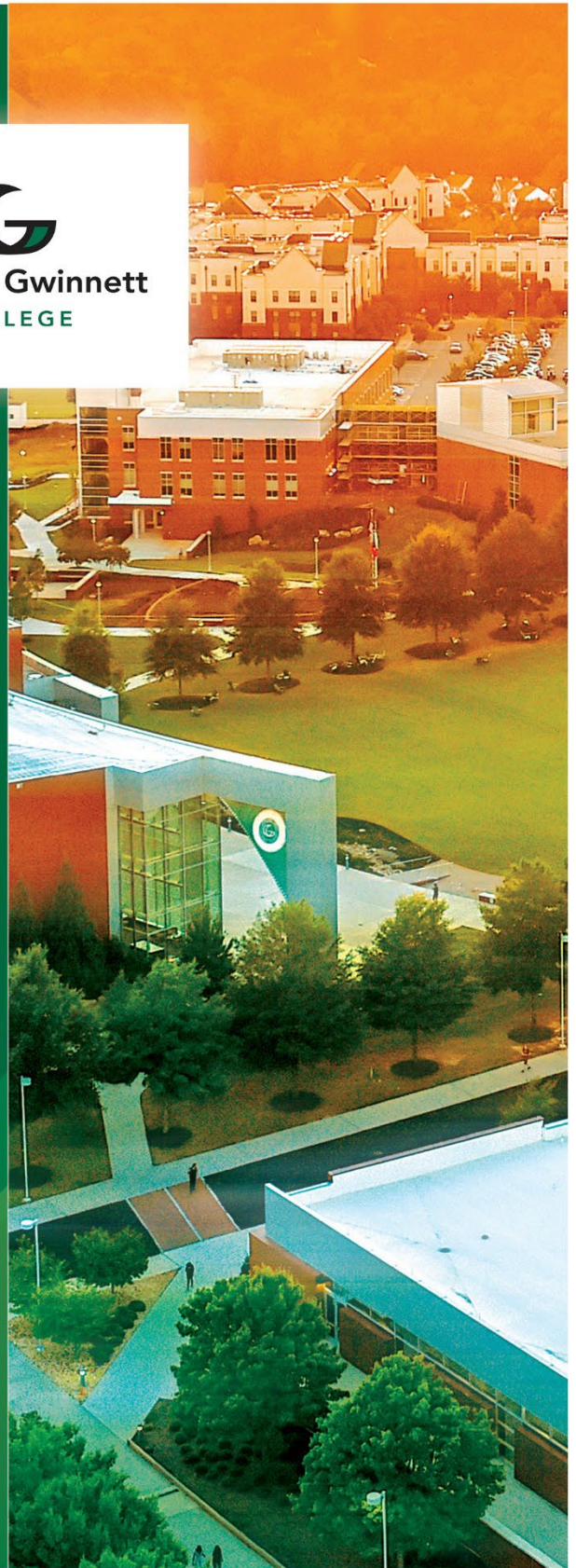




Georgia Gwinnett
COLLEGE

Fiscal Year 2022

ANNUAL FINANCIAL REPORT





GEORGIA GWINNETT COLLEGE
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For the Fiscal Year Ended June 30, 2022

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Introductory Section





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A Message from the President – 2022 GGC Financial Report

Georgia Gwinnett College (GGC) is relentlessly focused on “access to success” for its students. “Access to success” is our commitment that students have access to innovative practices, relevant academic programs with degrees and certificates employers demand, flexibility, a caring and supportive culture, a robust campus life and affordable tuition.

These are key drivers in the careful approach we take to address the needs of our diverse student body at all academic levels, of all ages and from all walks of life. GGC combines proven student/faculty engagement practices with small class sizes, individual attention, modern facilities, a diverse and inclusive culture, and mentoring to support students through their educational journey to become graduates, contributing citizens and future leaders for Georgia and the nation. The GGC legacy of our students is generational – our reach stretches beyond our students to their families and communities.

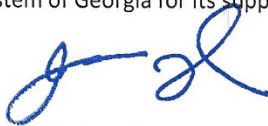
GGC’s enrollment is expected to move into upward trend and our financials are strong. Students are making memories as they move through their educational journey at GGC. Leadership works every angle to maintain an affordable, high-quality, liberal arts education for every student. Faculty continue to devise ways to support student success. Our administrative staff show up every day to ensure students enjoy a positive campus experience where they can safely engage with peers and where their needs are met timely and with compassion. Alumni are fully engaged and paying it forward. Our community partners, collaborators and friends stand strong with us as we scale.

The financial statements outlined in this report will reflect our tenacity and momentum to accomplish our mission of student success. Following is a snapshot of the college’s accomplishments toward these efforts for the 2021-22 academic school year:

- Dr. Jann L. Joseph was invested as the third president of Georgia Gwinnett College at a formal ceremony in April.
- Enrollment at GGC for fall 2021 exceeded 10,900 students pursuing undergraduate degrees, of which more than 422 were dual enrollment students.
- The Admissions team introduced Instant Decision Day, where GGC personnel travel to schools in the Atlanta metro area and offer high school seniors instant admission to those who meet GPA requirements.
- Academics introduced a new cybersecurity certificate, four nexus degrees in entertainment, and the new Bachelors of Integrative Studies degree that allows students to keep the credits they have earned if they transfer or change their major and progress toward graduation without loss of time.
- GGC signed an agreement with the University of Georgia College of Pharmacy that will allow our undergraduate biology students, concentrating in biochemistry, to have a streamlined approach for admission into UGA’s Doctor of Pharmacy program.

- We formalized collaboration with Gwinnett County Public Schools to improve student graduation rates, create stronger pathways to college and build a sustainable system that encourages positive outcomes for Gwinnett's P-16 students.
- The University System of Georgia's Board of Regents selected a GGC student for its Academic Recognition Day, where students are honored for their academic excellence, high GPA and ability to share expert knowledge in various areas.
- VIQTORY awarded GGC the bronze 2022-2023 Military Friendly® School designation.
- Securing scholarships and other funding to assist students remains a priority for the college and the GGC Foundation.
- The residence hall suites, classrooms and conference rooms are receiving long-awaited facelifts.
- Congresswoman Carolyn Bourdeaux (GA-07) presented Georgia Gwinnett College with \$1,450,000 in federal funding to support the college's Living Learning Communities and provide an affordable, quality education and residential experience for IT and Health Sciences students.
- GGC's funding comes from several resources, including the budget of the Board of Regents, tuition and fees, and a combination of public and private dollars, which has allowed us to achieve our mission.
- The *U.S. News & World Report* magazine ranked GGC for the eighth year in a row as the most ethnically diverse Southern regional college. The ranking was included in the magazine's 2022 "College Compass" report.
- With the Co-Op Food Bank Ministry, GGC opened its Care Pantry to address food insecurity among students.
- Georgia Association of Colleges and Employers selected GGC to receive the inaugural Diversity and Inclusive Excellence Award, which recognizes the efforts of a university career services office or employer member. GGC received the award for its program, "Guess Who's Coming to Dinner? A Conversation on Diversity in the Workplace."
- We worked with Gwinnett County to launch the recently opened Gwinnett Entrepreneur Center located in downtown Lawrenceville. It serves as an education center and a business incubator, offering in-person and online services to small businesses.
- The Gateway Project – a state-funded capital project has been approved. It will fulfill GGC's need for an infrastructure upgrade that includes a central energy plant (CEP) expansion and a multi-use Gateway Center that will serve as a student-centered engagement hub. Construction is scheduled to begin early spring 2023.
- GGC Athletics celebrated an exceptional 2022 season, with the men's and women's tennis teams once again capturing national titles. The softball, women's soccer and baseball teams earned the 2021 Association of Independent Institutions conference tournament titles.

On behalf of Georgia Gwinnett College's faculty, staff, students, and alumni, I thank the University System of Georgia for its support.



Dr. Jann L. Joseph
President

Financial Section



Independent Accountant's Review Report



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. Jann Joseph, President
Georgia Gwinnett College

We have reviewed the accompanying financial statements of the business-type activities and the fiduciary funds of Georgia Gwinnett College, 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 Georgia Gwinnett College 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.

This review report contains information pertinent to the Georgia Gwinnett College's compliance with the requirements of the Southern Association of Colleges and Schools Commission on Colleges (COC) Standard 13.2 (Financial resources) as of and for the year ended June 30, 2022. Additionally, we performed procedures on Georgia Gwinnett College's Federal Student Aid programs for the year ended June 30, 2022, to meet the requirements of COC Standard 13.6. Included in a separate Report on Review and Federal Compliance Procedures dated October 31, 2022 is a section on findings and other items for any matters that came to our attention during our engagement, including results of our testing of the Federal Student Aid programs.

Additionally, we have performed certain procedures at Georgia Gwinnett College 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 Georgia Gwinnett College, members of the Board of Regents of the University System of Georgia and the Southern Association of Colleges and Schools – Commission on Colleges 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 31, 2022

GEORGIA GWINNETT COLLEGE

Management's Discussion and Analysis

Introduction

Georgia Gwinnett College (College) is one of the 26 institutions of higher education of the University System of Georgia. The College, located in Lawrenceville, Georgia, was founded in 2005. The College offers baccalaureate degrees in a wide variety of subjects. This broad range of educational opportunities attracts a highly qualified faculty and a student body of more than 10,000 students each year.

