

FINAL

# GEORGIA COLLEGE & STATE UNIVERSITY

## Financial Report

For the Year Ended  
June 30, 2013

Georgia College & State University

Milledgeville, Georgia



Dr. Steve Dorman  
President



Dr. Paul Jones  
Senior Vice President for Finance and  
Administration

GEORGIA COLLEGE & STATE UNIVERSITY  
ANNUAL FINANCIAL REPORT  
FY 2013

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# GEORGIA COLLEGE & STATE UNIVERSITY

## *Management's Discussion and Analysis*

### *Introduction*

Georgia College & State University is one of the 31 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 offers selected graduate programs. In addition, beginning with the 2012 Maymester, Georgia College & State University began offering a doctoral program in Nursing 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.

The University offers baccalaureate and master's degrees in a wide variety of subjects, including the Arts and Sciences, Business, Education and Health Sciences, as well as Pre-Professional studies. This wide range of educational opportunities attracts a highly qualified faculty and a student body of more than 6,400 students each year. There are over 5,900 students enrolled at the Milledgeville campus.

	<u>Faculty</u>	<u>Students (Headcount)</u>	<u>Students (FTE)</u>
Fiscal Year 2013	341	6,444	6,063
Fiscal Year 2012	305	6,636	6,193
Fiscal Year 2011	337	6,737	6,258

### *Overview of the Financial Statements and Financial Analysis*

Georgia College & State University is pleased to present its financial statements for fiscal year 2013. 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 2013 and fiscal year 2012.

### **Statement of Net Position**

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point-of-time financial statement. The Statement of Net Position presents a fiscal snapshot of Georgia College & State University. The Statement of Net Position presents end-of-year data concerning assets (current and non-current) plus deferred outflows, and liabilities (current and non-current) plus deferred inflows, and net position (assets plus deferred outflows minus liabilities plus deferred inflows). The differences between current and non-current assets are discussed in the Notes to the Financial Statements.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution and how much the institution owes vendors.

Finally, the Statement of Net Position provides a picture of the net position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources) and their availability for expenditure by the institution. Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant and equipment owned by the institution. 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 institution 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 institution for any lawful purpose.

### **Statement of Net Position, Condensed**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>Assets:</b>		
Current Assets	\$ 24,119,146	\$ 26,249,302
Capital Assets, Net	175,428,895	180,255,409
Other Assets	11,489,234	8,484,378
<b>Total Assets</b>	<u>\$ 211,037,275</u>	<u>\$ 214,989,089</u>
Deferred Outflows of Resources	\$ -	
<b>Liabilities:</b>		
Current Liabilities	\$ 11,720,943	\$ 10,001,706
Noncurrent Liabilities	139,495,058	139,043,248
<b>Total Liabilities</b>	<u>\$ 151,216,001</u>	<u>\$ 149,044,954</u>
Deferred Inflows of Resources	\$ -	
<b>Net Position:</b>		
Net Investment in Capital Assets	\$ 42,357,681	\$ 45,340,358
Restricted		
Nonexpendable	3,581,838	3,442,174
Expendable	5,091,736	5,101,300
Unrestricted	<u>8,790,019</u>	<u>12,060,303</u>
<b>Total Net Position</b>	<u>\$ 59,821,274</u>	<u>\$ 65,944,135</u>

Total assets and deferred outflows of resources decreased by (\$3,951,814), which was primarily due to an atypically large amount of payments in fiscal year 2013 of prior year encumbrances in excess of \$2 million. Additionally, the contra-asset of accumulated depreciation increased by over \$1 million because of the large addition in the prior year of the new Student Wellness Center. The consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the institution to better serve the instruction, research and public service missions of the institution.

Total liabilities and deferred inflows of resources increased for the year by \$2,171,047 . The current liability increase can primarily be attributed to a \$1,016,949 increase in Accounts Payable for this fiscal year plus a \$334,373 increase in Contracts and Retainages Payable. The combination of the decrease in total assets and deferred outflows of (\$3,951,814) and the increase in total liabilities and deferred inflows of \$2,171,047 yields an decrease in net position of (\$6,122,861) . The decrease in net position is primarily in the categories of Unrestricted Net Position in the amount of (\$2,982,677) and in Investment in Capital Assets, Net in the amount of \$2,982,677 due to the aforementioned decreases in assets and increases in liabilities.

#### ***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 institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. 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 institution. 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 institution without the Legislature directly receiving commensurate goods and services for those revenues.

# Statement of Revenues, Expenses and Changes in Net Position, Condensed

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Operating Revenues	\$ 76,123,240	\$ 74,715,905
Operating Expenses	<u>113,475,137</u>	<u>110,688,931</u>
Operating Loss	\$ (37,351,897)	\$ (35,973,026)
Nonoperating Revenues and Expenses	<u>30,683,021</u>	<u>33,252,952</u>
Income (Loss) Before other Revenues, Expenses, Gains or Losses	\$ (6,668,876)	\$ (2,720,074)
Other Revenues, Expenses, Gains or Losses	<u>546,015</u>	<u>837,712</u>
Increase in Net Position	\$ (6,122,861)	\$ (1,882,362)
Net Position at Beginning of Year, as originally reported	65,944,135	67,826,497
Prior Year Adjustments	-	-
Net Position at Beginning of Year, Restated	<u>\$ 65,944,135</u>	<u>\$ 67,826,497</u>
Net Position at End of Year	<u>\$ 59,821,274</u>	<u>\$ 65,944,135</u>

The Statement of Revenues, Expenses and Changes in Net Position reflect a decrease in net position at the end of the year, due mainly to an increase in Salaries and Benefits expense for the current fiscal year of \$3.7 million and expenditure increases stemming from large prior year encumbrances. The increase in Salaries in Benefits expense is primarily attributed to: (1) implementation of pay equity adjustments as a result of salary studies occurring during the fiscal year, (2) new positions added, (3) health premium increases, and (4) increased retirement contributions. Some highlights of the information presented on this statement are as follows:

