

UNIVERSITY OF WEST GEORGIA

Review Report Fiscal Year 2022

UNIVERSITY OF WEST GEORGIA
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2022

<u>Introductory Section</u>	
<u>Message from the President</u>	2
<u>Letter of Transmittal</u>	3
<u>Independent Accountant's Report</u>	4
<u>Management's Discussion and Analysis</u>	6
<u>Financial Section</u>	
<u>Financial Statements (GAAP Basis)</u>	
<u>Statement of Net Position</u>	15
<u>Statement of Revenues, Expenses, and Changes in Net Position</u>	17
<u>Statement of Cash Flows</u>	19
<u>Statement of Fiduciary Net Position</u>	21
<u>Statement of Changes in Fiduciary Net Position</u>	22
<u>Notes to the Financial Statements</u>	23
<u>Required Supplementary Information</u>	
<u>Schedule of Contributions for Defined Benefit Pension Plan</u>	53
<u>Schedule of Proportionate Share of Net Pension Liability</u>	54
<u>Notes to the Required Supplemental Information for Pension Plans</u>	55
<u>Schedule of Contributions for OPEB Plan</u>	56
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>	57
<u>Notes to the Required Supplemental Information for OPEB Plan</u>	58
<u>Supplementary Information</u>	
<u>Balance Sheet (Non-GAAP Basis)</u>	60
<u>Statement of Funds Available and Expenditures Compared to Budget (Non-GAAP Basis)</u>	61
<u>Statement of Changes to Fund Balance by Program and Funding Source (Non-GAAP Basis)</u>	63

Introductory Section

Message from the President

Members of the University of West Georgia Community,

I am pleased to share with you the financial report for the University of West Georgia for Fiscal Year 2022. Within these pages, you will find our financial statements, as well as details on our economic impact on the region and performance on strategic investments we are making to position UWG for success for the 21st century and beyond.

One of our Becoming UWG Strategic Plan's key objectives is to shape and deploy next-generation operating and service models that emphasize financial stability and growth. To satisfy this objective, we must focus on creating margin in our resources to facilitate investment in the "next."

The information presented in this report demonstrates that focus and our dedication to curating a first-choice university, and I invite you to learn more about our strategic plan and its priorities and objectives at westga.edu/becominguwg.

In this financial report, you will learn how the plan is being operationalized financially to launch students' careers upon graduation - if not before. They hired us to provide them with a university experience that equips them with what they need to be competitive for what comes next in their lives, and we have to deliver on that promise every single day. Our focus on outcomes is driving us there.

Thank you for your commitment to the University of West Georgia.

Go West, and Go Wolves!

Brendan B. Kelly, Ph.D.
President
University of West Georgia

Letter of Transmittal

August 23, 2022

To: Dr. Brendan B. Kelly, President
University of West Georgia

The Annual Financial Report (AFR) for the University of West Georgia (Institution) includes the financial statements for the year ended June 30, 2022, as well as other useful information to help ensure the Institution's accountability and integrity to the public.

The University of West Georgia'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 Institution's financial position, revenues, expenses and other changes in net position.

The University's financial records are included in the University System of Georgia's financial report, which is audited by the State of Georgia Department of Audits and Accounts (DOAA) on an annual basis. The University's internal auditors also perform fiscal compliance and performance reviews, sharing the results with the Institution's management.

Respectfully submitted,

Scott McElroy
Vice President
Business and Financial Services Division
University of West Georgia

Independent Accountant's Report



DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Regents of the
University System of Georgia
and
Dr. Brendan B. Kelly, President
University of West Georgia

We have reviewed the accompanying financial statements of the business-type activities and the fiduciary funds of the University of West Georgia, as of and for the year ended June 30, 2022, and the related notes (financial statements), as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the University of West Georgia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Other Matters

The accompanying supplementary information listed in the table of contents is presented for additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited, reviewed, or compiled the supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it. We did, however, perform certain procedures on the supplementary information.

Included in a separate Report on Review dated October 27, 2022 is a section on findings and other items for any matters that came to our attention during our engagement.

We have performed certain procedures at University of West Georgia to support our audit of the basic financial statements of the State of Georgia presented in the State of Georgia Annual Comprehensive Financial Report and the issuance of a State of Georgia Single Audit Report pursuant to the Single Audit Act Amendments, as of and for the year ended June 30, 2022.

This report is intended solely for the information and use of the management of University of West Georgia and the members of the Board of Regents of the University System of Georgia and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



Greg S. Griffin
State Auditor

October 27, 2022

UNIVERSITY OF WEST GEORGIA

Management's Discussion and Analysis

Introduction

University of West Georgia (Institution) is one of the 26 institutions of higher education in the University System of Georgia. As a comprehensive university, the Institution offers disciplinary, interdisciplinary, and professional programs at the baccalaureate and graduate levels. Of its 101 programs of study, 46 operate at the Bachelor's level, 32 at the Master's and Specialist's levels, and 5 are doctoral. In addition, the Institution offers 11 Post-Baccalaureate and 2 Post-Master's certificate program. The Institution has achieved national recognition in areas such as academic debate, faculty-directed undergraduate research, and athletic competition.

The Institution's student enrollment numbers trended slightly down in fiscal year 2022 when compared to previous years, as shown below:

	STUDENT HEADCOUNT	STUDENT FTE
FY 2022	12,718	10,490
FY 2021	13,419	11,332
FY 2020	13,238	11,437

Overview of the Financial Statements and Financial Analysis

The Institution is pleased to present its financial statements for fiscal year 2022. The emphasis of discussions about these statements will be on current year data. The financial statements presented include: three business-type activity statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows; and two fiduciary fund statements: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. This discussion and analysis of the Institution's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2022 and fiscal year 2021.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2022 and includes all assets and liabilities, both current and noncurrent, and deferred outflows and inflows. 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 Institution and how much the Institution owes vendors. The difference between assets, deferred outflows of resources and liabilities, deferred inflows of resources (net position) is one indicator of the Institution's financial health. Increases or decreases in net position provide an indicator of the improvement or decline of the Institution'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 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.

CONDENSED STATEMENT OF NET POSITION		June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
ASSETS					
Current Assets	\$	81,808,502	\$ 66,069,268	\$ 15,739,234	23.82 %
Capital Assets, Net		301,211,176	288,354,750	12,856,426	4.46 %
Intangible Right-to-Use Assets, Net		373,576	—	373,576	100.00 %
Other Assets		4,725,823	4,949,287	(223,464)	(4.52)%
TOTAL ASSETS		388,119,077	359,373,305	28,745,772	8.00 %
DEFERRED OUTFLOWS					
		58,340,718	67,759,395	(9,418,677)	(13.90)%
LIABILITIES					
Current Liabilities		22,107,509	21,497,962	609,547	2.84 %
Non-Current Liabilities		327,190,771	418,087,246	(90,896,475)	(21.74)%
TOTAL LIABILITIES		349,298,280	439,585,208	(90,286,928)	(20.54)%
DEFERRED INFLOWS					
		89,600,583	19,781,882	69,818,701	352.94 %
NET POSITION					
Net Investment in Capital Assets		156,392,556	137,698,813	18,693,743	13.58 %
Restricted, Expendable		3,847,295	4,510,385	(663,090)	(14.70)%
Unrestricted		(152,678,919)	(174,443,588)	21,764,669	12.48 %
TOTAL NET POSITION	\$	7,560,932	\$ (32,234,390)	\$ 39,795,322	123.46 %

Total assets increased \$28,745,772, which was due primarily to an increase in current assets of \$15,739,234 and an increase in net capital assets of \$12,856,426.

The increase in current assets was primarily due to an increase in cash and cash equivalents of \$9,997,780 and an increase in prepaid expenses of \$5,771,301. The increase in cash and cash equivalents was primarily due to Higher Education Emergency Relief Funds, which increased by \$16,274,067. The increase in prepaid expenses was primarily due to prefunded capital assets, which increased by \$5,220,000. The prefunded capital asset amount represents funds that were placed on deposit with the GSFIC (Georgia State Financing and Investment Commission) for the renovation and expansion of the Humanities Building.

The increase in net capital assets was primarily due to the \$22,899,978 college of business building, which was completed and transferred to the Institution during fiscal year 2022.