Fiscal Year	Student Headcount	Full Time Equivalent (FTE)
FY 2022	10,949	9,498
FY 2021	11,627	10,234
FY 2020	12,831	12,508

Overview of the Financial Statements and Financial Analysis

The College is pleased to present its financial statements for fiscal year 2022. The emphasis of discussions about these statements will be on current year data. There are three business-type activity financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the College'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. 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 College and how much the College owes vendors. The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources (net position) is one indicator of the College's financial health. Increases or decreases in net position provide an indicator of the improvement or decline of the College'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 College's equity in property, plant and equipment owned by the College.

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 College 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 College for any lawful purpose.

CONDENSED STATEMENT OF NET POSITION			Increase/(Decrease)
	June 30, 2022	June 30, 2021	
ASSETS			
Current Assets	\$ 63,372,678	\$ 49,190,283	\$ 14,182,395
Capital Assets, Net	227,378,839	229,834,926	(2,456,087)
Intangible Right-to-Use Assets, Net	655,248	—	655,248
Other Assets	1,129,852	1,013,537	116,315
TOTAL ASSETS	292,536,617	280,038,746	12,497,871
DEFERRED OUTFLOWS	51,387,179	\$ 56,674,327	(5,287,148)
LIABILITIES			
Current Liabilities	14,773,580	14,744,297	29,283
Non-Current Liabilities	240,096,005	292,439,522	(52,343,517)
TOTAL LIABILITIES	254,869,585	307,183,819	(52,314,234)
DEFERRED INFLOWS	46,886,764	7,525,798	39,360,966
NET POSITION			
Net Investment in Capital Assets	100,254,007	96,707,913	3,546,094
Restricted, Non-Expendable	—	—	—
Restricted, Expendable	923,708	—	923,708
Unrestricted	(59,010,268)	(74,704,457)	15,694,189
TOTAL NET POSITION	\$ 42,167,447	\$ 22,003,456	\$ 20,163,991

Total assets increased \$12,497,871 which was due to an increase in current assets of \$14,182,395, a decrease in net capital assets of \$2,456,087, an increase in intangible right-to-use assets of \$655,248 and an increase in other assets of \$116,315. The total assets increase is primarily related to an increase in Prepaid Assets of \$12.3 million for placing funds on deposit with Georgia State Financing and Investment Commission (GSFIC) for the construction of the Gateway Center which is reflected in current assets. The decrease in net capital assets is related to the early pay off of building A which lead to a remeasurement of the asset and the increase in intangible right to use assets is directly related to the implementation of GASB issued Statement No. 87, Leases, whereby the lessee is require to record an asset for leases that convey control of the right-to-use another entity's non-financial asset.

Total deferred outflows of resources decreased by \$5,287,148 which was primarily due to the College's proportionate share of the actuarially determined deferred loss on the USG's Other Post Employment Benefits (OPEB) plan and the defined benefit pension plans administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia.

Total liabilities decreased by \$52,314,234 which was due to an increase in current liabilities of \$29,283 and a decrease in non-current liabilities of \$52,343,517. The decrease in net liabilities is primarily attributable to the decrease in net pension liability by \$40,300,337 and the decrease in net other post employment benefits liability by \$5,820,384. The substantial decreases are related to Teachers Retirement System of Georgia and Employees' Retirement System of Georgia change in assumptions and an update in their respective experience study as well as the decrease in College's proportionate share of the actuarially determined liability for other post employment benefits plans (OPEB).

Total deferred inflows of resources increased by \$39,360,966 which was primarily due to the College's proportionate share of the actuarially determined deferred gain on defined benefit pension plan administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia. The substantial increase is related to the Teachers Retirement System of Georgia and Employees' Retirement System of Georgia change in assumptions and an update in their respective experience study.

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 \$20,163,991. This change in net position is primarily in the category of Unrestricted (deficit) Net Position, in the amount of \$15,694,189. These changes are primarily attributable to the College's proportionate share of the actuarially determined liability for defined benefit plans and OPEB.

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 College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the College. 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 College. 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 College 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)
Operating Revenue	\$ 54,838,292	\$ 50,276,290	\$ 4,562,002
Operating Expense	155,399,445	147,208,918	8,190,527
Operating Income/Loss	(100,561,153)	(96,932,628)	(3,628,525)
Non-Operating Revenue and Expense	120,133,221	86,470,145	33,663,076
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	19,572,068	(10,462,483)	30,034,551
Other Revenues, Expenses, Gains, Losses and Special Items	591,923	1,406,754	(814,831)
Change in Net Position	20,163,991	(9,055,729)	29,219,720
Net Position at beginning of year	22,003,456	31,059,185	(9,055,729)
Net Position at End of Year	\$ 42,167,447	\$ 22,003,456	\$ 20,163,991

The Statement of Revenues, Expenses and Changes in Net Position reflect a positive year, which is represented by an increase in net position at the end of the year. Some highlights of the information presented on this statement are as follows:

Revenues

In fiscal year 2022, state appropriations increased \$12 million due to formula funding increases provided by the state as a result of the College's Fall 2019 (fiscal year 2020) enrollment increase in the amount of \$2 million, cost of living adjustments in the amount of \$4 million and the return of surplus reflected in the fiscal year 2021 state appropriations of \$6 million. Overall, tuition and fees net of waivers increased \$2.9 million, which is a result a 6% decline in enrollment in 2021-22 versus 2020-21 and a decrease in direct loans netted with a decrease in the scholarship allowance expense of \$5.7 million and an increase in HEERF funding.

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)
Tuition and Fees	\$ 38,426,929	35,534,171	\$ 2,892,758
Grants and Contracts	922,495	857,577	64,918
Sales and Services	348,915	83,539	265,376
Auxiliary Enterprises	14,542,532	13,251,964	1,290,568
Other Operating Revenues	597,421	549,039	48,382
Total Operating Revenues	54,838,292	50,276,290	4,562,002
State Appropriations	60,174,058	47,411,215	12,762,843
Grants and Contracts	63,573,778	46,398,542	17,175,236
Gifts	738,067	875,741	(137,674)
Investment Gain/Loss	(127,522)	69,029	(196,551)
Other Nonoperating Revenues	3,369,344	(39,023)	3,408,367
Total Nonoperating Revenues	127,727,725	94,715,504	33,012,221
State Capital Gifts and Grants	585,571	—	585,571
Other Capital Gifts and Grants	6,352	1,406,754	(1,400,402)
Total Capital Gifts and Grants	591,923	1,406,754	(814,831)
Total Revenues	\$ 183,157,940	\$ 146,398,548	\$ 36,759,392

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)
Instruction	53,154,559	58,806,651	(5,652,092)
Research	302,637	422,712	(120,075)
Public Service	389,026	171,532	217,494
Academic Support	11,648,232	10,327,203	1,321,029
Student Services	11,177,608	11,074,267	103,341
Institutional Support	21,810,997	28,060,579	(6,249,582)
Plant Operations and Maintenance	9,653,161	7,620,880	2,032,281
Scholarships and Fellowships	33,581,038	18,720,133	14,860,905
Auxiliary Enterprises	13,682,187	12,004,961	1,677,226
Total Operating Expenses	155,399,445	147,208,918	8,190,527
Interest Expense	7,594,504	8,245,359	(650,855)
Total Nonoperating Expenses	7,594,504	8,245,359	(650,855)
Total Expenses	162,993,949	155,454,277	7,539,672

Total operating expenses were \$155.4 million in fiscal 2022, an increase of \$8 million when compared with fiscal 2021. These increases are primarily attributable to the following functional classifications:

Academic Support expenses increased \$1.3 million. Increased financial flexibility resulting from the College's ability to replace revenues lost due to COVID-19 with federal funds allowed the college to increase its investment in software, consultants and support staff that support student retention initiatives.

Plant Operations and Maintenance increased \$2 million. Increased financial flexibility resulting from the College's ability to replace revenues lost due to COVID-19 with federal funds allowed the college to fund needed repairs and renovations to student serving areas.

Scholarships and Fellowships increased \$14.8 million. This increase was due largely to growth in HEERF funding totaling \$11 million from FY21 to FY22.