**Revenue by Source**  
For the Years Ended June 30, 2013 and June 30, 2012

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>Operating Revenue</b>		
Tuition and Fees	\$ 48,336,371	\$ 45,911,971
Federal Appropriations	-	-
Grants and Contracts	361,402	429,302
Sales and Services	1,629,651	1,758,510
Auxiliary	25,303,564	25,846,924
Other	492,252	769,198
<b>Total Operating Revenue</b>	<u>\$ 76,123,240</u>	<u>\$ 74,715,905</u>
<b>Nonoperating Revenue</b>		
State Appropriations	\$ 27,229,767	\$ 27,160,310
Grants and Contracts	8,002,731	10,066,614
Gifts	1,426,205	1,806,708
Investment Income	587,334	759,515
Other	51,842	121,536
<b>Total Nonoperating Revenue</b>	<u>\$ 37,297,879</u>	<u>\$ 39,914,683</u>
<b>Capital Gifts and Grants</b>		
State	264,370	592,531
Other Capital Gifts and Grants	281,645	245,181
<b>Total Capital Gifts and Grants</b>	<u>\$ 546,015</u>	<u>\$ 837,712</u>
<b>Total Revenues</b>	<u>\$ 113,967,134</u>	<u>\$ 115,468,300</u>

**Expenses (By Functional Classification)**  
For the Years Ended June 30, 2013 and June 30, 2012

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>Operating Expenses</b>		
Instruction	\$ 38,121,426	\$ 37,289,833
Research	368,075	319,848
Public Service	624,071	601,082
Academic Support	11,791,658	11,948,913
Student Services	8,254,065	9,053,102
Institutional Support	13,470,215	12,145,545
Plant Operations and Maintenance	14,458,505	14,009,376
Scholarships and Fellowships	2,040,472	2,381,426
Auxiliary Enterprises	24,346,650	22,939,806
<b>Total Operating Expenses</b>	<u>\$ 113,475,137</u>	<u>\$ 110,688,931</u>
<b>Nonoperating Expenses</b>		
Interest Expense (Capital Assets)	6,614,858	6,661,731
<b>Total Expenses</b>	<u>\$ 120,089,995</u>	<u>\$ 117,350,662</u>

Operating revenues increased by \$1,407,335 in fiscal year 2013. Although Tuition and Fees included a 5.3% increase, revenues decreased in Grants and Contracts, Auxiliary, Sales and Services and in Other Revenue categories.

The Auxiliary revenue decrease of (\$543,360) is primarily the result of a drop of over 2% in overall enrollment for fiscal year 2013, with a significant increase in summer school online enrollment, which compounded the decline in mandatory fee paying instances. The decline in enrollment had a systemic effect on Stores and Shops sales, Parking & Transportation revenues, health fee revenues and on the ability to fully fill the apartment-style housing units. Additionally, a reimbursement item that we recorded as a revenue in fiscal year 2012 was correctly recorded in fiscal year 2013 as an expense-credit (was just over \$500k in both fiscal years), in accordance with the Board of Regents of the University System of Georgia guidance.

Non-operating revenues decreased by (\$2,616,804) for the year primarily due to a decrease in Non-operating Grants and Contracts of \$2,063,883. This decrease was a result of receiving \$1.7 million in Federal Stimulus funding for sustainability projects in the prior year that we did not receive in fiscal year 2013.

The compensation and employee benefits category increased by \$3,710,149 and primarily affected the Instruction, Academic Support, Institutional Support and Plant Operations categories. The increase reflects: (1) the addition of positions in those functional areas, (2) the implementation of pay equity adjustments as a result of salary studies occurring during the fiscal year, and (3) an increased cost of health insurance and retirement contributions for the employees of the institution.

Utilities decreased by (\$324,992) during the past year. The decrease was primarily associated with the cost control efforts of the University during the year and primarily affected the Plant Operations and Maintenance and the Auxiliaries categories.

### ***Statement of Cash Flows***

The final statement presented by Georgia College & State University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.



## Cash Flows for the Years Ended June 30, 2013 and 2012, Condensed

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Cash Provided (used) By:		
Operating Activities	\$ (27,456,989)	\$ (27,443,434)
Non-capital Financing Activities	37,207,582	38,884,268
Capital and Related Financing Activities	(10,924,669)	(11,742,090)
Investing Activities	<u>5,936</u>	<u>183,860</u>
Net Change in Cash	\$ (1,168,140)	\$ (117,396)
Cash, Beginning of Year	<u>22,046,278</u>	<u>22,163,674</u>
Cash, End of Year	<u>\$ 20,878,138</u>	<u>\$ 22,046,278</u>

### **Capital Assets**

The University had no significant capital asset additions for facilities in fiscal year 2013, except for some additions to the construction work-in-progress for work on Ennis Hall and on West Campus Complex. The University also recorded the addition of a house and land purchased and subsequently renovated and placed into service early in fiscal year 2013.

Georgia College & State University continues major renovations to Historic Ennis Hall during fiscal year 2013, which is an \$11.3 million project, of which \$9.6 million is to be funded by the Georgia State Financing and Investment Commission (GSFIC).

For additional information concerning Capital Assets, see Notes 1, 6, 8, and 10 in the Notes to the Financial Statements.

### **Long Term Liabilities**

Georgia College & State University had Long-Term Liabilities of \$138,610,353 of which \$3,841,405 was reflected as current liability at June 30, 2013.

For additional information concerning Long-Term Liabilities, see Notes 1 and 8 in the Notes to the Financial Statements.

### **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 year beyond those unknown variations having a global effect on virtually all types of business operations. The University's overall financial position is stable, and the University continues to operate effectively within budgetary parameters and constraints. The University anticipates the current fiscal year will be much like last and will maintain a close watch over resources to maintain the University's ability to react to unknown internal and external issues.

\_\_\_\_\_, President  
Georgia College & State University

## Statement of Net Position

### GEORGIA COLLEGE & STATE UNIVERSITY STATEMENT OF NET POSITION June 30, 2013

#### ASSETS

##### Current Assets

Cash and Cash Equivalents	\$ 20,701,026
Accounts Receivable, net (note 3)	
Receivables - Federal Financial Assistance	593,868
Receivables - Other	2,091,863
Due From Affiliated Organizations	22,779
Inventories (note 4)	56,523
Prepaid Items	653,087
Total Current Assets	<u>\$ 24,119,146</u>

##### Noncurrent Assets

Noncurrent Cash	\$ 177,112
Investments (Externally Restricted)	4,412,867
Due from Affiliated Organizations	2,765,728
Investments	1,913,188
Notes Receivable, net	2,220,339
Capital Assets, net (note 6)	175,428,895
Total Noncurrent Assets	<u>\$ 186,918,129</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 211,037,275</b></u>

#### DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives	-
Deferred service concession arrangement receipts	-
Total Deferred Outflows of Resources	<u>\$ -</u>