Total deferred outflows of resources decreased by \$9,418,677, which was primarily due the Institution's proportionate share of the actuarially determined deferred loss on the defined benefit pension plans administered by the Teachers Retirement System of Georgia and the Employees' Retirement System of Georgia, as well as the net other post-employment benefit (OPEB) liability for the Board of Regents Retiree Health Benefit Plan.

Total liabilities decreased \$90,286,928, which was due to an increase in current liabilities of \$609,547 and a decrease in non-current liabilities of \$90,896,475. The decrease in non-current liabilities was primarily due to the decrease in the Institution's proportionate share of the actuarially determined liabilities of the net pension and OPEB liabilities of \$70,533,725 and \$14,397,418, respectively.

Total deferred inflows of resources increased by \$69,818,701, which was primarily due to the increase in the Institution's proportionate share of the net pension and OPEB liabilities.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of \$39,795,322. This change in net position is primarily in the category of Non-Current Liabilities, in the amount of \$90,286,928, which reflects the impact of the decrease in the Institution's proportionate share of the actuarially determined liabilities of the net pension and OPEB 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.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
Operating Revenue	\$ 113,989,591	\$ 116,029,352	\$ (2,039,761)	(1.76)%
Operating Expense	228,100,329	234,128,114	(6,027,785)	(2.57)%
Operating Income/Loss	(114,110,738)	(118,098,762)	3,988,024	(3.38)%
Non-Operating Revenue and Expense	128,293,133	98,545,866	29,747,267	30.19 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	14,182,395	(19,552,896)	33,735,291	172.53 %
Other Revenues, Expenses, Gains, Losses and Special Items	25,612,927	627,188	24,985,739	3,983.77 %
Change in Net Position	39,795,322	(18,925,708)	58,721,030	310.27 %
Net Position at Beginning of year	(32,234,390)	(13,308,682)	(18,925,708)	(142.21)%
Net Position at End of Year	\$ 7,560,932	\$ (32,234,390)	\$ 39,795,322	123.46 %

Some highlights of the information presented on this statement are as follows:

Revenues

For the years ended June 30, 2022 and June 30, 2021, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
Tuition and Fees	\$ 76,937,216	\$ 78,930,937	\$ (1,993,721)	(2.53)%
Grants and Contracts	3,691,750	3,483,693	208,057	5.97 %
Sales and Services	777,465	345,836	431,629	124.81 %
Auxiliary Enterprises	29,561,643	30,660,905	(1,099,262)	(3.59)%
Other Operating Revenues	3,021,517	2,607,981	413,536	15.86 %
Total Operating Revenues	113,989,591	116,029,352	(2,039,761)	(1.76)%
State Appropriations	73,519,427	61,068,804	12,450,623	20.39 %
Grants and Contracts	58,650,615	43,611,697	15,038,918	34.48 %
Gifts	2,892,884	1,111,711	1,781,173	160.22 %
Investment Income	46,443	86,758	(40,315)	(46.47)%
Other Nonoperating Revenues/(Expenses)	(11,750)	(258,375)	246,625	(95.45)%
Total Nonoperating Revenues	135,097,619	105,620,595	29,477,024	27.91 %
State Capital Gifts and Grants	24,885,741	595,188	24,290,553	4,081.16 %
Other Capital Gifts and Grants	727,186	32,000	695,186	2,172.46 %
Total Capital Gifts and Grants	25,612,927	627,188	24,985,739	3,983.77 %
Total Revenues	\$ 274,700,137	\$ 222,277,135	\$ 52,423,002	23.58 %

Operating revenues decreased by \$2,039,761, which was primarily due to a decrease in Tuition and Fees.

Nonoperating revenues increased by \$29,477,024, which was primarily due to an increase in Grants and Contracts of \$15,038,918 and State Appropriations of \$12,450,623.

Total Capital Gifts and Grants increased by \$24,985,739, which was primarily due to increase GSFIC (Georgia State Financing and Investment Commission)-funded projects.

Expenses

For the years ended June 30, 2022 and June 30, 2021 expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
Instruction	\$ 79,535,825	\$ 77,772,573	\$ 1,763,252	2.27 %
Research	2,003,288	2,059,385	(56,097)	(2.72)%
Public Service	312,819	244,927	67,892	27.72 %
Academic Support	25,571,831	25,381,047	190,784	0.75 %
Student Services	16,964,347	16,466,772	497,575	3.02 %
Institutional Support	24,775,457	42,802,963	(18,027,506)	(42.12)%
Plant Operations and Maintenance	24,656,612	23,496,008	1,160,604	4.94 %
Scholarships and Fellowships	25,235,140	16,774,667	8,460,473	50.44 %
Auxiliary Enterprises	29,045,010	29,129,772	(84,762)	(0.29)%
Total Operating Expenses	228,100,329	234,128,114	(6,027,785)	(2.57)%
Interest Expense	6,804,486	7,074,729	(270,243)	-3.82 %
Total Nonoperating Expenses	6,804,486	7,074,729	(270,243)	(3.82)%
Total Expenses	\$ 234,904,815	\$ 241,202,843	\$ (6,298,028)	(2.61)%

Total expenses decreased \$6,298,028, which was due to a decrease in operating expenses of \$6,027,785 and a decrease in nonoperating expenses of \$270,243.

The decrease in operating expenses was primarily due to a decrease in Institutional Support of \$18,027,506 and an increase in Scholarships and Fellowships of \$8,460,473. The decrease in Institutional Support was primarily due to total pension expense, which decreased by \$18,447,083. The increase in Scholarships and Fellowships was primarily due to the distribution of Higher Education Emergency Relief Funds, which increased by \$9,092,991.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the Institution 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 Institution. 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, 2022 and 2021, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS		
	June 30, 2022	June 30, 2021
Cash Provided (Used) by:		
Operating Activities	\$ (104,254,705)	\$(81,462,643)
Non-Capital Financing Activities	135,214,182	102,067,057
Capital and Related Financing Activities	(21,320,042)	(16,720,928)
Investing Activities	46,443	86,758
NET CHANGE IN CASH	9,685,878	3,970,244
Cash, beginning of year	56,613,802	52,643,558
CASH, end of year	\$ 66,299,680	\$ 56,613,802

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2022 and June 30, 2021 were as follows:

CAPITAL ASSETS, net of accumulated depreciation and amortization	June 30, 2022	June 30, 2021	Increase (Decrease)	% Change
Land	\$ 11,593,445	\$ 11,593,445	\$ —	— %
Capitalized Collections	116,128	103,128	13,000	12.61 %
Construction Work-in-Progress	4,611,721	3,307,961	1,303,760	39.41 %
Infrastructure	9,484,446	10,058,671	(574,225)	(5.71)%
Building and Building Improvements	263,814,897	251,083,890	12,731,007	5.07 %
Facilities and Other Improvements	5,694,398	4,895,332	799,066	16.32 %
Equipment	5,018,431	6,284,539	(1,266,108)	(20.15)%
Library Collections	877,710	1,027,784	(150,074)	(14.60)%
Capital Assets, net of accumulated depreciation and amortization	\$ 301,211,176	\$ 288,354,750	\$ 12,856,426	4.46 %

Significant capital asset additions included the \$23 million college of business building, which was completed and transferred to the Institution during fiscal year 2022.

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

Long Term Liabilities

The University of West Georgia had Long-Term Liabilities of \$149.4 million of which \$9.4 million was reflected as a current liability at June 30, 2022.

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

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 year beyond those unknown variations having a global effect on virtually all types of business operations. The University's overall financial position is strong and the University anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the University's ability to react to unknown internal and external issues.