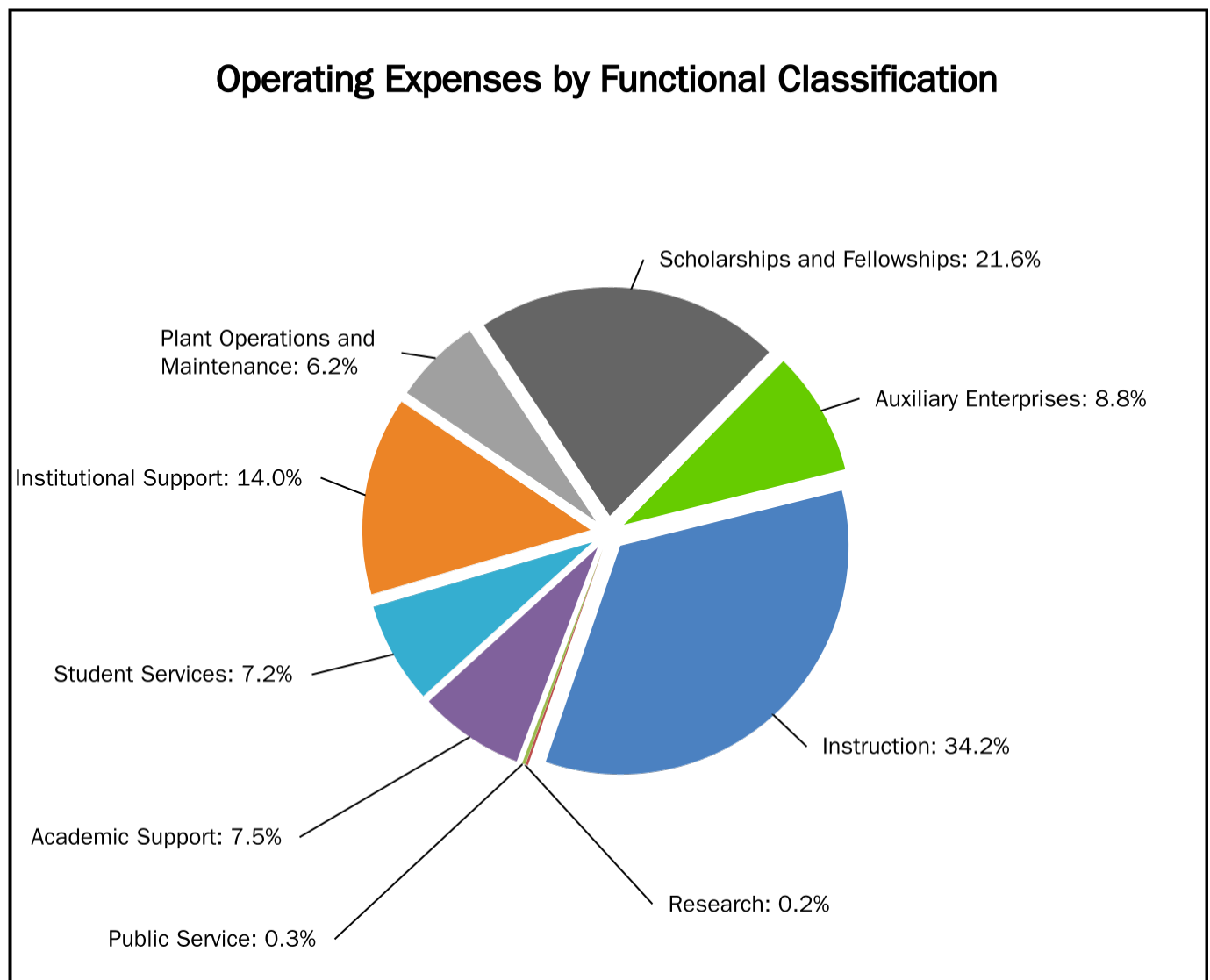
Auxiliary Enterprises increased \$1.5 million, impacted by the return of students to campus from a primarily online / hybrid learning environment that existed in FY21. The increased student presence played a role in the growth of expenses supporting students.

These amounts were partially offset by decreases in the following areas:

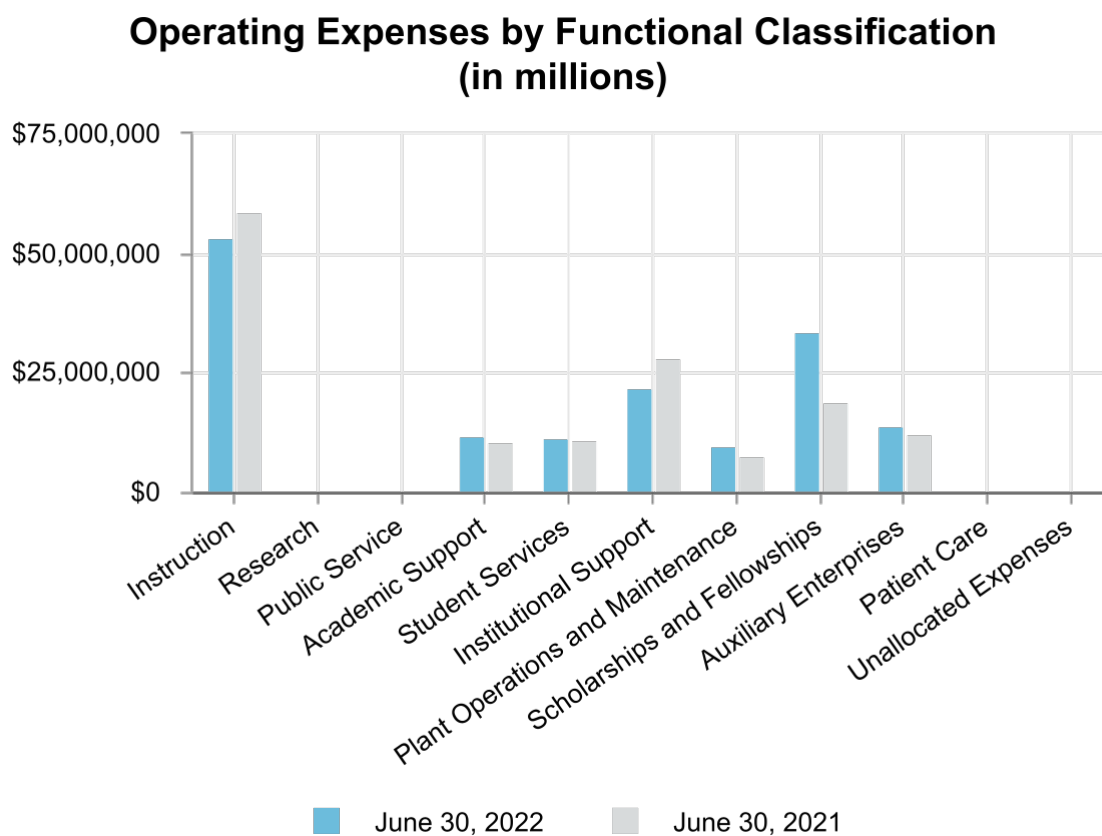
Instruction decreased \$5 million due primarily to an increase in open faculty positions. Because the college was experiencing a decline in enrollment, these open positions were not filled in FY22.

Institutional Support decreased \$6 million due primarily to an increase in open staff positions. Many of these positions remained open during the fiscal year due to the fact that general economic conditions caused supply of available candidates to be below existing demand.

The following chart depicts the fiscal 2022 operating expenses by functional classification.