#### LIABILITIES

##### Current Liabilities

Accounts Payable	\$ 2,514,867
Salaries Payable	148,203
Contracts Payable	446,231
Deposits	312,175
Deferred Revenue (note 7)	2,151,014
Other Liabilities	1,022,139
Deposits Held for Other Organizations	1,201,576
Lease Purchase Obligations (current portion)	1,971,287
Compensated Absences (current portion)	1,870,118
Due to Affiliated Organizations	83,333
Total Current Liabilities	<u>\$ 11,720,943</u>

##### Noncurrent Liabilities

Lease Purchase Obligations (noncurrent)	\$ 134,064,294
Deferred Revenue (noncurrent)	4,726,110
Compensated Absences (noncurrent)	704,654
Total Noncurrent Liabilities	<u>\$ 139,495,058</u>
<b>TOTAL LIABILITIES</b>	<u><b>\$ 151,216,001</b></u>

#### DEFERRED INFLOWS OF RESOURCES

Accumulated increase in fair value of hedging derivatives	-
Deferred service concession arrangement receipts	-
Total Deferred Inflows of Resources	<u>\$ -</u>

#### NET POSITION

Net Investment in Capital Assets	\$ 42,357,681
Restricted for	
Nonexpendable	3,581,838
Expendable	5,091,736
Unrestricted	8,790,019
<b>TOTAL NET POSITION</b>	<u><b>\$ 59,821,274</b></u>

*Statement of Revenues, Expenses and Changes in Net Position*

GEORGIA COLLEGE & STATE UNIVERSITY  
STATEMENT of REVENUES, EXPENSES, and CHANGES in NET POSITION  
For the Year Ended June 30, 2013

REVENUES

Operating Revenues

Student Tuition and Fees (net of allowance for doubtful accounts)	\$	54,378,846
Less: Scholarship Allowances		(6,042,475)
Grants and Contracts		
Federal		318,409
Other		42,993
Sales and Services		1,629,651
Rents and Royalties		21,288
Auxiliary Enterprises		
Residence Halls		12,496,038
Bookstore		505,226
Food Services		6,715,242
Parking/Transportation		1,268,837
Health Services		1,231,648
Intercollegiate Athletics		2,594,719
Other Organizations		491,854
Other Operating Revenues		470,964
Total Operating Revenues	\$	<u>76,123,240</u>

EXPENSES

Operating Expenses

Salaries:		
Faculty	\$	26,154,266
Staff		27,179,559
Employee Benefits		15,659,917
Other Personal Services		235,056
Travel		1,031,646
Scholarships and Fellowships		2,861,676
Utilities		3,639,373
Supplies and Other Services		28,467,310
Depreciation		8,246,334
Total Operating Expenses	\$	<u>113,475,137</u>
Operating Income (loss)	\$	<u>(37,351,897)</u>

***Statement of Revenues, Expenses and Changes in Net Position, Continued***

**GEORGIA COLLEGE & STATE UNIVERSITY  
STATEMENT of REVENUES, EXPENSES, and CHANGES in NET POSITION  
For the Year Ended June 30, 2013**

<b>NONOPERATING REVENUES (EXPENSES)</b>	
State Appropriations	\$ 27,229,767
Grants and Contracts	
Federal	6,732,953
Federal Stimulus	
State	79,182
Other	1,190,596
Gifts	1,426,205
Investment Income (endowments, auxiliary and other)	587,334
Interest Expense (capital assets)	(6,614,858)
Other Nonoperating Revenues (Expenses)	51,842
Net Nonoperating Revenues	<u>\$ 30,683,021</u>
Income (Loss) Before Other Revenues, Expenses,	
Gains, or Losses	<u>\$ (6,668,876)</u>
Capital Grants and Gifts	
State	264,370
Other	281,645
Total Other Revenues, Expenses, Gains or Losses	<u>\$ 546,015</u>
Increase (Decrease) in Net Position	<u>\$ (6,122,861)</u>
<b>NET POSITION</b>	
Net Position-Beginning of Year, As Originally Reported	\$ 65,944,135
Prior Year Adjustments	-
Net Position-Beginning of Year, Restated	<u>65,944,135</u>
Net Position-End of Year	<u>\$ 59,821,274</u>

## Statement of Cash Flows

### GEORGIA COLLEGE & STATE UNIVERSITY STATEMENT OF CASH FLOWS For the Year Ended June 30, 2013

#### CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 48,484,731
Grants and Contracts (Exchange)	779,279
Sales and Services	1,621,651
Payments to Suppliers	(48,530,322)
Payments to Employees	(52,790,091)
Payments for Scholarships and Fellowships	(2,861,676)
Loans Issued to Students and Employees	(307,428)
Collection of Loans to Students and Employees	332,528
Auxiliary Enterprise Charges:	
Residence Halls	12,498,301
Bookstore	524,525
Food Services	6,731,927
Parking/Transportation	1,268,837
Health Services	1,229,348
Intercollegiate Athletics	2,594,724
Other Organizations	489,291
Other Receipts (payments)	477,386
Net Cash Provided (used) by Operating Activities	\$ (27,456,989)

#### CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	\$ 27,229,767
Agency Funds Transactions	(159,405)
Gifts and Grants Received for Other Than Capital Purposes	10,091,029
Other Nonoperating Receipts	46,191
Net Cash Flows Provided by Non-capital Financing Activities	\$ 37,207,582

#### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Gifts and Grants Received	\$ 264,370
Proceeds from Sale of Capital Assets	
Purchases of Capital Assets	(2,856,638)
Principal Paid on Capital Debt and Leases	(1,717,543)
Interest Paid on Capital Debt and Leases	(6,614,858)
Net Cash used by Capital and Related Financing Activities	\$ (10,924,669)

#### CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	\$ 3,962,277
Interest on Investments	167,974
Purchase of Investments	(4,124,315)
Net Cash Provided (used) by Investing Activities	\$ 5,936
Net Increase/Decrease in Cash	(1,168,140)
Cash and Cash Equivalents - Beginning of year	22,046,278
Cash and Cash Equivalents - End of Year	\$ 20,878,138