Financial Section

Financial Statements (GAAP Basis)

UNIVERSITY OF WEST GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

Current Assets

Cash and Cash Equivalents	\$	63,428,675
Cash and Cash Equivalents (Externally Restricted)		2,029,640
Accounts Receivable, net		
Federal Financial Assistance		3,617,222
Affiliated Organizations		15,861
Other		4,702,692
Inventories		746,435
Prepaid Items		7,267,977
Total Current Assets		<u>81,808,502</u>

Non-Current Assets

Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund		1,376,057
Notes Receivable, net		2,508,401
Non-current Cash (Externally Restricted)		841,365
Intangible Right-to-Use Assets, net		373,576
Capital Assets, net		<u>301,211,176</u>
Total Non-Current Assets		<u>306,310,575</u>

TOTAL ASSETS

388,119,077

DEFERRED OUTFLOWS OF RESOURCES

\$ 58,340,718

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2022

LIABILITIES

Current Liabilities

Accounts Payable	\$	6,521,751
Salaries Payable		843,088
Benefits Payable		1,143,091
Contracts Payable		409,049
Retainage Payable		200,673
Advances (Including Tuition and Fees)		3,502,395
Deposits Held for Other Organizations		18,200
Other Liabilities		37,859
Notes Payable - External		2,577,712
Notes Payable - Component Units		3,628,999
Lease Obligations - External		187,356
Compensated Absences		3,037,336
Total Current Liabilities		<u>22,107,509</u>

Non-Current Liabilities

Notes Payable - External		36,687,697
Notes Payable - Component Units		101,156,552
Lease Obligations - External		190,547
Compensated Absences		1,953,357
Net Other Post Employment Benefits Liability		151,433,568
Net Pension Liability		35,769,050
Total Non-Current Liabilities		<u>327,190,771</u>

TOTAL LIABILITIES

349,298,280

DEFERRED INFLOWS OF RESOURCES

89,600,583

NET POSITION

Net Investment in Capital Assets		156,392,556
Restricted for:		
Expendable		3,847,295
Unrestricted (Deficit)		<u>(152,678,919)</u>

TOTAL NET POSITION

\$ 7,560,932

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022

OPERATING REVENUES

Student Tuition and Fees (net)	\$ 76,937,216
Grants and Contracts	
Federal	1,228,924
State	381,837
Other	2,080,989
Sales and Services	777,465
Rents and Royalties	126,981
Auxiliary Enterprises	
Residence Halls	12,476,803
Bookstore	1,513,057
Food Services	6,570,400
Parking/Transportation	1,314,669
Health Services	1,733,745
Intercollegiate Athletics	5,306,712
Other Organizations	646,257
Other Operating Revenues	2,894,536
Total Operating Revenues	<u>113,989,591</u>

OPERATING EXPENSES

Faculty Salaries	46,629,780
Staff Salaries	53,078,921
Employee Benefits	29,779,143
Other Personal Services	513,350
Travel	517,332
Scholarships and Fellowships	27,339,166
Utilities	4,912,358
Supplies and Other Services	49,262,389
Depreciation and Amortization	16,067,890
Total Operating Expenses	<u>228,100,329</u>
Operating Income (Loss)	<u>\$ (114,110,738)</u>

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022

NONOPERATING REVENUES (EXPENSES)	
State Appropriations	\$ 73,519,427
Grants and Contracts	
Federal	58,650,615
Gifts	2,892,884
Investment Income	46,443
Interest Expense	(6,804,486)
Other Nonoperating Revenues (Expenses)	<u>(11,750)</u>
Net Nonoperating Revenues	<u>128,293,133</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>14,182,395</u>
Capital Grants and Gifts	
State	24,885,741
Other	<u>727,186</u>
Total Other Revenues, Expenses, Gains or Losses	<u>25,612,927</u>
Change in Net Position	39,795,322
Net Position, Beginning of Year	<u>(32,234,390)</u>
Net Position, End of Year	<u><u>\$ 7,560,932</u></u>

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Payments from Customers	\$ 109,467,430
Grants and Contracts (Exchange)	3,192,860
Payments to Suppliers	(89,167,498)
Payments to Employees	(100,356,164)
Payments for Scholarships and Fellowships	(27,339,166)
Loans Issued to Students	(854,813)
Collection of Loans from Students	847,780
Other Payments	(45,134)
Net Cash Used by Operating Activities	<u>(104,254,705)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	73,519,427
Gifts and Grants Received for Other Than Capital Purposes	61,700,588
Other Non-Capital Financing Receipts	36
Other Non-Capital Financing Payments	(5,869)
Net Cash Flows Provided by Non-Capital Financing Activities	<u>135,214,182</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Gifts and Grants Received	2,481,831
Proceeds from Sale of Capital Assets	79,515
Purchases of Capital and Intangible Assets	(10,849,663)
Principal Paid on Capital Debt and Leases	(6,026,803)
Interest Paid on Capital Debt and Leases	(7,004,922)
Net Cash Used by Capital and Related Financing Activities	<u>(21,320,042)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	46,443
Net Cash Provided by Investing Activities	<u>46,443</u>

Net Increase in Cash and Cash Equivalents	9,685,878
Cash and Cash Equivalents, Beginning of Year	<u>56,613,802</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 66,299,680</u></u>

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2022

RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES:

Operating Loss	\$(114,110,738)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation and Amortization	16,067,890
Operating Expenses Related to Noncash Gifts	1,368,430
Change in Assets and Liabilities:	
Receivables, net	(589,214)
Inventories	(78,286)
Prepaid Items	(551,301)
Notes Receivable, Net	223,465
Accounts Payable	(139,728)
Salaries Payable	39,266
Benefits Payable	94,047
Contracts Payable	(104,262)
Retainage Payable	(42,684)
Advances (Including Tuition and Fees)	(729,765)
Other Liabilities	6,036
Funds Held for Others	(45,134)
Compensated Absences	(169,397)
Net Pension Liability	(70,533,725)
Other Post-Employment Benefit Liability	(14,397,418)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	70,183,472
Deferred Outflows of Resources	9,254,341
Net Cash Used by Operating Activities	<u><u>\$(104,254,705)</u></u>

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

Noncapital Financing Activities Noncash Items:	
Noncapital Gifts	<u>\$ 1,368,430</u>
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	<u>\$ 2,715,430</u>
Amortization of Non-capital Financing Activities Advances and Deferred Inflows	<u>\$ 130,256</u>
Capital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	<u>\$ 3,527,587</u>
Gift of Capital Assets	<u>\$ 22,990,164</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (85,430)</u>
Accrual of Capital Asset Related Payables	<u>\$ 434,404</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ 200,435</u>
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	<u>\$ 206,818</u>

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Receivables	
Other	\$ 3,688,042
Total Assets	<u>3,688,042</u>
LIABILITIES	
Cash Overdraft	3,247,623
Accounts Payable	<u>70,240</u>
Total Liabilities	<u>3,317,863</u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u><u>\$ 370,179</u></u>

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 55,957,415
State Financial Aid	20,320,367
Other Financial Aid	5,530,457
Clubs and Other Organizations Fund Raising	<u>10,740</u>
Total Additions	<u>81,818,979</u>
DEDUCTIONS	
Scholarships and Other Student Support	81,636,812
Student Organizations Support	<u>(36,290)</u>
Total Deductions	<u>81,600,522</u>
Net Increase (Decrease) in Fiduciary Net Position	218,457
Net Position, Beginning of Year	<u>151,722</u>
Net Position, End of Year	<u><u>\$ 370,179</u></u>

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

Notes to the Financial Statements

UNIVERSITY OF WEST GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 Summary of Significant Accounting Policies

Nature of Operations

The University of West Georgia (Institution) 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 Institution 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 Institution does not have the right to sue/be sued without recourse to the State. The Institution'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 Institution is not legally separate from the State. Accordingly, the Institution 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 Annual Comprehensive Financial Report (ACFR) 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 Institution. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2022, 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 ACFR. The most recent State of Georgia ACFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at <https://sao.georgia.gov/statewide-reporting/acfr>.