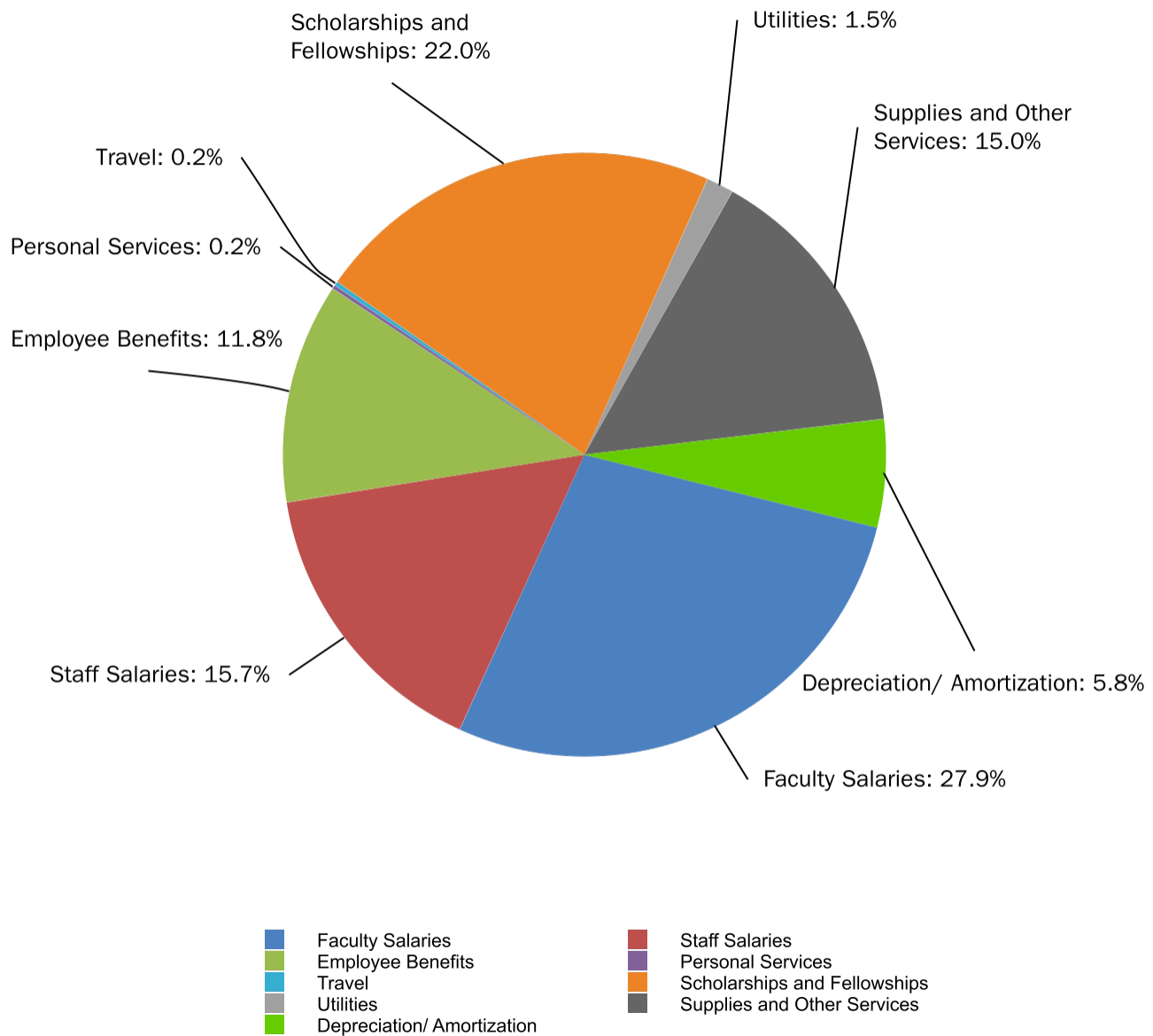


Operating expenses by functional classification for the years ended June 30, 2022 and June 30, 2021 is depicted by the following chart:



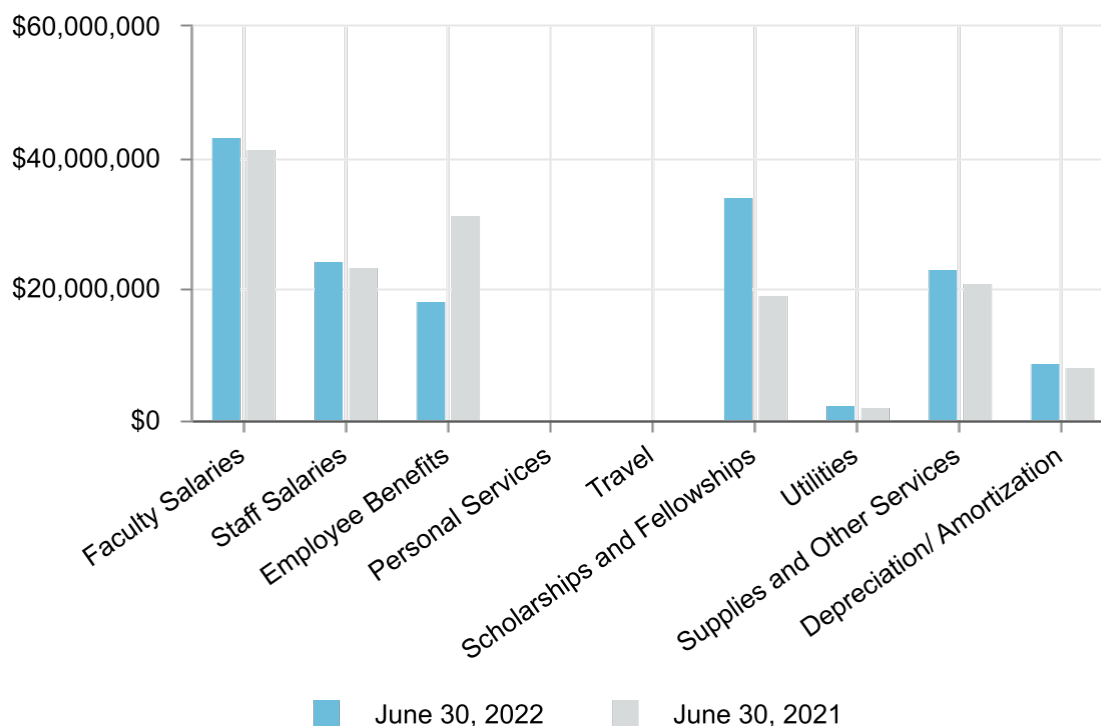
The following chart depicts the fiscal 2022 operating expenses by natural classification.

Operating Expenses by Natural Classification



Operating expenses by by natural classification for the years ended June 30, 2022 and June 30, 2021 is depicted by the following chart:

Operating Expenses by Natural Classification (in millions)



Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the College 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 College. 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	Increase (Decrease)
Cash Provided (Used) by:			
Operating Activities	\$ (92,983,305)	(78,727,406)	(14,255,899)
Non-Capital Financing Activities	124,452,339	95,723,019	28,729,320
Capital and Related Financing Activities	(29,078,805)	(19,333,907)	(9,744,898)
Investing Activities	(127,522)	69,026	(196,548)
NET CHANGE IN CASH	\$ 2,262,707	\$ (2,269,268)	\$ 4,531,975
Cash, beginning of year	41,833,769	44,103,037	(2,269,268)
CASH, end of year	\$ 44,096,476	\$ 41,833,769	\$ 2,262,707

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	June 30, 2022	June 30, 2021	Increase (Decrease)
Land	\$ 16,250,760	15,194,672	\$ 1,056,088
Capitalized Collections	84,300	77,950	6,350
Construction Work-in-Progress	186,000	—	186,000
Infrastructure	2,576,134	2,723,174	(147,040)
Building and Building Improvements	204,539,830	207,494,073	(2,954,243)
Equipment	3,136,788	3,524,185	(387,397)
Library Collections	605,027	820,872	(215,845)
Capital Assets, net of accumulated depreciation	\$ 227,378,839	\$ 229,834,926	\$ (2,456,087)

The College had significant capital asset additions for land improvements in fiscal year 2022 in the amount of \$1,056,088 which consisted of paving two parking lots.

Georgia Gwinnett College also exercised a lease to purchase option approximately one year early for the purchase of building A in fiscal year 2022. The purchase of building A triggered a re-valuation of the building for depreciation. Originally, building A was depreciating over the life of the lease. After the purchase in fiscal year 2022 the building was re-evaluated to depreciate over the life of the building. This reassessment is the primary reason for the Building and Building Improvements, net of accumulated depreciation decrease of \$2,954,243.

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

Long Term Liabilities

The College had Long-Term Liabilities of \$147,533,090 of which \$7,447,225 was reflected as current liability at June 30, 2022.

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

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

Restatement

The June 30, 2021 amounts do not reflect the effects of the restatement of July 1, 2022 net position related to the implementation of GASB 87. See Note 1 in the Notes to the Financial Statements for more information.

Economic Outlook

Georgia Gwinnett College's enrollment declined approximately 16% from Fall of 2019 (fiscal year 2020 and the academic term completed previous to the start of the COVID-19 pandemic) to the Fall of 2021 academic term (fiscal year 2022). This decreased enrollment has caused annual tuition and special institutional fee revenue to decline over \$6 million since the start of the pandemic. In addition, auxiliary and direct sales and services revenue has declined approximately \$2 million versus pre-pandemic levels. Housing revenues have seen similar declines, approaching \$2 million annually.

The College has been able to maintain operations without permanently reducing expenses as a result of coronavirus relief funding provided by the federal government. Since March of 2020 (fiscal year 2020), these federal grants have provided the college with \$45 million in institutional support. Conservative fiscal management combined with over \$6 million in expense reductions enacted in fiscal year 2021 has created a surplus of grant funds available to replace revenue lost by the college as a result of the pandemic. This surplus funding has been used to pay down the remaining debt on the college's Building I and Building A, reducing the level of long-term financial challenges facing the college in fiscal year 2022.

The College has strategically managed federal funding to assure grant funds are available to offset revenue losses resulting from COVID-19 in fiscal year 2023. It is anticipated that excess funding will be available to allow the college to pay down the remaining debt balance on at least one additional building during fiscal year 2023.

Federal support will no longer be available in fiscal year 2024 and as a result, the college will face a funding shortfall resulting from enrollment declines and reductions in enrollment impacted state appropriations. GGC has been preparing for this financial challenge since the start of fiscal year 2022. GGC was conservative in how available funding was budgeted in fiscal year 2022 and 2023, and anticipates being able to use existing budget dollars to offset some of the funding declines that will occur in fiscal year 2024. In addition, the College is working to achieve enrollment growth that will help offset projected fiscal year 2024 funding reductions.