*Statement of Cash Flows, Continued*

GEORGIA COLLEGE & STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2013

RECONCILIATION OF OPERATING LOSS TO  
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (loss)	\$ (37,351,897)
Adjustments to Reconcile Net Income (loss) to Net Cash Provided (used) by Operating Activities	
Depreciation	8,246,334
Change in Assets and Liabilities:	
Receivables, net	6,323
Inventories	9,575
Other Assets	608,191
Prepaid Items	(86,835)
Notes Receivable, Net	252,461
Accounts Payable	1,016,949
Deferred Revenue	(313,439)
Other Liabilities	50,334
Compensated Absences	105,015
Change in deferred inflows/outflows of resources:	
Deferred inflows of Resources	-
Deferred outflows of Resources	-
Net Cash Provided (used) by Operating Activities	<u>\$ (27,456,989)</u>

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

Fixed assets acquired by incurring capital lease obligations	<u>\$ 1,898</u>
Change in fair value of investments recognized as a component of interest income	<u>\$ 419,360</u>
Gift reducing proceeds of Gifts and Grants received for other than capital purposes	<u>\$ 14,737</u>
Gift of capital assets reducing proceeds of capital gifts and grants	<u>\$ 281,645</u>

**GEORGIA COLLEGE & STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

***Note 1. Summary of Significant Accounting Policies***

**Nature of Operations**

Georgia College & State 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 and throughout the country.

**Reporting Entity**

Georgia College & State University is one of thirty-one (31) State supported member institutions of higher education in Georgia which comprise the University System of Georgia, an organizational unit of the State of Georgia. The accompanying financial statements reflect the operations of Georgia College & State University as a separate reporting entity.

The Board of Regents has constitutional authority to govern, control and manage the University System of Georgia. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, the authority to control institutions' budgets, the power to determine allotments of State funds to member institutions and the authority to prescribe accounting systems and administrative policies for member institutions. Georgia College & State University does not have authority to retain unexpended State appropriations (surplus) for any given fiscal year. Accordingly, Georgia College & State University is considered an organizational unit of the Board of Regents of the University System of Georgia reporting entity for financial reporting purposes because of the significance of its legal, operational, and financial relationships with the Board of Regents as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

Legally separate, tax exempt Affiliated Organizations whose activities primarily support units of the University System of Georgia, which are organizational units of the State of Georgia, are considered potential Component Units of the State. See Note 16 for additional information.

**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, liabilities, net position, revenues, expenses, changes in net position and cash flows.

**Basis of Accounting**

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's 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. All significant intra-University transactions have been eliminated.

#### **New Accounting Pronouncements**

In fiscal year 2013, the University adopted the Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The provisions of this Statement establish accounting and financial reporting standards for governments who enter into Service Concession Arrangements (SCA) with other governmental or nongovernmental entities

In fiscal year 2013, the University adopted the Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement incorporate certain accounting and financial reporting guidance into authoritative GASB literature.

In fiscal year 2013, the University adopted the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The provisions of this Statement establish financial reporting standards for the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

#### **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. This includes the State Investment Pool and the Board of Regents Short-Term Investment Pool.

#### **Short-Term Investments**

Short-Term Investments consist of investments of 90 days – 13 months, which includes 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.

#### **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 Legal Fund, the Board of Regents Balanced Income Fund, the Board of Regents Total Return Fund, the Board of Regents Diversified Fund, and the Georgia Extended Asset Pool are included under Investments.

#### **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 the federal government, 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**

Georgia College & State University does not maintain an inventory for consumable supplies. Resale Inventories are valued at cost using the average-cost basis.

### **Noncurrent Cash and Investments**

Cash and investments that are externally restricted and cannot be used to pay current liabilities are classified as noncurrent assets in the Statement of Net Position.

### **Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the 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 generally are 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

To fully understand plant additions in the University System, 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. These bonds 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 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, 2013, GSFIC did not transfer any capital additions to Georgia College & State University.

### **Deposits**

Deposits represent good faith deposits from students to reserve housing assignments in a University residence hall.

### **Deferred Revenues**

Deferred revenues 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. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

### Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses and Changes in Net Position. Georgia College & State University had accrued liability for compensated absences in the amount of \$2,469,757 as of July 1, 2012. For fiscal year 2013, \$1,876,615 was earned in compensated absences and employees were paid \$1,771,600 , for a net increase of \$105,015 . The ending balance as of June 30, 2013 in accrued liability for compensated absences was \$2,574,772

### Service Concession Agreements

In fiscal year 2013, the University determined that we have no arrangements that meet the criteria to be reported as a Service Concession Agreement.

### Noncurrent Liabilities

Noncurrent 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.

### Net Position

The University's net position is classified as follows:

*Net Investment in Capital Assets:* This 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 the 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* includes endowment 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 be either expended or added to principal. The University may accumulate as much of the annual net income of an institutional fund as is prudent under the standard established by Code Section 44-15-7 of Annotated Code of Georgia.

*Restricted – expendable* includes resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Expendable Restricted include the following at June 30, 2013:

Restricted - E&G and Other Organized	
Activities	\$ 1,408,292
Federal Loans	2,665,833
Institutional Loans	<u>1,017,611</u>
Total Restricted Expendable	<u>\$ 5,091,736</u>

**Restricted – expendable – Capital Projects:** This represents resources for which the University is legally or contractually obligated to spend resources for capital projects in accordance with restrictions imposed by external third parties.

**Unrestricted:** Unrestricted 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 to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Board of Regents of the University System of Georgia, University System Office for remittance 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.

Unrestricted resources include the following items which are quasi-restricted by management at June 30, 2013:

R & R Reserve	\$ 16,592,269
Reserve for Encumbrances	6,831,820
Other Unrestricted	<u>(14,634,070)</u>
Total Unrestricted Net Position	<u>\$ 8,790,019</u>

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

Georgia College & State 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 classify fiscal year activity as operating and non-operating 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.

**Non-operating 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 No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, such as state appropriations and investment income.

**Operating Expenses:** Operating expense includes activities that have the characteristics of exchange transactions.

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

#### **Scholarship Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported at gross with a contra revenue account of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. 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 non-governmental 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 and fees and other student charges, the University has recorded contra revenue for scholarship allowances.

Auxiliary Intercollegiate Athletics revenue of \$2,594,719 is reported net of discounts and allowances of \$660,048.

### ***Note 2. Deposits and Investments***

#### **Deposits**

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

The Treasurer of the Board of Regents is responsible for all details relative to furnishing the required depository protection for all units of the University System of Georgia.

At June 30, 2013, the carrying value of deposits was \$20,992,671 and the bank balance was \$21,583,887. Of the University's deposits, \$20,966,722 were uninsured. Of these uninsured deposits, \$3,061,929 were collateralized with securities held by the financial institution's trust department or agent in the University's name, \$17,904,793 were collateralized with securities held by the financial institution, by its trust department or agency, but not in the University's name and \$0 were uncollateralized.