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 Institution's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

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

The Institution reports the following fiduciary fund:

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

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. In fiscal year 2020, the Institution adopted GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 87 to fiscal year 2022. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The adoption of this statement had a significant impact on the note disclosures.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2019. In fiscal year 2020, the Institution adopted GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 89 to fiscal year 2022. The objectives of this statement are to both enhance the relevance and comparability of information about capital assets and the cost of borrowing and to simplify accounting for interest costs incurred before the end of a construction period. The adoption of this statement does not have a significant impact on the financial statements and will be applied prospectively.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, effective for fiscal years beginning after June 15, 2020. In fiscal year 2020, the Institution adopted GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 92 to fiscal year 2022. The objective of this statement is to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by focusing on practice issues that have been identified during the implementation of various GASB Statements. The adoption of this statement does not have a significant impact on the financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* effective for years beginning after June 15, 2020. In fiscal year 2020, the Institution adopted GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 93 to fiscal year 2022. This statement establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates in hedging derivative instruments and leases. This statement also identifies appropriate benchmark interest rates for hedging derivative instruments. The adoption of this statement does not have a significant impact on the financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* effective for fiscal years beginning after December 15, 2021. This statement establishes a new designation of the acronym for state and local government annual financial statements, the Annual Comprehensive Financial Report (ACFR). The adoption of this statement resulted in changes to the naming convention used throughout the report, but has no impact on the financial information provided.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*, effective for certain elements of the requirement effective upon issuance. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation. The adoption of this statement does not have a significant impact on the financial statements.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool (Georgia Fund 1) and the Board of Regents Short-Term Investment Pool. 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.

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 Institution's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

Consumable supplies and resale inventories are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2022 are recorded as prepaid items.

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 Institution'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 Institution, 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.

Intangible Right-To-Use Assets

The Institution leases certain academic spaces, administrative offices, and equipment under lease agreements. The Institution has leases under which it is obligated as a lessee. Leases, as a lessee, are included in intangible right-to-use assets and lease obligations on the Statement of Net Position. Financed leases, which transfer ownership, are included in capital assets and notes payable on the Statement of Net Position.

An intangible right-to-use asset represents the Institution's right to use an underlying asset for the lease term. Lease obligations represent the Institution's liability to make lease payments arising from the lease agreement. Intangible right-to-use assets and lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

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 Institution's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the Institution'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.

Advances

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

Deposits Held for Other Organizations

Deposits held for others result primarily from escheated funds that are the result of unclaimed property.

Compensated Absences

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

Non-Current Liabilities

Non-current liabilities include: (1) liabilities that will not be paid within the next fiscal year; (2) 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) and Net OPEB Liability

The net OPEB liability represents the Institution'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 Institution'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 Institution's net position is classified as follows:

Net investment in capital assets represents the Institution's total investment in capital assets, net of outstanding debt obligations related to those capital assets and intangible right-to-use assets. To the extent debt has been incurred but not yet expended for capital assets or intangible right-to-use 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 - expendable net position includes resources in which the Institution 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 Institution, 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 Institution's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Income Taxes

The Institution, 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 differences between the stated charge for goods and services provided by the Institution, 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 Institution's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the Institution 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 \$19,920,578.

Restatement of Prior Year Net Position

The Institution made prior period adjustments due to the adoption of GASB Statement No. 87. Under this statement, a lessee is required to recognize a lease obligation and an intangible right-to-use asset, and lessor is required to recognize a lease receivable and a deferred inflow of resources. As a lessee, the result is a reclassification of lease obligations of \$149,886,167 to notes payable, an increase in the liability (lease obligation) of \$362,681, and an increase in the intangible right-to-use assets of \$362,681 for the business-type activities. This change resulted in no overall net impact to beginning net position and is in accordance with generally accepted accounting principles.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2022 are classified in the accompanying statement of net position and statement of fiduciary net position as follows:

Statement of Net Position

Current

Cash and Cash Equivalents	\$ 63,428,675
Cash and Cash Equivalents (Externally Restricted)	2,029,640

Noncurrent

Non-Current Cash (Externally Restricted)	841,365
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Statement of Fiduciary Net Position

Cash and Cash Equivalents	(3,247,623)
	<u>\$ 63,052,057</u>

Cash on hand, deposits and investments as of June 30, 2022 consist of the following:

Cash on Hand	\$ 172,747
Deposits with Financial Institutions	47,669,083
Investments	15,210,227
	<u>\$ 63,052,057</u>

A. Deposits with Financial Institutions

Deposits include certificates of deposits and demand deposit accounts, including certain interest bearing demand deposit accounts. The custodial credit risk for deposits is the risk that in the event of a bank failure, the Institution's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the Institution) 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 Institution 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, 2022, the bank balances of the Institution's deposits totaled \$47,791,465. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the Institution. Of these deposits, none were exposed to custodial credit risk.

B. Investments

The Institution 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.

The following table summarizes the valuation of the Institution's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2022.

Investment Pools	
Board of Regents	
Short-Term Fund	\$ 6,434,504
Office of the State Treasurer	
Georgia Fund 1	<u>8,775,723</u>
Total Investments	<u>\$ 15,210,227</u>

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 Institution's position in the pooled investment fund options is described below.

Short-Term Fund

The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and four years, and the fund will typically have an overall average duration of 4 - 12 months.

The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the Institution's position in the Short-Term Fund at June 30, 2022 was \$6,434,504, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.96 years.

Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, \$1.00 per share. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 43 days.

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. Because the Institution limits its investments to the USG and State managed pools and funds described above, no formal policy has been developed pertaining to managing interest rate risk for investments.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Because the Institution limits its investments to the USG and State managed pools and funds described above, no formal policy has been developed pertaining to managing credit quality risk for investments.

Investments subject to interest rate and credit quality risk include:

Investment Pools	
Board of Regents	
Short-Term Fund	\$ 6,434,504
Office of the State Treasurer	
Georgia Fund 1	<u>8,775,723</u>
Total Investments	<u>\$ 15,210,227</u>

Note 3 Accounts Receivable

Accounts receivable as of June 30, 2022 are classified in the accompanying statement of net position as follows:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 1,691,085	\$ 77
Auxiliary Enterprises and Other Operating Activities	739,201	—
Federal Financial Assistance	3,617,222	3,503,133
Georgia State Financing and Investment Commission	885,383	—
Due from Affiliated Organizations	15,861	—
Due From Other USG Institutions	4,287,579	—
Other	775,019	184,832
	12,011,350	3,688,042
Less: Allowance for Doubtful Accounts	2,299,518	—
Net Accounts Receivable	<u>\$ 9,711,832</u>	<u>\$ 3,688,042</u>

Note 4 Inventories

Inventories consisted of the following at June 30, 2022:

Consumable Supplies	\$ 195,819
Merchandise for Resale	<u>550,616</u>
Total	<u>\$ 746,435</u>

Note 5 Notes and Loans Receivable

The Nurse Faculty Loan Program (NFLP) and the Federal Perkins Loan Program (Perkins) comprise substantially all of the loans receivable at June 30, 2022.

NFLP provides for cancellation of a loan at rates of 20% and 25% per year up to a maximum of 85%, if the participant complies with certain provisions. The Federal government reimburses the Institution for amounts canceled under these provisions.

Perkins 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 Institution for amounts canceled under these provisions. As the Institution 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 Institution 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, 2022, the allowance for uncollectible loans was \$0.

Note 6 Capital Assets and Intangible Right-to-Use Assets

Changes in capital assets for the year ended June 30, 2022 are shown below:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Capital Assets, Not Being Depreciated:				
Land	\$ 11,593,445	\$ —	\$ —	\$ 11,593,445
Capitalized Collections	103,128	13,000	—	116,128
Construction Work-in-Progress	3,307,961	3,117,568	1,813,808	4,611,721
Total Capital Assets Not Being Depreciated	15,004,534	3,130,568	1,813,808	16,321,294
Capital Assets, Being Depreciated:				
Infrastructure	14,078,895	—	—	14,078,895
Building and Building Improvements	401,554,917	25,107,893	552,264	426,110,546
Facilities and Other Improvements	10,084,314	1,206,206	—	11,290,520
Equipment	33,779,898	1,092,723	2,116,569	32,756,052
Library Collections	18,500,733	90,241	349,529	18,241,445
Total Capital Assets Being Depreciated	477,998,757	27,497,063	3,018,362	502,477,458
Less: Accumulated Depreciation				
Infrastructure	4,020,224	574,225	—	4,594,449
Building and Building Improvements	150,471,027	12,321,660	497,038	162,295,649
Facilities and Other Improvements	5,188,982	407,140	—	5,596,122
Equipment	27,495,359	2,328,627	2,086,365	27,737,621
Library Collections	17,472,949	240,315	349,529	17,363,735
Total Accumulated Depreciation	204,648,541	15,871,967	2,932,932	217,587,576
Total Capital Assets, Being Depreciated, Net	273,350,216	11,625,096	85,430	284,889,882
Capital Assets, net	\$ 288,354,750	\$ 14,755,664	\$ 1,899,238	\$ 301,211,176

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the Institution when complete. For projects managed by the Institution, the Institution retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2022, GSFIC transferred capital additions from GSFIC-managed projects valued at \$22,899,978 to the Institution. At June 30, 2022, GSFIC had construction in progress of \$2,922,621 for incomplete GSFIC-managed projects for the Institution.