Financial Statements (GAAP Basis)



GEORGIA GWINNETT COLLEGE **STATEMENT OF NET POSITION** **JUNE 30, 2022**

ASSETS

Current Assets

Cash and Cash Equivalents	\$	43,172,768
Cash and Cash Equivalents (Externally Restricted)		923,708
Accounts Receivable, net		
Federal Financial Assistance		4,933,752
Component Units		72,989
Other		1,565,146
Prepaid Items		12,704,315
Total Current Assets		<u>63,372,678</u>

Non-Current Assets

Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund		1,013,537
Other		116,315
Capital Assets, net		227,378,839
Intangible Right-to-Use Assets, net		<u>655,248</u>
Total Non-Current Assets		<u>229,163,939</u>

TOTAL ASSETS

292,536,617

DEFERRED OUTFLOWS OF RESOURCES

\$ 51,387,179

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

GEORGIA GWINNETT COLLEGE **STATEMENT OF NET POSITION** **JUNE 30, 2022**

LIABILITIES

Current Liabilities

Accounts Payable	\$	2,365,727
Salaries Payable		596,427
Benefits Payable		733,041
Contracts Payable		707,045
Due to Component Units		6,633
Advances (Including Tuition and Fees)		2,356,831
Deposits		301,093
Deposits Held for Other Organizations		104,329
Other Liabilities		155,229
Notes and Loans Payable - External		0
Notes and Loans Payable - Component Units		5,728,507
Lease Obligations - External		276,730
Compensated Absences		1,441,988
Total Current Liabilities		14,773,580

Non-Current Liabilities

Notes and Loans Payable - External		0
Notes and Loans Payable - Component Units		138,719,319
Lease Obligations - External		424,678
Compensated Absences		941,868
Net Other Post Employment Benefits Liability		78,062,325
Net Pension Liability		21,947,815
Total Non-Current Liabilities		240,096,005
TOTAL LIABILITIES		254,869,585

DEFERRED INFLOWS OF RESOURCES

\$ 46,886,764

NET POSITION

Net Investment in Capital Assets	\$	100,254,007
Restricted for:		
Expendable		923,708
Unrestricted (Deficit)		(59,010,268)

TOTAL NET POSITION

\$ 42,167,447

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

GEORGIA GWINNETT COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR FISCAL YEAR ENDED JUNE 30, 2022

OPERATING REVENUES

Student Tuition and Fees (net)	\$	38,426,929
Grants and Contracts		
Federal		248,923
State		275,743
Other		397,829
Sales and Services		348,915
Rents and Royalties		41,232
Auxiliary Enterprises		
Residence Halls		6,846,319
Bookstore		329,398
Food Services		391,992
Parking/Transportation		2,267,483
Health Services		942,267
Intercollegiate Athletics		3,604,721
Other Organizations		160,352
Other Operating Revenues		556,189
		<hr/>
Total Operating Revenues		54,838,292

OPERATING EXPENSES

Faculty Salaries	43,363,589
Staff Salaries	24,365,781
Employee Benefits	18,365,883
Other Personal Services	302,847
Travel	359,468
Scholarships and Fellowships	34,148,981
Utilities	2,284,903
Supplies and Other Services	23,242,367
Depreciation and Amortization	8,965,626
	<hr/>
Total Operating Expenses	155,399,445
	<hr/>
Operating Loss	\$ (100,561,153)

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

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

NONOPERATING REVENUES (EXPENSES)

State Appropriations	\$	60,174,058
Grants and Contracts		
Federal		63,094,377
Other		479,401
Gifts		738,067
Investment Income		(127,522)
Interest Expense		(7,594,504)
Other Nonoperating Revenues		3,369,344
		<hr/>
Net Nonoperating Revenues		120,133,221
		<hr/>
Income Before Other Revenues, Expenses, Gains, or Losses		19,572,068
		<hr/>
Capital Grants and Gifts		
State		585,571
Other		6,352
		<hr/>
Total Other Revenues, Expenses, Gains or Losses		591,923
		<hr/>
Change in Net Position		20,163,991
		<hr/>
Net Position, Beginning of Year		22,003,456
		<hr/>
Net Position, End of Year	\$	42,167,447
		<hr/>

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

GEORGIA GWINNETT COLLEGE **STATEMENT OF CASH FLOWS** **FOR FISCAL YEAR ENDED JUNE 30, 2022**

	Georgia Gwinnett College
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 53,708,354
Federal Appropriations	
Grants and Contracts (Exchange)	1,719,912
Payments to Suppliers	(46,206,523)
Payments to Employees	(68,133,041)
Payments for Scholarships and Fellowships	(34,148,981)
Other Receipts	76,974
Other Payments	—
Net Cash Used by Operating Activities	<u>(92,983,305)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	60,174,058
Gifts and Grants Received for Other Than Capital Purposes	64,173,778
Other Non-Capital Financing Receipts	104,503
Other Non-Capital Financing Payments	—
Net Cash Flows Provided by Non-Capital Financing Activities	<u>124,452,339</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	62,575
Proceeds from Sale of Capital Assets	—
Purchases of Capital Assets and Intangible Rights-to-Use Assets	(15,161,612)
Principal Paid on Capital Debt and Leases	(7,454,094)
Interest Paid on Capital Debt and Leases	(6,525,674)
Net Cash Used by Capital and Related Financing Activities	<u>(29,078,805)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	—
Investment Income	(127,522)
Purchase of Investments	—
Net Cash Used by Investing Activities	<u>(127,522)</u>
Net Increase in Cash and Cash Equivalents	2,262,707
Cash and Cash Equivalents, Beginning of Year	<u>41,833,769</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 44,096,476</u></u>

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

GEORGIA GWINNETT COLLEGE **STATEMENT OF CASH FLOWS** **FOR FISCAL YEAR ENDED JUNE 30, 2022**

	Georgia Gwinnett College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (100,561,153)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	8,965,626
Operating Expenses Related to Noncash Gifts	6,750
Change in Assets and Liabilities:	
Receivables, net	631,658
Prepaid Items	160,886
Accounts Payable	(223,349)
Salaries Payable	(6,039)
Benefits Payable	16,743
Contracts Payable	521,045
Retainage Payable	—
Deposits	107,677
Advances (Including Tuition and Fees)	(270,827)
Other Liabilities	88,813
Funds Held for Others	28,391
Compensated Absences	(38,164)
Due to Affiliated Organizations	(1,243)
Net Pension Liability	(40,300,337)
Other Post-Employment Benefit Liability	(5,820,384)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	39,492,283
Deferred Outflows of Resources	4,218,319
Net Cash Used by Operating Activities	<u><u>\$ (92,983,305)</u></u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Noncapital Financing Activities Noncash Items:	
Amortization of Non-capital Financing Activities Advances and Deferred Inflows	<u><u>\$ 131,317</u></u>
Current Year Accruals Related to Capital Financing Activities	<u><u>\$ 634,921</u></u>
Gift of Capital Assets	<u><u>\$ —</u></u>
Gain (Loss) on Disposal of Capital Assets	<u><u>\$ 3,264,845</u></u>
Accrual of Capital Asset Related Payables	<u><u>\$ 186,000</u></u>
Capital Assets Acquired Through Prepaid Capital	<u><u>\$ —</u></u>
Capital Assets Acquired by Incurring Financing Lease Arrangements	<u><u>\$ —</u></u>
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	<u><u>\$ —</u></u>
Deferred Gain (Loss) due to Debt Refundings	<u><u>\$ —</u></u>
Increase in Capital Debt due to Capitalized Interest	<u><u>\$ —</u></u>
Early Extinguishment of Capital Debt	<u><u>\$ 100,250</u></u>
Amortization of Capital Financing Activities Advances and Deferred Inflows	<u><u>\$ —</u></u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u><u>\$ (1,068,829)</u></u>

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

GEORGIA GWINNETT COLLEGE
STATEMENT OF FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ —
Receivables	—
Due From Component Units	—
Due From Affiliated Organizations	—
Other Receivables	<u>\$ 885,962</u>
 Total Assets	 <u>885,962</u>
 LIABILITIES	
Cash Overdraft	755,150
Advances	685
Deposits held for other organizations	1,250
Other Liabilities	<u>—</u>
 Total Liabilities	 <u>757,085</u>
 NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u><u>\$ 128,877</u></u>

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

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 21,323,188
State Financial Aid	11,407,646
Other Financial Aid	1,843,559
Clubs and Other Organizations Fund Raising	<u>408,028</u>
Total Additions	<u>34,982,421</u>
DEDUCTIONS	
Scholarships and Other Student Support	34,560,868
Student Organizations Support	<u>372,709</u>
Total Deductions	<u>34,933,577</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>48,844</u>
Net Position, Beginning of Year	<u>80,033</u>
Net Position, End of Year	<u><u>\$ 128,877</u></u>

Notes to the Financial Statements



GEORGIA GWINNETT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 Summary of Significant Accounting Policies

Nature of Operations

The Georgia Gwinnett College (College) 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 College 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 College does not have the right to sue/be sued without recourse to the State. The College'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 College is not legally separate from the State. Accordingly, the College 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 College. 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 sao.georgia.gov/annual-comprehensive-financial-reports.

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

The College'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 College reports the following fiduciary funds:

- Custodial Funds - Accounts for activities 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 College 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 resulted in a restatement of 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 College 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 College 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 College 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 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 College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

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 acquisition value (entry price) at the date of donation in the case of gifts. For equipment, the College'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 College, 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 College leases certain academic spaces, administrative offices, and equipment under lease agreements. The College has both leases under which it is obligated as a lessee and leases for which it is a lessor. 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 College's right to use an underlying asset for the lease term. Lease obligations represent the College'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.

Rental income arising from leases as a lessor is included as a receivable and deferred inflow of resources at the commencement of the lease and revenue is recognized on a straight line basis over the lease term.