## Investments

Georgia College & State 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 each institution 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.

The University's investments as of June 30, 2013 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

### Interest Rate Risk

	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
<b>Investment type</b>						
<b>Debt Securities</b>						
U.S. Treasuries	\$ 152,502	\$ -	\$ -	\$ 36,570	\$ 115,932	\$ -
U.S. Agencies						
Explicitly Guaranteed						
Implicitly Guaranteed	10,259				10,259	
Certificates of Deposit						
Corporate Debt	107,619		18,575	49,221	39,823	
General Obligation Bonds						
Mortgage-Backed Securities-Commercial						
Municipal Obligation						
Mutual Bond Fund	834,859			208,182	626,677	
Repurchase Agreements	-					
	<u>\$ 1,105,239</u>	<u>\$ -</u>	<u>\$ 18,575</u>	<u>\$ 293,973</u>	<u>\$ 792,691</u>	<u>\$ -</u>
<b>Other Investments</b>						
Bond/Equity Mutual Funds	\$ -					
Equity Mutual Funds - Domestic	1,315,186					
Equity Mutual Funds - International	444,297					
Equity Securities - Domestic	608,177					
Equity Securities - International	289,577					
<b>Miscellaneous Holdings</b>						
Real Estate Held for Investment Purposes						
Real Asset Funds	130,386					
Real Estate Investment Trust	76,348					
<b>Investment Pools</b>						
Board of Regents						
Total Return Fund	2,227,162					
Office of the State Treasurer						
Georgia Fund I						
<b>Total Investments</b>	<u><u>\$6,196,372</u></u>					

The Board of Regents Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The fair value of investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. Participation in the Board of Regents Investment Pool is voluntary. The Board of Regents Investment Pool is not rated. Additional information on the Board of Regents Investment Pool is disclosed in the audited Financial Statements of the Board of Regents of the University System of Georgia - System Office (oversight unit). This audit can be obtained from the Georgia Department of Audits - Education Audit Division or on their web site at <http://www.audits.ga.gov>.

#### 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 on April 17, 2008, is:

#### Fixed Income:

1. Fixed Income investments shall be limited to government, government agency, and corporate instruments having minimum investment grade credit ratings of "Baa" by Moody's, "BBB" by Standard & Poor's, unless specifically approved as an exception by the Committee.
2. Except for government and agency issues, no more than ten (10) percent of the market value of the 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 5% to 15% of the investment portfolio and Fixed Income is 25% to 35% of the investment portfolio.

The Effective Duration of the Total Return Fund is 5.10 years. Of the University's total investment of \$2,227,162 in the Total Return Fund, \$711,823 is invested in debt securities.

#### 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 policy for managing custodial credit risk, as adopted by the Georgia College & State University Foundation's Investment Committee on April 17, 2008, is:

1. The investment manager(s)'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 rates of return of the applicable indices.

- 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 Shearson Lehman (now Barclays) Government Corporate Bond Index.
2. The investment manager(s) can be responsible for custody of securities. If the investment manager 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.

At June 30, 2013, \$3,762,476 of the University's applicable investments were 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's policy for managing credit quality risk, as adopted by the Georgia College & State University Foundation's Investment Committee on April 17, 2008, is:

#### Equities:

1. Permissible equity investment vehicles shall be limited to common stock and preferred stock and American depository receipts.
2. The maximum equity target shall be defined and communicated to the investment manager in the form of an Asset Allocation Guideline. The equity target may be altered by providing a newly executed Asset Allocation Guideline to the investment manager if deemed appropriate by the Institution.
3. The portfolio shall be diversified among different industries, with a concentration in any single industry of not greater than twenty (20) percent and in any single company of not greater than five (5) percent, unless specifically approved as an exception.

#### Fixed Income:

1. Fixed Income investments shall be limited to government, government agency, and corporate instruments having minimum investment grade credit ratings of "Baa" by Moody's, "BBB" by Standard & Poor's, unless specifically approved as an exception by the Committee.
2. Except for government and agency issues, no more than ten (10) percent of the market value of the 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 5% to 15% of the investment portfolio and Fixed Income is 25% to 35% 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. Agencies	\$ 10,259	\$ 10,259	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit						
Corporate Debt	107,619	5,120	26,113	57,188	19,198	
General Obligation Bonds						
Mortgage-Backed Securities-Commercial						
Municipal Obligation						
Mutual Bond Fund	834,859	738,255		2,079	31,731	62,794
Repurchase Agreements - Underlying						
U. S. Agency Securities						
	<u>\$ 952,737</u>	<u>\$ 753,634</u>	<u>\$ 26,113</u>	<u>\$ 59,267</u>	<u>\$ 50,929</u>	<u>\$ 62,794</u>

### Concentration of Credit Risk

Georgia College & State University had no investments at June 30, 2013, that were subject to concentration of credit risk or foreign currency risk.

### Note 3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2013:

Student Tuition and Fees	\$ 114,668
Auxiliary Enterprises and Other Operating Activities	146,120
Federal Financial Assistance	593,868
Due from Georgia State Financing and Investment	
Commission	284,940
Due from Affiliated Organizations	22,779
Other	1,597,092
	<u>\$ 2,759,467</u>
Less: Allowance for Doubtful Accounts	<u>50,957</u>
Net Accounts Receivable	<u>\$ 2,708,510</u>

### Note 4. Inventories

Inventories consisted of the following at June 30, 2013:

Bookstore	\$ 3,747
Other	52,776
	<u>56,523</u>
Total	<u>\$ 56,523</u>

### Note 5. Notes/Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2013. 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 cancelled 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, 2013, the allowance for uncollectible loans is \$0.

