ 58,575.22	$ 58,575.22		$ 58,575.22
Budget Unit Totals	$ 5,474,255.78	$ 5,605,021.85	$ 5,574,319.62	$ 30,702.23	$ 5,605,021.85

	Reserved	Surplus/(Deficit)	Total
Departmental Sales and Services	$ 1,525,863.40	—	$ 1,525,863.40
Indirect Cost Recovery	1,228,698.41	—	1,228,698.41
Technology Fees	38,746.36	—	38,746.36
Restricted/Sponsored Funds	1,176,519.05	—	1,176,519.05
Tuition Carry-Forward	1,545,917.18	—	1,545,917.18
Uncollectible Accounts Receivable	58,575.22	—	58,575.22
Surplus	—	$ 30,702.23	30,702.23
	$ 5,574,319.62	$ 30,702.23	$ 5,605,021.85

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


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