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

Deferred Outflows of Resources

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

Deposits

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

Advances

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

Deposits Held for Other Organizations

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

Compensated Absences

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

Non-current Liabilities

Non-current liabilities include: (1) liabilities that will not be paid within the next fiscal year; (2) 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 College'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 College'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 College's net position is classified as follows:

Net investment in capital assets represents the College'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 College 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 College, 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 College's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Income Taxes

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

Classification of Revenues and Expenses

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

- Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain federal, state and local grants and contracts, and (3) sales and services.
- Nonoperating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenue by GASB Statements No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, such as state appropriations and investment income.
- Operating expense includes activities that have the characteristics of exchange transactions.
- Nonoperating expense includes activities that have the characteristics of non-exchange transactions, such as capital financing costs and costs related to investment activity.

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the College, 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 College's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the College 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 \$15,140,384.

Restatement of Prior Year Net Position

The College made prior period adjustments resulting in the restatement of the June 30, 2021 business type activities due to the adoption of GASB Statement No. 87, which, as previously mentioned, 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 obligation and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a lessee, the result is an increase in the liability (lease obligation) of \$952,580 and an increase in intangible right-to-use assets of \$952,580. In addition, the College reclassified lease obligation of \$151,750,995 to notes and loans payable. As a lessor, the result is an increase in accounts receivable of \$170,048 and an increase in deferred inflows of resources of \$170,048. These restatements resulted in a \$0 net change to the fiscal year 2022 net position beginning balance. These changes are 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 are as follows:

Statement of Net Position

Current

Cash and Cash Equivalents	\$	43,172,768
Cash and Cash Equivalents (Externally Restricted)		923,708

Statement of Fiduciary Net Position

Cash and Cash Equivalents		-755,150
Investments		0
	\$	<u>43,341,326</u>

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

Cash on Hand	\$	2,500
Deposits with Financial Institutions		34,632,738
Investments		8,706,088
	\$	<u>43,341,326</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 College's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the College) 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 College 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 College's deposits totaled \$36,822,842. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the College. Of these deposits, \$0 were exposed to custodial credit risk.

B. Investments

The College 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 College's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2022.

	<u>Fair Value</u>
Investment Pools	
Board of Regents	
Short-Term Fund	<u>\$ 8,706,088</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 College's position is the pooled investment fund options are described below.

1. 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 $\frac{3}{4}$ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the

College's position in the Short-Term Fund at June 30, 2022 was \$8,706,088, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.96 years.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The College does not have a formal policy for 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. The College's policy for managing credit quality risk is contained in the investment policy guidelines for the various pooled investment funds, colleges, universities, and foundations:

1. In the Short-Term Fund, all debt issues must be eligible investments under O.C.G.A § 50-17-59 and 50-17-63. Other investment portfolios of debt securities funds also must meet the eligible investment criteria under the same code section.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2022:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 1,422,576	\$ —
Auxiliary Enterprises and Other Operating Activities	1,756,153	
Federal Financial Assistance	4,933,752	846,922
Georgia Student Finance Commission	1,700	
Georgia State Financing and Investment Commission	634,921	
Due from Component Units	72,989	
Due From Other USG Institutions	1,039,037	
Other	141,129	39,208
	10,002,257	886,130
Less: Allowance for Doubtful Accounts	2,300,518	168
Net Accounts Receivable	<u>\$ 7,701,739</u>	<u>\$ 885,962</u>

Note 4 Inventories

The College did not have any inventories at June 30, 2022.

Note 5 Notes and Loans Receivable

The College did not have any notes or loans receivable at June 30, 2022.

Note 6 Capital 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	\$ 15,194,672	\$ 1,056,088	\$ —	\$ 16,250,760
Capitalized Collections	77,950	6,350	—	84,300
Construction Work-in-Progress	—	186,000	—	186,000
Total Capital Assets Not Being Depreciated	15,272,622	1,248,438	—	16,521,060
Capital Assets, Being Depreciated:				
Infrastructure	3,619,923			3,619,923
Building and Building Improvements	284,081,142	921,888		285,003,030
Equipment	12,264,715	737,403	592,740	12,409,378
Library Collections	6,652,707	39,632	1,978	6,690,361
Total Capital Assets Being Depreciated	306,618,487	1,698,923	594,718	307,722,692
Less: Accumulated Depreciation				
Infrastructure	896,749	147,040		1,043,789
Building and Building Improvements	76,587,069	7,140,976	3,264,845	80,463,200
Equipment	8,740,530	1,124,800	592,740	9,272,590
Library Collections	5,831,835	255,477	1,978	6,085,334
Total Accumulated Depreciation	92,056,183	8,668,293	3,859,563	96,864,913
Total Capital Assets Being Depreciated, Net	214,562,304	(6,969,370)	(3,264,845)	210,857,779
Capital Assets, net	\$ 229,834,926	\$ (5,720,932)	\$ (3,264,845)	\$ 227,378,839

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the College when complete. For projects managed by the College, the College 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 \$0 to the College. In addition, at June 30, 2022, GSFIC had construction in progress of approximately \$100,607 for incomplete GSFIC managed projects for the College.

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

	(Restated) Beginning Balances July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022
Intangible Right-to-use Assets				
Land	\$ 410,174	\$ —	\$ —	\$ 410,174
Equipment	542,407	—	—	542,407
Total Leased Assets Being Amortized	952,581	—	—	952,581
Less: Accumulated Amortization				
Land	—	93,998	—	93,998
Equipment	—	203,335	—	203,335
Total Accumulated Amortization	—	297,333	—	297,333
Intangible Right-to-use Assets, net	952,581	\$ (297,333)	\$ —	\$ 655,248

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

Fiscal Year	Depreciation & Amortization Expense
2022	8,965,626
2021	8,179,643
2020	8,628,624

Note 7 Advances (Including Tuition and Fees)

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

	Current Liabilities
Prepaid Tuition and Fees	\$ 1,518,145
Research	47,457
Other - Advances	791,229
Totals	\$ 2,356,831

Fiduciary fund advances in the amount of \$685 consists of student support received prior to eligibility requirements being met.

Note 8 Long-Term Liabilities

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

	(Restated) Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Leases					
Lease Obligations	\$ 952,581	\$ —	\$ 251,173	\$ 701,408	\$ 276,730
Other Liabilities					
Compensated Absences	2,422,020	1,803,886	1,842,050	2,383,856	1,441,988
Notes and Loans Payable	151,750,995	—	7,303,169	144,447,826	5,728,507
Total	154,173,015	1,803,886	9,145,219	146,831,682	7,170,495
Total Long-Term Obligations	\$ 155,125,596	\$ 1,803,886	\$ 9,396,392	\$ 147,533,090	\$ 7,447,225

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 \$952,581 to lease obligations and \$151,750,995 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 College 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 College. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The College's principal and interest payments related to financing lease agreements for fiscal year 2022 were \$7,202,918 and \$6,519,778, respectively. Interest rates range from 1.45% to 5.02%.

The College has \$144,447,826 in outstanding notes and loans payable due to affiliated 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 Lease Arrangements at June 30, 2022	Outstanding Balances per Lease Schedules at June 30, 2022
	(+)	(-)	(=)	
Finance Buildings and Building Improvements	\$ 134,278,024.00	\$ 39,296,399.00	\$ 94,981,625.00	\$ 144,447,826.00
Total Assets Held Under Finance Lease Arrangement	<u>\$ 134,278,024</u>	<u>\$ 39,296,399</u>	<u>\$ 94,981,625</u>	<u>\$ 144,447,826</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Building D	GGC Foundation	6,310,574	14 years	May 2018	June 2032	5,928,544 (1)
Student Center	GGC Foundation	33,820,641	23 years	May 2017	June 2040	29,028,022 (1)
Fitness Center	GGC Foundation	5,288,645	14 years	May 2018	June 2032	4,091,113 (1)
Athletics Complex	GGC Foundation	14,084,181	28 years	June 2014	June 2042	13,621,727 (1)
Parking Deck	GGC Foundation	10,535,875	14 years	May 2018	December 2032	8,223,326 (1)
Housing	GGC Foundation	95,538,669	23 years	May 2017	June 2040	83,555,094 (1)
Total Leases		<u>\$ 165,578,585</u>				<u>\$144,447,826</u>

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

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

	Principal	Interest
Year Ending June 30:		
2023	\$ 5,728,508	\$ 6,189,272
2024	6,205,424	5,944,848
2025	6,654,202	5,679,557
2026	7,081,106	5,394,442
2027	7,389,825	5,091,809
2028 through 2032	41,987,324	20,425,375
2033 through 2037	39,796,674	11,575,434
2038 through 2042	29,604,763	2,579,932
Total Minimum Lease Payments	<u>\$ 144,447,826</u>	<u>\$ 62,880,669</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	\$ 17,555,154
Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	17,431,471
Deferred Outflow on OPEB Plan (See Note 17)	16,400,554
Total Deferred Outflows of Resources	\$ 51,387,179

Deferred Inflow of Resources

Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	33,564,828
Deferred Inflow on OPEB Plan (See Note 17)	12,101,350
Deferred Inflows of Resources - Leases	170,048
Other Deferred Inflows of Resources	1,050,538
Total Deferred Inflows of Resources	\$ 46,886,764

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.