## Note 6. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2013:

	Beginning Balances July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 1,369,560	\$ 48,300	\$ -	\$ 1,417,860
Capitalized Collections	78,000	13,175		91,175
Construction Work-in-Progress	1,212,392	967,129		2,179,521
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 2,659,952</b>	<b>\$ 1,028,604</b>	<b>\$ -</b>	<b>\$ 3,688,556</b>
<b>Capital Assets, Being Depreciated/Amortized:</b>				
Building and Building Improvements	\$ 89,097,645	\$ 360,573		\$ 89,458,218
Facilities and Other Improvements	867,019			867,019
Equipment	12,864,929	1,611,274	804,523	13,671,680
Capital Leases	135,106,523	1,898		135,108,421
Library Collections	8,719,001	472,205	1,776	9,189,430
Capitalized Collections	156,300			156,300
<b>Total Capital Assets Being Depreciated/Amortized</b>	<b>\$ 246,811,417</b>	<b>\$ 2,445,950</b>	<b>\$ 806,299</b>	<b>\$ 248,451,068</b>
<b>Less: Accumulated Depreciation/Amortization</b>				
Infrastructure	\$ -	\$ -	\$ -	\$ -
Buildings	36,178,950	2,060,276		38,239,226
Facilities and Other Improvements	778,337	2,200		780,537
Equipment	7,516,265	1,265,772	749,789	8,032,248
Capital Leases	17,848,994	4,555,103		22,404,097
Library Collections	6,827,659	358,613	1,776	7,184,496
Capitalized Collections	65,755	4,370		70,125
<b>Total Accumulated Depreciation/Amortization</b>	<b>\$ 69,215,960</b>	<b>\$ 8,246,334</b>	<b>\$ 751,565</b>	<b>\$ 76,710,729</b>
<b>Total Capital Assets, Being Depreciated/Amortized, Net</b>	<b>\$ 177,595,457</b>	<b>\$ (5,800,384)</b>	<b>\$ 54,734</b>	<b>\$ 171,740,339</b>
<b>Capital Assets, net</b>	<b>\$ 180,255,409</b>	<b>\$ (4,771,780)</b>	<b>\$ 54,734</b>	<b>\$ 175,428,895</b>

## Note 7. Deferred Revenue

Deferred revenue consisted of the following at June 30, 2013:

Prepaid Tuition and Fees	\$ 1,781,695
Other Deferred Revenue	<u>369,319</u>
Totals	<u>\$ 2,151,014</u>

In January of the current year, the Georgia College & State University Foundation, Inc. (Foundation) refunded their Series 2007 Housing Revenue Bond issue. As a result, a total of \$9,462,634 in savings is to be realized over a 21-year period. Georgia College & State University will realize \$3,785,054, or 40%, of this savings. A decision was made on the Foundation's part not to amend the housing rental agreements between the Foundation and the University for the savings amount but rather to transfer the annual savings amount to the University in a July payment each year. The payment amount varies from year-to-year, beginning in July, 2013. In an attempt to match the accounting on the Foundation's accounting records, the University recognized the present value of the entire savings amount (\$2,757,889) as an Accounts Receivable and a Deferred Revenue in fiscal year 2013 that is to be amortized and recognized as revenue over the life of the remaining debt service, 21 years, until fiscal year 2034.

## Note 8. Long Term Liabilities

Long-Term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013	Current Portion
<b>Leases</b>					
Lease Purchase Obligations	\$137,751,226	\$1,898	\$1,717,543	\$136,035,581	\$1,971,287
<b>Other Liabilities</b>					
Compensated Absences	\$2,469,757	\$1,876,615	\$1,771,600	\$2,574,772	\$1,870,118
<b>Total Long-Term Obligations</b>	<u>\$140,220,983</u>	<u>\$1,878,513</u>	<u>\$3,489,143</u>	<u>\$138,610,353</u>	<u>\$3,841,405</u>

## Note 9. Significant Commitments

The University had significant unearned, outstanding, construction or renovation contracts executed in the amount of \$2,268,669 as of June 30, 2013. This amount is not reflected in the accompanying basic financial statements.

## Note 10. Lease Obligations

Georgia College & State University is obligated under various operating leases for the use of real property (land, buildings, and office facilities) and equipment, and also is obligated under capital leases and installment purchase agreements for the acquisition of real property.

### CAPITAL LEASES

Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between 2014 and 2041. Expenditures for fiscal year 2013 were \$8,332,401 of which \$6,614,858 million represented interest and \$1,717,543 represented principal paid on capital leases. Interest rates range from 4.100% (percent) to 8.138% (percent). The following is a summary of the carrying values of assets held under capital lease at June 30, 2013:

Description	Gross Amount (+)	Accumulated Depreciation (-)	Net, Assets Held Under Capital Lease at June 30, 2013 (*)	Outstanding Balances per lease schedules at June 30, 2013
Land				
Land - (PPV Only)	\$ 735,481		735,481	\$ 714,628
Equipment	8,553	(4,691)	3,862	
Equipment - (PPV Only)	409,730	(220,234)	189,496	201,154
Buildings - (PPV Only)	133,428,580	(21,876,399)	111,552,181	129,386,894
Facilities and Improvements - (PPV Only)	1,261,558	(302,774)	958,784	800,488
Total Assets Held Under Capital Lease at June 30, 2013	<u>\$ 135,843,902</u>	<u>\$ (22,404,098)</u>	<u>\$ 113,439,804</u>	<u>\$ 131,103,164</u> (*)

(\*) Of the total capital lease debt of \$136,035,581 only \$131,103,164 is associated with capitalized assets. The remaining \$4,932,417 is capital lease debt associated with assets that did not meet capitalization thresholds.

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.

Georgia College & State University had three capital leases with related entities in the current fiscal year. In June 2007, Georgia College & State University entered into a capital lease of \$94,350,650 at 4.715% (percent) with the Georgia College & State University Foundation, Inc., a discretely presented affiliated organization, whereby the University leases Student housing for a twenty-seven year period that began June 15, 2007, and expires March 24, 2034. In February 2005, the University entered into a capital lease of \$6,382,006 at 4.100% (percent) with the Georgia College & State University Foundation, Inc., a discretely presented affiliated organization, whereby the University leases land and a building (Student Activity Center) for a twenty-year period that began February 1, 2005, and expires June 30, 2025. In addition, Georgia College & State University entered into a capital lease of \$1,595,164 at 4.100% (percent) with the Georgia College & State University Foundation, Inc., whereby the University leases a Parking facility for a twenty-one year period that began September 1, 2004, and expires June 30, 2025. The outstanding liability at June 30, 2013, on these capital leases is \$91,695,706 for Student housing, \$4,372,849 for the Student Activity Center and \$1,079,015 for the Parking facility.

Georgia College & State University also has two additional real property capital leases with an unrelated party. The University entered into a capital lease for the Campus Theatre for \$9,448,892 at varying interest rates from 4.000% (percent) to 6.250% (percent) with the USG Real Estate Foundation I, LLC and the Board of Regents for Georgia College & State University's use of the asset. This capital lease is for a 30 year period that began January 28, 2008. The University also entered into a capital lease for the Student Wellness & Recreation Center for \$29,443,514 at an interest rate of 5.186% (percent) with the USG Real Estate Foundation I, LLC and the Board of Regents for Georgia College & State University's use of the asset.