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

Fiscal Year	Depreciation Expense
2022	\$ 16,067,890
2021	\$ 16,100,825
2020	\$ 15,809,021

Intangible Right-to-Use Assets

Changes in intangible assets for the year ended June 30, 2022 are shown below:

	(Restated)			
	Balance			Balance
	July 1, 2021	Additions	Reductions	June 30, 2022
Intangible Right-to-use Assets				
Equipment	\$ 362,681	\$ 206,818	\$ —	\$ 569,499
Total Leased Assets Being Amortized	362,681	206,818	—	569,499
Less: Accumulated amortization				
Equipment	—	195,923	—	195,923
Total Accumulated Amortization	—	195,923	—	195,923
Intangible Right-to-use Assets, net	\$ 362,681	\$ 10,895	\$ —	\$ 373,576

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2022:

Prepaid Tuition and Fees	\$	1,785,054
Research		1,529,758
Other - Advances		187,583
Totals	\$	<u>3,502,395</u>

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2022 were as follows:

	(Restated) Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Leases					
Lease Obligations	\$ 362,681	\$ 206,818	\$ 191,596	\$ 377,903	\$ 187,356
Other Liabilities					
Compensated Absences	5,160,090	3,735,939	3,905,336	4,990,693	3,037,336
Notes Payable	149,886,167	—	5,835,207	144,050,960	6,206,711
Total	<u>155,046,257</u>	<u>3,735,939</u>	<u>9,740,543</u>	<u>149,041,653</u>	<u>9,244,047</u>
Total Long-Term Obligations	<u>\$ 155,408,938</u>	<u>\$ 3,942,757</u>	<u>\$ 9,932,139</u>	<u>\$ 149,419,556</u>	<u>\$ 9,431,403</u>

See Note 14, Retirement Plans, for information related to net pension liability. See Note 17, Post-Employment Benefits Other Than Pension Benefits, for information related to net other post-employment benefits liability.

The July 1, 2021 balance was restated \$362,681 related to Lease Obligations and \$149,886,167 related to Notes and Loans Payable. See Note 1 - Restatement of Prior Year Net Position for additional information related to these transactions.

Notes and Loans Payable

Financing Lease Agreements

The Institution is obligated under various multi-year financing lease agreements for the acquisition or use of real property and equipment, whereby the asset(s) transfers ownership at the end of the agreement.

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 Institution. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The Institution's principal and interest payments related to financing lease agreements for fiscal year 2022 were \$5,835,207 and \$7,004,922, respectively. Interest rates range from 2.845% to 5.789%.

The Institution has \$108,934,584 in outstanding notes payable due to component units for financing lease agreements. The Institution has \$32,451,051 in outstanding notes and loans payable due to affiliated organizations and other related party organizations for financing lease agreements.

The following is a summary of the carrying values of assets held under financing lease agreements at June 30, 2022:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Financing Arrangements at June 30, 2022	Outstanding Balances per Lease Schedules at June 30, 2022
	(+)	(-)	(=)	
Financed Land and Land Improvements	\$ 4,202,011	\$ —	\$ 4,202,011	\$ 3,255,022
Finance Buildings and Building Improvements	176,048,700	72,583,822	103,464,878	136,373,366
Financed Facilities and Other Improvements	4,159,691	2,287,830	1,871,861	3,222,239
Financed Equipment	1,549,548	1,549,548.00	—	1,200,333
Total Assets Held Under Finance Lease Arrangements	<u>\$ 185,959,950</u>	<u>\$ 76,421,200</u>	<u>\$ 109,538,750</u>	<u>\$ 144,050,960</u>

The following schedule lists the pertinent information for each of the Institution's financing lease agreements:

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal
University Suites	UWG Foundation, Inc.	\$ 5,883,088	10 Yrs	MAR 2019	JUN 2029	\$ 4,438,774 (1)
Arbor View Apartments	UWG Foundation, Inc.	9,358,981	10 Yrs	MAR 2019	JUN 2029	7,005,896 (1)
Greek Village	UWG Foundation, Inc.	17,722,384	20 Yrs	MAR 2019	JUN 2039	15,549,978 (1)
University Campus Ctr.	UWG Real Estate Foundation, Inc.	27,100,000	23 Yrs	AUG 2012	JUN 2035	20,767,090 (1)
Athletic Complex	UWG Real Estate Foundation, Inc.	27,660,000	24 Yrs	JAN 2015	JUN 2039	25,127,252 (1)
Center Pointe Suites	UWG Real Estate Foundation, Inc.	23,900,106	29 Yrs	JUL 2012	JUN 2041	20,419,053 (1)
Athletic Office Bldg.	UWG Real Estate Foundation, Inc.	3,756,636	27 Yrs	AUG 2012	JUN 2039	2,906,879 (1)
Evergreen - Parking Lots	UWG Foundation, Inc.	6,040,451	20 Yrs	MAR 2019	JUN 2039	5,456,403 (1)
University Bookstore	USG Real Estate Foundation III, Inc.	4,434,260	21 Yrs	MAR 2020	JUN 2041	4,149,033 (1)
East Commons	UWG Real Estate Foundation, Inc.	11,681,410	29 Yrs	AUG 2013	JUN 2042	9,831,097 (1)
Bowdon Hall	UWG Real Estate Foundation, Inc.	9,141,259	29 Yrs	AUG 2013	JUN 2042	7,694,361 (1)
The Oaks	UWG Real Estate Foundation, Inc.	21,434,416	29 Yrs	AUG 2013	JUN 2042	18,039,819 (1)
Student Health Center	TMC/Campus Health Center, LLC	3,501,944	20 Yrs	JAN 2018	DEC 2038	2,665,325
Total Leases		<u>\$ 171,614,935</u>				<u>\$ 144,050,960</u>

(1) These financing lease agreements are related party transactions.

Below is the annual debt service related to the outstanding notes payable at June 30, 2022.

Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2023	\$ 6,206,711	\$ 6,719,799
2024	6,597,688	6,422,608
2025	7,023,790	6,092,444
2026	7,468,809	5,747,799
2027	7,928,141	5,384,206
2028 through 2032	39,866,381	21,141,836
2033 through 2037	40,549,212	11,786,922
2038 through 2042	28,410,228	13,865,875
Total Minimum Lease Payments	<u><u>\$ 144,050,960</u></u>	<u><u>\$ 77,161,489</u></u>

Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2022, consisted of the following:

Deferred Outflow of Resources

Deferred Loss on Debt Refunding	\$ 2,528,303
Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	26,749,714
Deferred Outflows on OPEB Plan (See Note 17)	29,062,701

Total Deferred Outflows of Resources	<u><u>\$ 58,340,718</u></u>
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Deferred Inflow of Resources

Deferred Gain on Debt Refunding	\$ 2,857,232
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)	59,373,037
Deferred Inflows on OPEB Plan (See Note 17)	27,370,314

Total Deferred Inflows of Resources	<u><u>\$ 89,600,583</u></u>
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Deferred Loss/Gain on Debt Refunding

The unamortized deferred gain or loss on debt refunding related to changes in the provisions of various leases that resulted from a refunding by the lessor of tax-exempt debt in which a portion of the perceived economic advantages of the refunding were passed through to the Institution.