In fiscal year 2017, the Georgia Gwinnett College Foundation, Inc. refunded the bonds associated with the Student Center and Housing leases and passed the perceived economic advantages of the refund to the Institution. The modifications to the lease agreements occurred in conjunction with the extinguishment and advanced refunding of tax exempt debt. Interest was adjusted so that the net investment equals the present value of the future lease payments discounted by the interest rate applicable to the revised lease agreements. The adjustments to interest resulted in a gain on the lease modification that approximately offsets the refunding losses. The net loss resulting from this debt refund is \$20,600,634 for the difference in the cash flow requirements between the original lease and the revised lease. In fiscal year 2022, the institution recognized a Deferred Outflow/Loss on Debt refunding in the amount of \$858,360. The unamortized Deferred Outflow/Loss on Debt Refunding at year end related to this transaction is \$15,450,475.

In May 2018, the Georgia Gwinnett College Foundation, Inc. refunded the bonds associated with Parking, Building D and the Fitness Center lease and passed the perceived economic advantages of the refund to the Institution. The modifications to the lease agreements occurred in conjunction with the extinguishment and advanced refunding of tax exempt debt. Interest was adjusted so that the net investment equals the present value of the future lease payments discounted by the interest rate applicable to the revised lease agreements. The adjustments to interest resulted in a gain on the lease modification that approximately offsets the refunding losses. The net loss resulting from this refund is \$2,946,555 for the difference in the cash flow requirements between the original lease and the revised lease. In fiscal year 2022, the institution recognized a Deferred Outflow/Loss on Debt refunding in the amount of \$210,469. The unamortized Deferred Outflow/Loss on Debt Refunding at year end related to this transaction is \$2,104,679.

Other Deferred Inflows of Resources

On July 1, 2020, the College entered into an agreement with Aladdin Food Management Services, LLC whereby Aladdin will operate food services operations. The agreement is renewable for each year for ten years. Under the terms of the contract, Aladdin committed a lump sum upfront payment of \$1,313,317 to the College to pay off the prior capital investment with Aramark Education Services, LLC.

The amortized revenue recorded related to the lump sum payment in fiscal year 2022 was \$131,317 and the remaining deferred inflow was \$1,050,538.

Leases

In January 2021, the College entered into an agreement with Clear Channel Outdoor, LLC for billboard space located at 316 Buford Drive. The agreement is renewable for 5 years for a total payable to GGC for \$216,854. The revenue received in fiscal year 2022 was \$46,806 and the remaining deferred inflow of resources was \$170,048.

Note 10 Net Position

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

NET POSITION

Net Investment in Capital Assets	\$ 100,254,007
Restricted for	
Expendable	
Sponsored and Other Organized Activities	923,708
Unrestricted	
Auxiliary Enterprises Operations	23,311,458
Auxiliary Enterprises Renewals and Replacement Reserve	
Reserve for Encumbrances	8,326,213
Capital Liability Reserve Fund	1,013,537
Other Unrestricted	(91,661,476)
Sub-Total	(59,010,268)
Total Net Position	\$ 42,167,447

Other unrestricted net position is reduced by \$73,763,121 related to the recording of net OPEB liability, deferred inflow on OPEB plan, and deferred outflow on OPEB plan. Other unrestricted net position is also reduced by \$38,081,172 related to the recording of net pension liability, deferred inflow on defined benefit pension plans, and deferred outflow on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation, student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the College 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 are as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Net Investments in Capital Assets	\$ 96,707,913	\$ 10,501,703	\$ 6,955,609	\$ 100,254,007
Restricted Net Position	—	65,088,196	64,164,488	923,708
Unrestricted Net Position	(74,704,457)	114,700,400	99,006,211	(59,010,268)
Total Net Position	<u>\$ 22,003,456</u>	<u>\$ 190,290,299</u>	<u>\$ 170,126,308</u>	<u>\$ 42,167,447</u>

Note 11 Endowments

The College 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.

Note 13 Leases

Lease Obligations

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 College. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The College's principal and interest cash payments related to leases for fiscal year 2022 were \$251,176 and \$5,896, respectively. Interest rates range from .345 to 1.37%.

For the fiscal year 2022, the College recognized expense for lease variable payments related to index changes and payments on performance of \$115,331. There were no residual guarantee payments expensed for fiscal year ended June 30, 2022.

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

Description	Gross Amount (+)	Less: Accumulated Depreciation (-)	Net Assets Held Under Lease Obligations at June 30, 2022 (=)	Outstanding Balance per Lease Schedules at June 30, 2022
Leased Land and Land Improvements	\$ 410,174	\$ 93,998	\$ 316,176	\$ 379,932
Leased Equipment	542,406	203,335	339,071	321,476
Total Assets Held Under Capital Lease	<u>\$ 952,580</u>	<u>\$ 297,333</u>	<u>\$ 655,247</u>	<u>\$ 701,408</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
501087: Mail Machine	Pitney Bowes	\$ 166,311	57 Months	Jul 2021	Apr 2026	\$ 131,525
501088: Copiers	Ricoh	15,983	20 Months	Jul 2021	Mar 2023	6,404
501089: Copiers	Ricoh	12,367	31 Months	Jul 2021	Feb 2024	7,593
501090: Copiers	Ricoh	7,992	20 Months	Jul 2021	Mar 2023	3,202
501093: Lockers	Pitney Bowes	55,409	51 Months	Jul 2021	Oct 2025	42,445
501094: Copiers	Ricoh	41,233	32 Months	Jul 2021	Mar 2024	26,284
501098: Parking	HWK Investments	410,174	48 Months	Jul 2021	Jul 2025	321,476
501312: Copiers	Ricoh	3,829	48 Months	Jul 2021	Jul 2025	2,877
501339: Copiers	Ricoh	234,467	33 Months	Jul 2021	Apr 2024	159,602
501091: Copiers	Ricoh	2,259	12 Months	Jul 2021	Jun 2022	—
501092: Copiers	Ricoh	2,556	13 Months	Jul 2021	Jul 2022	—
Total Leases		<u>\$ 952,580</u>				<u>\$ 701,408</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.

	Principal	Interest
Year Ending June 30:		
2023	\$ 276,730	\$ 4,330
2024	237,456	1,897
2025	157,498	566
2026	29,724	48
Total Minimum Lease Payments	<u>\$ 701,408</u>	<u>\$ 6,841</u>

Note 14. Retirement Plans

The College 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 College also provides the Regents Retirement Plan.

The significant retirement plans that the College 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 College 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 College's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of the annual College payroll. The College's contributions to TRS totaled \$6,389,548 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 College's contributions to ERS totaled \$39,915 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 College 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 College'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 College's TRS proportion was 0.245905%, which was an decrease of (0.009918)% from its proportion measured as of June 30, 2020. At June 30, 2021, the College's ERS proportion was 0.008515%, which was a increase of 0.001924% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the College recognized pension expense of \$1,789,938 for TRS and \$95,503 for ERS. At June 30, 2022, the College 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	\$ 5,189,921	\$ —	\$ 4,713	\$ —
Changes of assumptions	4,209,382	—	57,352	—
Net difference between projected and actual earnings on pension plan investments	—	31,812,142	—	184,069
Changes in proportion and differences between contributions and proportionate share of contributions	1,483,009	1,568,617.00	57,631	—
Contributions subsequent to the measurement date	6,389,548	—	39,915	—
Total	<u>\$ 17,271,860</u>	<u>\$ 33,380,759</u>	<u>\$ 159,611</u>	<u>\$ 184,069</u>

The College'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	(3,837,454)	42,040
2024	(4,136,188)	(12,514)
2025	(6,384,496)	(44,733)
2026	(8,140,309)	(49,166)
2027	—	—

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate as well as what the College'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	\$ 58,585,120	\$ 21,748,657	\$ (8,436,283)

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 364,952	\$ 199,158	\$ 58,942

Pension plan fiduciary net position

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

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 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 College and the covered employees made the required contributions of \$2,659,259 (9.24%) and \$1,726,794 (6.00%), respectively.

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

Note 15 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2018, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The College'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 College 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 College, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 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 2018, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

Retirees age 65 and older participate in a secondary healthcare coverage for Medicare-eligible retirees and dependents provided through a retiree health care exchange option. The USG makes contributions to the retirees' health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket healthcare related expenses.

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

Active Employees	824
Retirees or Beneficiaries Receiving Benefits	44
Retirees Receiving Life Insurance Only	<u>13</u>
Total	<u><u>881</u></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 College 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 88% of the total health insurance cost for eligible retirees and the retiree rate was approximately 12%. 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 College contributed \$2,260,265 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 College 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 College'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 College's proportion was 1.550985%, which was an decrease of (0.021702)% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the College recognized OPEB expense of \$4,224,121. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 4,202,772	\$ 267,071
Changes of assumptions	6,438,503	10,766,398
Net difference between projected and actual earnings on OPEB plan investments	—	193,581
Changes in proportion and differences between contributions and proportionate share of contributions	3,499,019	874,300
Contributions subsequent to the measurement date	<u>2,260,265</u>	<u>—</u>
Total	<u>\$ 16,400,559</u>	<u>\$ 12,101,350</u>

The College's contributions subsequent to the measurement date of \$2,260,265 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	\$	(111,950)
2024	\$	(14,318)
2025	\$	(3,399)
2026	\$	14,949
2027	\$	1,231,167
Thereafter	\$	922,495

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%
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 dated June 30, 2019.