This capital lease is for a 30 year period that began August 12, 2010. The outstanding liability at June 30, 2013, on these capital leases is \$9,396,026 and \$29,491,985 respectively. The University is responsible for operating costs such as repairs and utilities for these leased assets.

#### OPERATING LEASES

Georgia College & State University's non-cancellable operating leases having remaining terms of more than one year and expire in fiscal year 2014. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancellable if the State of Georgia does not provide adequate funding, but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis. Examples of property under operating leases are copiers and other small business equipment.

In fiscal year 2007, Georgia College & State University entered into a real property operating lease with the Georgia College & State University Foundation, Inc., a related party, for the Macon Graduate and Professional Programs from November 25, 2006, through November 29, 2009. The option to renew was exercised in November, 2009, and every year since then through fiscal year 2014 for annual rentals of \$333,036. The agreement does contain an option to renew or extend the Agreement at the expiration of the term on a year-to-year basis for three (3) consecutive years. Under this agreement, Georgia College & State University paid \$333,036 in fiscal year 2013.

Following are the Operating Leases held by the University during fiscal year 2013:

<u>Property Leased</u>	<u>Location</u>	<u>Lessor</u>	<u>Annual Lease</u>
Macon Graduate & Professional Programs Center	433 Cherry St Macon, GA	GCSU Foundation	\$333,036
McComb Building	115 S. Wilkinson St Milledgeville, GA	GCSU Foundation	\$ 30,640
Parking Lot	425 N. Clark St Milledgeville, GA	Wilkinson Colonial Properties	\$ 27,360
Storage	121 Blandy Rd NW Milledgeville, GA	Warehouse Solutions, LLC	\$ 13,395
Parking Lot	Tatnall St Milledgeville, GA	Norfolk Southern Corp	\$ 730
Depot Building Easement	Greene St Milledgeville, GA	Norfolk Southern Corp	\$ 240
Parking Lot	433 Cherry St Macon, GA	City of Macon	\$ 4,200
Parking Lot	141 Thomas St Milledgeville, GA	Wilkinson Hilltop Investment, LLC	\$ 14,400

#### FUTURE COMMITMENTS

Future commitments for capital leases (which here and on the Statement of Net Position) include other installment purchase agreements) and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2013, were as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2014	\$ 8,500,238	\$ 424,001
2015	8,675,983	
2016	8,858,651	
2017	9,045,612	
2018	9,241,053	
2019 through 2023	49,313,448	
2024 through 2028	53,071,883	
2029 through 2033	58,070,823	
2034 through 2038	20,675,574	
2039 through 2043	6,459,386	
Total minimum lease payments	\$ 231,912,651	\$ 424,001
Less: Interest	95,877,070	
Less: Executory costs (if paid)		
Principal Outstanding	<u>\$ 136,035,581</u>	

Georgia College & State University's fiscal year 2013 expense for rental of real property and equipment under operating leases was \$424,001 .

### **Note 11. Retirement Plans**

Georgia College & State University participates in various retirement plans administered by the State of Georgia under two major retirement systems: Employees' Retirement System of Georgia (ERS System) and Teachers Retirement System of Georgia. 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 system offices. The significant retirement plans that Georgia College & State 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.

#### **Employees' Retirement System of Georgia**

The ERS System is comprised of individual retirement systems and plans covering substantially all employees of the State of Georgia except for teachers and other employees covered by the Teachers Retirement System of Georgia. One of the ERS System plans, the Employees' Retirement System of Georgia (ERS), is a cost-sharing multiple-employer defined benefit pension plan that was 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 and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires but for existing members and

beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan (SRBP-ERS) of ERS. SRBP-ERS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of the SRBP-ERS is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP-ERS whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the 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 the modified plan provisions. Effective January 1, 2009, newly hired State employees, as well as rehired State employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). ERS members hired prior to January 1, 2009 also have the option to change their membership to the GSEPS plan.

Under the old plan, 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 a formula adopted by the Board of Trustees for such purpose. The formula considers the monthly average of the member's highest 24 consecutive calendar months of salary, the number of years of creditable service, and the member's age at retirement. Post-retirement cost-of-living adjustments may 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.

Member contribution rates are set by law. 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, Georgia College & State University pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these Georgia College & State University 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. Georgia College & State University is required to contribute at a specified percentage of active member payroll established by the Board of Trustees determined annually in accordance with actuarial valuation and minimum funding standards as provided by law. These Georgia College & State University contributions are not at any time refundable to the member or his/her beneficiary.

Employer contributions required for fiscal year 2013 were based on the June 30, 2010 actuarial valuation as follows:

Old Plan*	14.90%
New Plan	14.90%
GSEPS	11.54%

\*10.15% exclusive of contributions paid by the employer on behalf of old plan members

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions; the member forfeits all rights to retirement benefits.

#### Teachers Retirement System of Georgia

The Teachers Retirement System of Georgia (TRS) is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS.

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member 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. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2013 were 6.00% of annual salary. Employer contributions required for fiscal year 2013 were 11.41% of annual salary as required by the June 30, 2010 actuarial valuation.

The following table summarizes the Georgia College & State University contributions by defined benefit plan for the years ending June 30, 2013, June 30, 2012, and June 30, 2011 (dollars in thousands):

	ERS		TRS	
	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>
2013	\$33,268	100%	\$2,871,179	100%
2012	\$16,582	100%	\$2,546,382	100%
2011	\$9,133	100%	\$2,487,096	100%

## 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. 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 a principal administrator, as designated by the regulations of the Board of Regents. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from four approved vendors (AIG-VALIC, American Century, 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

Georgia College & State University makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2013, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.



Georgia College & State University and the covered employees made the required contributions of \$2,092,396 (9.24%) and \$1,562,121 (6%), respectively.

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

## **Georgia Defined Contribution Plan**

### **Plan Description**

Georgia College & State University participates in the Georgia Defined Contribution Plan (GDCP) which is a single-employer defined contribution plan established by the General Assembly of Georgia for the purpose of providing retirement coverage for State employees who are temporary, seasonal, and part-time and are not members of a public retirement or pension system. GDCP is administered by the Board of Trustees of the Employees' Retirement System of Georgia.