Note 10 Net Position

The breakdown of business-type activity net position for the Institution fund at June 30, 2022 is as follows:

Net Investment in Capital Assets	\$ 156,392,556
Restricted for	
Expendable	
Federal Loans	2,563,481
Institutional Loans	442,449
Capital Projects	841,365
Sub-Total	3,847,295
Unrestricted	
Auxiliary Enterprises Operations	22,390,734
Reserve for Encumbrances	29,651,841
Reserve for Inventory	242,889
Capital Liability Reserve Fund	1,376,057
Other Unrestricted	(206,340,440)
Sub-Total	(152,678,919)
Total Net Position	\$ 7,560,932

Other unrestricted net position is reduced by \$149,741,181 related to the recording of net OPEB liability, deferred inflows of resources, and deferred outflows of resources related to the OPEB plan. Other unrestricted net position is also reduced by \$68,392,373 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the Institution 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, 2022 were as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Net Investments in Capital Assets	\$ 137,698,813	\$ 35,047,444	\$ 16,353,701	\$ 156,392,556
Restricted Net Position	4,510,385	87,955,292	88,618,382	3,847,295
Unrestricted Net Position	(174,443,588)	186,756,595	164,991,926	(152,678,919)
Total Net Position	\$ (32,234,390)	\$ 309,759,331	\$ 269,964,009	\$ 7,560,932

Note 11 Endowments

The Institution did not have donor restricted endowments at June 30, 2022.

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2022. This amount is not reflected in the accompanying basic financial statements.

Note 13 Leases

Lease Obligations

The Institution leases office and other equipment. Although lease terms may vary, many leases are subject to appropriation from the General Assembly to continue the obligation. 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 Institution. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The Institution's principal and interest payments related to leases for fiscal year 2022 were \$195,923 and \$0, respectively.

The following is a summary of the carrying values of intangible right-to-use assets held under lease at June 30, 2022:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Lease Obligations at June 30, 2022	Outstanding Balance per Lease Schedules at June 30, 2022
	(+)	(-)	(=)	
Leased Equipment	\$ 569,499	\$ 191,596	\$ 377,903	\$ 377,903
Total Assets Held Under Lease	<u>\$ 569,499</u>	<u>\$ 191,596</u>	<u>\$ 377,903</u>	<u>\$ 377,903</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal
Various Copiers	Various Vendors	\$ 316,361	3 to 5 Years	JUL 2021	MAR 2026	\$ 207,061
Various Printing Equipment	Various Vendors	247,966	4 to 5 Years	JUL 2021	MAR 2026	167,687
2019 Ford Transit Lease	Enterprise FM Trust	5,172	2 Years	JUL 2021	FEB 2023	3,155
Total Leases		<u>\$ 569,499</u>				<u>\$ 377,903</u>

Certain 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.

Below is the future commitments related to the outstanding lease obligations as of June 30, 2022:

	Principal	Interest
Year Ending June 30:		
2023	\$ 187,356	\$ —
2024	147,568	—
2025	36,620	—
2026	6,359	—
Total Minimum Lease Payments	<u>\$ 377,903</u>	<u>\$ —</u>

Note 14. Retirement Plans

The Institution 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 Institution also provides one other retirement plan - the Regents Retirement Plan.

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

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

General Information about the Teachers Retirement System

Plan description

All teachers of the Institution 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 2022. The Institution's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of the Institution annual payroll. The Institution's contributions to TRS totaled \$10,108,838 for the year ended June 30, 2022.

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, 2022 was 24.63% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. The Institution's contributions to ERS totaled \$52,856 for the year ended June 30, 2022. 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, 2022, the Institution 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, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The Institution's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2021. At June 30, 2021, the Institution's TRS proportion was 0.401862%, which was a decrease of (0.035374)% from its proportion measured as of June 30, 2020. At June 30, 2021, the Institution's ERS proportion was 0.009707%, which was an increase of 0.000523% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Institution recognized pension expense of \$1,546,341 for TRS and \$79,828 for ERS. At June 30, 2022, the Institution 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	\$ 8,481,454	\$ —	\$ 5,373	\$ —
Changes of assumptions	6,879,042	—	65,380	—
Net difference between projected and actual earnings on pension plan investments	—	51,987,926	—	209,837
Changes in proportion and differences between contributions and proportionate share of contributions	1,109,060	7,175,274	47,711	—
Contributions subsequent to the measurement date	10,108,838	—	52,856	—
Total	<u>\$ 26,578,394</u>	<u>\$ 59,163,200</u>	<u>\$ 171,320</u>	<u>\$ 209,837</u>

The Institution's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	TRS	ERS
2023	\$ (7,993,287)	41,363
2024	\$ (8,821,569)	(25,691)
2025	\$ (12,002,281)	(50,995)
2026	\$ (13,876,507)	(56,050)

Actuarial assumptions

The total pension liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

Inflation	2.50%
Salary increases	3.00% - 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the long-term assumed rate of return and the assumed annual rate of inflation.

Employees' Retirement System

Inflation	2.50%
Salary increases	3.00 – 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale used for both males and females while in active service. Post-retirement mortality rates were based on the Pub-2010 Family of Tables, with the MP-2019 projection scale applied generationally, as follows: service retirees – General Healthy Annuitant mortality table with further adjustments (set forward one year and adjusted 105% and 108% respectively for males and females); disability retirees – General Disabled Table (set back three years for males, and adjusted 103% and 106% for males and females, respectively); beneficiaries – General Contingent Survivors Table (set forward to two years for both males and females and adjusted 106% and 105% respectively).

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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	TRS Long-term expected real rate of return*	ERS target allocation	ERS Long-term expected real rate of return*
Fixed income	30.00 %	(0.80)%	30.00 %	(1.50)%
Domestic large equities	46.30 %	9.30 %	46.40 %	9.20 %
Domestic small equities	1.20 %	13.30 %	1.10 %	13.40 %
International developed market equities	11.50 %	9.30 %	11.70 %	9.20 %
International emerging market equities	6.00 %	11.30 %	5.80 %	10.40 %
Alternatives	5.00 %	10.60 %	5.00 %	10.60 %
Total	100.00 %		100.00 %	

* Rates shown are net of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.25% and 7.00%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Teachers Retirement System:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	\$ 95,740,768	\$ 35,542,013	\$ (13,786,712)

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 416,041	\$ 227,037	\$ 67,193

Pension plan fiduciary net position

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

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2022, 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 Institution and the covered employees made the required contributions of \$3,095,901 (9.24%) and \$2,011,636 (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 2022, 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 Institution'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 Institution 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 Institution, 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

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 2022, 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 Institution's membership in the Plan consisted of the following at June 30, 2022:

Active Employees	1,311
Retirees or Beneficiaries Receiving Benefits	498
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	90
	<hr/>
Total	<u>1,899</u>

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 Institution 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 2022 plan year, the employer rate was approximately 85% of the total health insurance cost for eligible retirees and the retiree rate was approximately 15%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. 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 2022, the Institution contributed \$4,278,897 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, 2022, the Institution reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2021. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The Institution's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2021. At June 30, 2021, the Institution's proportion was 3.008765%, which was a decrease of (0.100341)% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Institution recognized OPEB expense of \$7,321,092. At June 30, 2022, the Institution 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	\$ 8,152,982	\$ 518,093
Changes of assumptions	12,490,089	20,885,799
Net difference between projected and actual earnings on OPEB plan investments	—	375,529
Changes in proportion and differences between contributions and proportionate share of contributions	4,140,732	5,590,893
Contributions subsequent to the measurement date	4,278,897	—
Total	<u>\$ 29,062,700</u>	<u>\$ 27,370,314</u>

The Institution's contributions subsequent to the measurement date of \$4,278,897 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2023	\$ (1,108,289)
2024	\$ (1,257,390)
2025	\$ (1,319,780)
2026	\$ (1,640,446)
2027	\$ 1,404,592
Thereafter	\$ 1,334,802

Actuarial assumptions

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of May 1, 2021 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	Discount Rate as of 6/30/2021 2.18% GO 20-Municipal Bond Index Rate Discount Rate as of 6/30/2020 2.21% from Bond Buyers GO 20- Municipal Bond Index Long-term Rate of Return 4.37% General Inflation 2.10% Salary Increase 3.75%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2020
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.4%
Medicare Eligible	4%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4%
Year Ultimate Trend is Reached	Fiscal Year 2031 for Pre-Medicare Eligible, Fiscal Year 2021 for Medicare Eligible
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019 with the exception of the disability and salary increase assumptions. These assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which covered the five year period ending June 30, 2018.

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual experience.
- Mortality improvement scale was updated from MP-2019 to MP-2020.
- The discount rate was updated from 2.21% as of June 30, 2020 to 2.18% as of June 30, 2021.
- The disability rates were changed to be consistent with the Teacher's Retirement System of Georgia Pension June 30, 2019 valuation report.
- The salary scale was changed from 4.00% to 3.75% to be consistent with the Teacher's Retirement System of Georgia Pension June 30, 2019 valuation report.
- The HRA annual increase assumption was updated from 4.50% to 4.00% to reflect general long term HRA employer marketplace trends that show HRA amounts increasing slightly lower than long term medical trends but higher than inflation.
- The Expected Return on Assets was changed from 3.75% to 4.37%.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of May 1, 2021 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	0.69 %	70 %
Equity Allocation	4.21 %	30 %

Discount rate

The Plan's projected fiduciary net position at the end of 2025 is \$0, based on the valuation completed for the fiscal year ending June 30, 2021. 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 2025. Therefore, the long-term expected rate of return on Plan investments of 4.37% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021. Instead, a yield or index rate for a 20-year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 2.18% from the Bond Buyers GO 20-Bond Municipal Bond Index. This rate is comprised primarily of the yield or index rate for a 20-year, tax exempt general obligation municipal bond with an average rating of AA or higher (2.16% from the Bond Buyers GO 20-Bond Municipal Bond Index).

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

The following presents the the Institution's proportionate share of the net OPEB liability, as well as what the Institution's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.18%) or 1% higher (3.18%) than the current discount rate (2.18%):

	1% Decrease 1.18%	Current Rate 2.18%	1% Increase 3.18%
Proportionate Share of the Net OPEB Liability	\$ 183,299,094	\$ 151,433,568	\$ 126,860,547

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

The following presents the Institution's proportionate share of the net OPEB liability, as well as what the Institution'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	\$ 127,778,756	\$ 151,433,568	\$ 182,571,626
Pre-Medicare Eligible	5.4% decreasing to 3.5%	6.4% decreasing to 4.5%	7.4% decreasing to 5.5%
Medicare Eligible	3%	4%	5%

OPEB plan fiduciary net position:

Detailed information about the Plan's fiduciary net position is available in the USG Annual Consolidated 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 2022 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 40,908,358	\$ 6,256,625	\$ 12,231,840	\$ 42,889	\$ 237,254
Research	630,846	608,528	185,151	36	21,088
Public Service	19,664	183,340	52,098	—	1,995
Academic Support	4,829,442	9,693,108	3,676,389	12,530	103,892
Student Services	142,078	9,006,817	2,227,035	14,890	84,937
Institutional Support	99,392	11,056,800	6,815,176	430,541	56,478
Plant Operations and Maintenance	—	7,971,727	2,312,483	10,000	6,468
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	—	8,301,976	2,278,971	2,464	5,220
Total Operating Expenses	<u>\$ 46,629,780</u>	<u>\$ 53,078,921</u>	<u>\$ 29,779,143</u>	<u>\$ 513,350</u>	<u>\$ 517,332</u>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 1,500	\$ 19,107	\$ 17,397,123	\$ 2,441,129	\$ 79,535,825
Research	56,194	462	491,108	9,875	2,003,288
Public Service	—	2,553	53,169	—	312,819
Academic Support	65,050	120,622	6,336,119	734,679	25,571,831
Student Services	—	25,890	4,540,707	921,993	16,964,347
Institutional Support	—	233,833	5,645,505	437,732	24,775,457
Plant Operations and Maintenance	2,000	2,144,815	7,225,495	4,983,624	24,656,612
Scholarships and Fellowships	25,235,140	—	—	—	25,235,140
Auxiliary Enterprises	1,979,282	2,365,076	7,573,163	6,538,858	29,045,010
Total Operating Expenses	<u>\$ 27,339,166</u>	<u>\$ 4,912,358</u>	<u>\$ 49,262,389</u>	<u>\$ 16,067,890</u>	<u>\$ 228,100,329</u>

Note 19 Subsequent Events

No subsequent events requiring disclosure in the financial statements were noted.

Required Supplementary Information

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2022	\$ 52,856	\$ 52,856	\$ —	\$ 212,159	24.91%
	June 30, 2021	\$ 56,715	\$ 56,715	\$ —	\$ 229,740	24.69%
	June 30, 2020	\$ 57,027	\$ 57,027	\$ —	\$ 231,547	24.63%
	June 30, 2019	\$ 60,964	\$ 60,964	\$ —	\$ 123,532	49.35%
	June 30, 2018	\$ 54,101	\$ 54,101	\$ —	\$ 203,446	26.59%
	June 30, 2017	\$ 55,341	\$ 55,341	\$ —	\$ 220,214	25.13%
	June 30, 2016	\$ 46,712	\$ 46,712	\$ —	\$ 200,704	23.27%
	June 30, 2015	\$ 36,490	\$ 36,490	\$ —	\$ 180,362	20.23%
	June 30, 2014	\$ 33,241	\$ 33,241	\$ —	\$ 251,697	13.21%
	June 30, 2013	\$ 31,052	\$ 31,052	\$ —	\$ 266,999	11.63%
Teachers' Retirement System	June 30, 2022	\$ 10,108,838	\$ 10,108,838	\$ —	\$ 50,856,581	19.88%
	June 30, 2021	\$ 9,942,993	\$ 9,942,993	\$ —	\$ 52,293,517	19.01%
	June 30, 2020	\$ 11,964,277	\$ 11,964,277	\$ —	\$ 56,477,969	21.18%
	June 30, 2019	\$ 11,530,921	\$ 11,530,921	\$ —	\$ 54,888,104	21.01%
	June 30, 2018	\$ 9,101,744	\$ 9,101,744	\$ —	\$ 53,791,518	16.92%
	June 30, 2017	\$ 7,034,933	\$ 7,034,933	\$ —	\$ 48,812,374	14.41%
	June 30, 2016	\$ 6,154,630	\$ 6,154,630	\$ —	\$ 42,445,253	14.50%
	June 30, 2015	\$ 5,224,342	\$ 5,224,342	\$ —	\$ 39,652,503	13.18%
	June 30, 2014	\$ 3,778,698	\$ 3,778,698	\$ —	\$ 33,120,850	11.41%
	June 30, 2013	\$ 3,248,761	\$ 3,248,761	\$ —	\$ 31,602,733	10.28%

**UNIVERSITY OF WEST GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
FOR THE LAST EIGHT FISCAL YEARS***

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	June 30, 2022	0.009707%	\$ 227,037	\$ 229,740	98.82%	87.62%
	June 30, 2021	0.009184%	\$ 387,102	\$ 231,547	167.18%	76.21%
	June 30, 2020	0.004834%	\$ 199,477	\$ 123,532	161.48%	76.74%
	June 30, 2019	0.007506%	\$ 308,574	\$ 203,446	151.67%	76.68%
	June 30, 2018	0.008695%	\$ 353,133	\$ 220,214	160.36%	76.33%
	June 30, 2017	0.008106%	\$ 383,448	\$ 200,704	191.05%	72.34%
	June 30, 2016	0.007000%	\$ 294,456	\$ 180,362	163.26%	76.20%
	June 30, 2015	0.007000%	\$ 247,241	\$ 251,697	98.23%	77.99%
Teachers Retirement System	June 30, 2022	0.401862%	\$ 35,542,013	\$ 52,293,517	67.97%	92.03%
	June 30, 2021	0.437236%	\$ 105,915,673	\$ 56,477,969	187.53%	77.01%
	June 30, 2020	0.451778%	\$ 97,144,486	\$ 54,888,104	176.99%	78.56%
	June 30, 2019	0.451985%	\$ 83,898,098	\$ 53,791,518	155.97%	80.27%
	June 30, 2018	0.426329%	\$ 79,234,558	\$ 48,812,374	162.32%	79.33%
	June 30, 2017	0.387765%	\$ 80,000,243	\$ 42,445,253	188.48%	76.06%
	June 30, 2016	0.376000%	\$ 57,299,661	\$ 39,652,503	144.50%	81.44%
	June 30, 2015	0.349000%	\$ 44,133,617	\$ 33,120,850	133.25%	84.03%

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

**UNIVERSITY OF WEST GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Changes of assumptions

Employees' Retirement System:

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to the rates of mortality, retirement, withdrawal, and salary increases. This also included a change in the long-term assumed investment rate of return to 7.00%.