### **Benefits**

A member may retire and elect to receive periodic payments after attainment of age 65. The payment will be based upon mortality tables and interest assumptions to be adopted by the Board of Trustees. If a member has less than \$3,500 credited to his/her account, the Board of Trustees has the option of requiring a lump sum distribution to the member in lieu of making periodic payments. Upon the death of a member, a lump sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary. Benefit provisions are established by State statute.

### **Contributions**

Member contributions are seven and one-half percent (7.5%) of gross salary. There are no employer contributions. Contribution rates are established by State statute. Earnings are credited to each member's account in a manner established by the Board of Trustees. Upon termination of employment, the amount of the member's account is refundable upon request by the member.

Total contributions made by employees during fiscal year 2013 amounted to \$28,675 which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

The Georgia Defined Contribution Plan issues a financial report each fiscal year, which may be obtained from the ERS offices.

## ***Note 12. Risk Management***

The University System of Georgia offers its employees and retirees access to four different self-insured healthcare plan options. For the University System of Georgia's Plan Year 2013, the following health care options were available:

- Blue Choice HMO plan
- (Blue Cross Blue Shield) HSA Open Access POS plan
- (Blue Cross Blue Shield) Open Access POS plan
- Kaiser Permanente HMO plan

Georgia College & State University and participating employees and retirees pay premiums to either of the self-insured healthcare plan options to access benefits coverage. The respective self-insured healthcare plan options are included in the financial statements of the Board of Regents of the University System of Georgia – University System Office. All units of the University System of Georgia share the risk of loss for claims associated with these plans. The reserves for these plans are considered to be a self-sustaining risk fund. The Board of Regents has contracted with Blue Cross Blue Shield of Georgia, a wholly owned subsidiary of WellPoint, to serve as the claims administrator for the self-insured healthcare plan products. In addition to the self-insured healthcare plan options offered to the employees of the University System of Georgia, a fully insured HMO healthcare plan option is also offered to System employees through Kaiser.

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. Georgia College & State University, as an organizational unit of the Board of Regents of the University System of Georgia, 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 Official Code of Georgia Annotated Section 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 13. 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 Georgia College & State University expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against Georgia College & State University (an organizational unit of the Board of Regents of the University System of Georgia), 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, 2013.

#### ***Note 14. Post-Employment Benefits Other Than Pension Benefits***

Pursuant to the general powers conferred by the Official Code of Georgia Annotated Section 20-3-31, the Board of Regents of the University System of Georgia has established group health and life insurance programs for regular employees of the University System of Georgia. It is the policy of the Board of Regents to permit employees of the University System of Georgia eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System of Georgia pay the employer portion for group insurance for affected individuals. With regard to life insurance, the employer covers the total 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 employee.

The Board of Regents Retiree Health Benefit Plan is a single-employer, defined benefit plan. Financial statements and required supplementary information for the Plan are included in the publicly available Consolidated Annual Financial Report of the University System of Georgia. The University pays the employer portion of health insurance for its eligible retirees based on rates that are established annually by the Board of Regents for the upcoming plan year. For the 2013 plan year, the employer rate was between 70-75% of the total health insurance cost for eligible retirees and the retiree rate was between 25-30%.

As of June 30, 2013, there were 299 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2013, Georgia College & State University recognized as incurred \$1,393,862 of expenditures, which was net of \$543,837 of participant contributions.

## Note 15. Natural Classifications with Functional Classifications

The University's operating expenses by functional classification for fiscal year 2013 are shown below:

Natural Classification	Functional Classification Fiscal Year 2013					
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Faculty	\$ 23,663,349	\$86,364	\$ 57,215	\$2,052,000	\$154,602	\$51,387
Staff	3,405,365	101,568	344,305	4,404,023	3,779,336	6,331,627
Benefits	6,485,358	33,768	98,991	1,535,919	1,035,806	3,856,611
Personal Services	11,311		5,044	7,296	9,306	210,762
Travel	223,594	47,201	609	369,357	77,697	167,794
Scholarships and Fellowships	1,321					
Utilities	110,365	1,294	7,606	202,162	54,640	60,198
Supplies and Other Services	3,001,465	96,857	94,197	2,127,197	1,953,793	2,307,478
Depreciation	1,219,298	1,023	16,104	1,093,704	1,188,885	484,358
Total Expenses	<u>\$ 38,121,426</u>	<u>\$ 368,075</u>	<u>\$ 624,071</u>	<u>\$ 11,791,658</u>	<u>\$ 8,254,065</u>	<u>\$ 13,470,215</u>

Natural Classification	Functional Classification Fiscal Year 2013			
	Plant Operations & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Total Expenses
Faculty			\$ 89,349	\$ 26,154,266
Staff	5,318,259		3,495,076	27,179,559
Benefits	1,763,069		850,395	15,659,917
Personal Services	(1,802,202)		1,793,539	235,056
Travel	14,303		131,091	1,031,646
Scholarships and Fellowships		2,040,472	819,883	2,861,676
Utilities	1,974,061		1,229,047	3,639,373
Supplies and Other Services	7,027,557		11,858,766	28,467,310
Depreciation	163,458		4,079,504	8,246,334
Total Expenses	<u>\$ 14,458,505</u>	<u>\$ 2,040,472</u>	<u>\$ 24,346,650</u>	<u>\$ 113,475,137</u>

## **Note 16. Affiliated Organizations**

In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB No. 61, *The Financial Reporting Entity: Omnibus* which are amendments of GASB Statement No. 14, *The Reporting Entity* which became effective for the year ended June 30, 2004, Georgia College & State University Foundation, Inc. (Foundation) and Georgia College & State University Alumni Association, Inc. (Alumni Association) are legally separate, tax-exempt organizations whose activities primarily support Georgia College & State University, a unit of the University System of Georgia (an organizational unit of the State of Georgia). The State Accounting Office determined Component Units of the State of Georgia, as required by GASB Statement No. 39 and No. 61 should not be assessed in relation to their significance to Georgia College & State University, but instead based on their significance to the State of Georgia.

Georgia College & State University Foundation, Inc. and Georgia College & State University Alumni Association, Inc. have been determined to be significant to the State of Georgia for the year ended June 30, 2013, and as such, are reported as a blended component unit in the Comprehensive Annual Financial Report of the State of Georgia (CAFR). Significant blended affiliated organizations issue separate audited financial statements that can be obtained from the following:

Foundation – Foundation Administrative Offices, Campus Box 96, Milledgeville, GA 31061

Alumni Association – Administrative Offices, Campus Box 96, Milledgeville, GA 31061