Teachers Retirement System:

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

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

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

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

**UNIVERSITY OF WEST GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST SIX YEARS***

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
June 30, 2022	\$ 4,278,897	\$ 4,278,897	\$ —	\$ 92,072,563	4.65%
June 30, 2021	\$ 3,531,711	\$ 3,531,711	\$ —	\$ 89,463,731	3.95%
June 30, 2020	\$ 3,195,912	\$ 3,195,912	\$ —	\$ 94,484,910	3.38%
June 30, 2019	\$ 5,057,496	\$ 5,057,496	\$ —	\$ 94,564,972	5.35%
June 30, 2018	\$ 4,922,784	\$ 4,922,784	\$ —	\$ 90,255,375	5.45%
June 30, 2017	\$ 3,001,693	\$ 3,001,693	\$ —	\$ 80,808,146	3.71%

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

**UNIVERSITY OF WEST GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST FIVE YEARS***

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2022	3.008765%	\$ 151,433,568	\$ 89,463,731	169.27%	3.74%
June 30, 2021	3.109106%	\$ 165,830,986	\$ 94,484,910	175.51%	2.91%
June 30, 2020	3.153387%	\$ 141,005,844	\$ 94,564,972	149.11%	3.13%
June 30, 2019	3.107427%	\$ 137,060,871	\$ 90,255,375	151.86%	1.69%
June 30, 2018	3.014235%	\$ 127,192,454	\$ 80,808,146	157.40%	0.19%

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

**UNIVERSITY OF WEST GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual experience.
- Mortality improvement scale was updated from MP-2019 to MP-2020.
- The discount rate was updated from 2.21% as of June 30, 2020 to 2.18% as of June 30, 2021.
- The disability rates were changed to be consistent with the Teacher's Retirement System of Georgia Pension June 30, 2019 valuation report.
- The salary scale was changed from 4.00% to 3.75% to be consistent with the Teacher's Retirement System of Georgia Pension June 30, 2019 valuation report.
- The HRA annual increase assumption was updated from 4.50% to 4.00% to reflect general long term HRA employer marketplace trends that show HRA amounts increasing slightly lower than long term medical trends but higher than inflation.
- The Expected Return on Assets was changed from 3.75% to 4.37%.

Supplementary Information

UNIVERSITY OF WEST GEORGIA
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2022
(UNAUDITED)

ASSETS

Cash and Cash Equivalents	\$	37,345,361.76
Accounts Receivable		
Federal Financial Assistance		3,617,221.75
Other		5,169,787.86
Prepaid Expenditures		538,461.43
Inventories		343,263.40
Other Assets		2,674,691.65
		<hr/>
Total Assets	\$	<u><u>49,688,787.85</u></u>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$	727,800.59
Encumbrance Payable		28,643,547.49
Accounts Payable		2,789,444.16
Unearned Revenue		3,557,951.81
Funds Held for Others		18,112.52
Other Liabilities		21,175.08
		<hr/>
Total Liabilities		<u>35,758,031.65</u>

Fund Balances

Reserved		
Capital Outlay		31,280.30
Department Sales and Services		2,818,145.64
Indirect Cost Recoveries		1,051,536.67
Technology Fees		6,057,324.45
Restricted/Sponsored Funds		325.85
Uncollectible Accounts Receivable		1,628,884.42
Inventories		242,889.13
Tuition Carry - Forward		2,087,650.86
Unreserved		
Surplus		12,718.88
		<hr/>
Total Fund Balances		<u>13,930,756.20</u>
		<hr/>
Total Liabilities and Fund Balances	\$	<u><u>49,688,787.85</u></u>

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Appropriation	Final Budget	Funds Available Compared to Budget	
			Current Year Revenues	Prior Year Reserve Carry-Over
Teaching				
State Appropriation				
State General Funds	\$ 62,627,990.00	\$ 73,536,262.00	\$ 73,536,262.00	\$ —
Federal Funds				
Federal Funds Not Specifically Identified	—	29,305,050.00	23,861,293.51	—
Federal Funds - COVID19				
Federal Funds Not Specifically Identified - COVID19	—	35,175,088.00	35,161,016.16	—
Other Funds	126,611,633.00	110,425,675.00	103,751,708.22	12,514,780.85
Total Teaching	189,239,623.00	248,442,075.00	236,310,279.89	12,514,780.85
 Total Operating Activity	 \$ 189,239,623.00	 \$ 248,442,075.00	 \$ 236,310,279.89	 \$ 12,514,780.85

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.

UNIVERSITY OF WEST GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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)	
Teaching						
State Appropriation						
State General Funds	\$ —	\$ 73,536,262.00	\$ —	\$ 73,536,262.00	\$ —	\$ —
Federal Funds						
Federal Funds Not Specifically Identified	—	23,861,293.51	(5,443,756.49)	23,861,293.51	5,443,756.49	—
Federal Funds - COVID19						
Federal Funds Not Specifically Identified - COVID19	—	35,161,016.16	(14,071.84)	35,161,016.16	14,071.84	—
Other Funds	—	116,266,489.07	5,840,814.07	103,955,069.04	6,470,605.96	12,311,420.03
Total Teaching	—	248,825,060.74	382,985.74	236,513,640.71	11,928,434.29	12,311,420.03
Total Operating Activity	\$ —	\$ 248,825,060.74	\$ 382,985.74	\$ 236,513,640.71	\$ 11,928,434.29	\$ 12,311,420.03

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.

UNIVERSITY OF WEST GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2021 Surplus	Prior Year Adjustments	Other Adjustments
Teaching					
State Appropriation					
State General Funds	\$ 1,659.65	\$ —	\$ (1,659.65)	\$ 285.17	\$ —
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Federal Funds - COVID19					
Federal Funds Not Specifically Identified - COVID19	—	—	—	—	—
Other Funds	12,529,956.26	(12,514,780.85)	(15,175.41)	(5,592.75)	(247,129.80)
Total Teaching	12,531,615.91	(12,514,780.85)	(16,835.06)	(5,307.58)	(247,129.80)
Total Operating Activity	12,531,615.91	(12,514,780.85)	(16,835.06)	(5,307.58)	(247,129.80)
Prior Year Reserves					
Not Available for Expenditure					
Inventories	255,846.36				(12,957.23)
Uncollectible Accounts Receivable	1,368,797.39				260,087.03
Budget Unit Totals	<u>\$ 14,156,259.66</u>	<u>\$ (12,514,780.85)</u>	<u>\$ (16,835.06)</u>	<u>\$ (5,307.58)</u>	<u>\$ —</u>

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Early Return of Fiscal Year 2022 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Teaching						
State Appropriation						
State General Funds	\$ —	\$ —	\$ 285.17	\$ —	\$ 285.17	\$ 285.17
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Federal Funds - COVID19						
Federal Funds Not Specifically Identified - COVID19	—	—	—	—	—	—
Other Funds	—	12,311,420.03	12,058,697.48	12,046,263.77	12,433.71	12,058,697.48
Total Teaching	—	12,311,420.03	12,058,982.65	12,046,263.77	12,718.88	12,058,982.65
Total Operating Activity	—	12,311,420.03	12,058,982.65	12,046,263.77	12,718.88	12,058,982.65
Prior Year Reserves						
Not Available for Expenditure						
Inventories			242,889.13	242,889.13		242,889.13
Uncollectible Accounts Receivable			1,628,884.42	1,628,884.42		1,628,884.42
Budget Unit Totals	\$ —	\$ 12,311,420.03	\$ 13,930,756.20	\$ 13,918,037.32	\$ 12,718.88	\$ 13,930,756.20
				Capital Outlay	\$ 31,280.30	\$ 31,280.30
				Departmental Sales and Services	2,818,145.64	2,818,145.64
				Indirect Cost Recovery	1,051,536.67	1,051,536.67
				Technology Fees	6,057,324.45	6,057,324.45
				Restricted/Sponsored Funds	325.85	325.85
				Tuition Carry-Forward	2,087,650.86	2,087,650.86
				Uncollectible Accounts Receivable	1,628,884.42	1,628,884.42
				Inventories	242,889.13	242,889.13
				Surplus	—	12,718.88
					<u>\$ 13,918,037.32</u>	<u>\$ 13,930,756.20</u>

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

UNIVERSITY OF WEST GEORGIA

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