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 long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 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 Buyer. 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 Byers GO 20-Bond Municipal Bond Index).

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

The following presents the the College's proportionate share of the net OPEB liability, as well as what the College'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	\$ 94,488,651	\$ 78,062,325	\$ 65,395,206

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

The following presents the College's proportionate share of the net OPEB liability, as well as what the College'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	\$ 65,868,532	\$ 78,062,325	\$ 94,113,649
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 Consolidated Annual Financial Report which is publicly available at usg.edu/fiscal_affairs/financial_reporting/.

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2022 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 39,971,592	\$ 338,088	\$ 7,363,611	\$ 7,500	\$ —
Research	137,184	40,311	32,151	—	31,877
Public Service	49,563	252,331	54,906	—	2,250
Academic Support	2,758,304	3,103,065	1,763,216	5,001	108,781
Student Services	396,578	5,935,583	2,021,482	—	66,437
Institutional Support	50,368	9,826,125	5,390,753	75,680	104,679
Plant Operations and Maintenance	—	2,870,546	1,060,226	—	17,535
Scholarships and Fellowships	—	—	—	214,666	—
Auxiliary Enterprises	—	1,999,732	679,538	—	27,909
Total Operating Expenses	<u>\$ 43,363,589</u>	<u>\$ 24,365,781</u>	<u>\$ 18,365,883</u>	<u>\$ 302,847</u>	<u>\$ 359,468</u>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ —	\$ 161,141	\$ 2,799,115	\$ 2,513,512	\$ 53,154,559
Research	8,200	—	37,160	15,754	302,637
Public Service	—	—	29,976	—	389,026
Academic Support	—	—	2,930,292	979,573	11,648,232
Student Services	7,476	230,528	1,787,227	732,297	11,177,608
Institutional Support	—	31,875	5,261,188	1,070,329	21,810,997
Plant Operations and Maintenance	—	1,417,471	3,841,976	445,407	9,653,161
Scholarships and Fellowships	33,366,372	—	—	—	33,581,038
Auxiliary Enterprises	766,933	443,888	6,555,433	3,208,754	13,682,187
Total Operating Expenses	<u>\$ 34,148,981</u>	<u>\$ 2,284,903</u>	<u>\$ 23,242,367</u>	<u>\$ 8,965,626</u>	<u>\$ 155,399,445</u>

Note 19 Subsequent Event

The College did not have any subsequent event disclosures for fiscal year 2022.

Required Supplementary Information



GEORGIA GWINNETT COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLAN
FOR THE LAST TEN FISCAL 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	\$ 39,915	\$ 39,915	\$ —	\$ 162,059	24.63%
	June 30, 2021	\$ 48,673	\$ 48,673	\$ —	\$ 197,377	24.66%
	June 30, 2020	\$ 40,982	\$ 40,982	\$ —	\$ 166,189	24.66%
	June 30, 2019	\$ 31,895	\$ 31,895	\$ —	\$ 130,084	24.52%
	June 30, 2018	\$ 19,180	\$ 19,180	\$ —	\$ 77,309	24.81%
	June 30, 2017	\$ 7,691	\$ 7,691	\$ —	\$ 31,000	24.81%
	June 30, 2016	\$ 7,993	\$ 7,993	\$ —	\$ 28,615	27.93%
	June 30, 2015	\$ 20,642	\$ 20,642	\$ —	\$ 94,000	21.96%
	June 30, 2014	\$ 17,167	\$ 17,167	\$ —	\$ 93,000	18.46%
	June 30, 2013	\$ 12,665	\$ 12,665	\$ —	\$ 85,000	14.90%
Teachers' Retirement System	June 30, 2022	\$ 6,389,548	\$ 6,389,548	\$ —	\$ 32,237,334	19.82%
	June 30, 2021	\$ 6,077,507	\$ 6,077,507	\$ —	\$ 31,979,054	19.00%
	June 30, 2020	\$ 7,063,036	\$ 7,063,036	\$ —	\$ 33,084,179	21.35%
	June 30, 2019	\$ 6,351,429	\$ 6,351,429	\$ —	\$ 30,317,769	20.95%
	June 30, 2018	\$ 4,899,687	\$ 4,899,687	\$ —	\$ 29,163,768	16.80%
	June 30, 2017	\$ 4,005,751	\$ 4,005,751	\$ —	\$ 26,991,922	14.84%
	June 30, 2016	\$ 3,435,054	\$ 3,435,054	\$ —	\$ 23,856,480	14.40%
	June 30, 2015	\$ 2,861,395	\$ 2,861,395	\$ —	\$ 21,759,636	13.15%
	June 30, 2014	\$ 2,191,770	\$ 2,191,770	\$ —	\$ 17,849,882	12.28%
	June 30, 2013	\$ 1,885,618	\$ 1,885,618	\$ —	\$ 16,526,493	11.41%

GEORGIA GWINNETT COLLEGE
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
Employees' Retirement System	June 30, 2022	0.008515%	\$199,158	\$ 197,377	100.90%	87.62%
	June 30, 2021	0.006591%	\$ 277,808	\$ 166,189	167.16%	76.21%
	June 30, 2020	0.005161%	\$ 212,970	\$ 130,084	163.72%	76.68%
	June 30, 2019	0.003031%	\$ 124,605	\$ 77,309	161.18%	76.33%
	June 30, 2018	0.001264%	\$ 51,335	\$ 31,000	165.60%	72.34%
	June 30, 2017	0.010977%	\$ 61,306	\$ 28,615	214.24%	76.20%
	June 30, 2016	0.012000%	\$ 166,553	\$ 94,000	177.18%	77.99%
	June 30, 2015	0.011000%	\$ 154,901	\$ 93,000	166.56%	77.99%
Teachers Retirement System	June 30, 2022	0.245905%	\$ 21,748,657	\$ 31,979,054	68.01%	92.03%
	June 30, 2021	0.255823%	\$ 61,970,344	\$ 33,084,179	187.31%	77.01%
	June 30, 2020	0.248297%	\$ 53,390,569	\$ 30,317,769	176.10%	80.27%
	June 30, 2019	0.244856%	\$ 45,450,518	\$ 29,163,768	155.85%	79.33%
	June 30, 2018	0.234960%	\$ 43,668,040	\$ 26,991,922	161.78%	76.06%
	June 30, 2017	0.220000%	\$ 45,252,081	\$ 23,856,480	189.68%	81.44%
	June 30, 2016	0.210000%	\$ 31,380,484	\$ 21,759,636	144.21%	84.03%
	June 30, 2015	0.174813%	\$ 22,085,317	\$ 17,849,882	123.73%	84.03%

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

**GEORGIA GWINNETT COLLEGE
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

GEORGIA GWINNETT COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
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 (d)
June 30, 2022	\$ 2,260,265	\$ 2,260,265	\$ —	\$ 64,495,178	3.50%
June 30, 2021	\$ 1,820,555	\$ 1,820,555	\$ —	\$ 62,104,863	2.93%
June 30, 2020	\$ 1,616,596	\$ 1,616,596	\$ —	\$ 62,352,340	2.59%
June 30, 2019	\$ 2,453,872	\$ 2,453,872	\$ —	\$ 59,797,311	4.10%
June 30, 2018	\$ 2,345,717	\$ 2,345,717	\$ —	\$ 56,968,064	4.12%
June 30, 2017	\$ 1,461,592	\$ 1,461,592	\$ —	\$ 55,554,258	2.63%

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

GEORGIA GWINNETT COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST FIVE FISCAL 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	1.550985%	\$ 78,062,325	\$ 62,104,863	125.69%	3.74%
June 30, 2021	1.572687%	\$ 83,882,709	\$ 62,352,340	134.53%	2.91%
June 30, 2020	1.530008%	\$ 68,415,348	\$ 59,797,311	114.41%	3.13%
June 30, 2019	1.480696%	\$ 65,309,815	\$ 56,968,064	114.64%	1.69%
June 30, 2018	1.467699%	\$ 61,932,874	\$ 55,554,258	111.48%	0.19%

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

**GEORGIA GWINNETT COLLEGE
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.

Supplementary Information



GEORGIA GWINNETT COLLEGE
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30. 2022

ASSETS

Cash and Cash Equivalents	\$	5,719,953.90
Accounts Receivable		
Federal Financial Assistance		4,933,752.15
Other		2,224,438.91
Prepaid Expenditures		404,315.00
Other Assets		25,500.00
		<hr/>
Total Assets	\$	13,307,959.96
		<hr/>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$	566,629.83
Encumbrance Payable		6,594,885.67
Accounts Payable		396,231.81
Unearned Revenue		1,590,013.88
Funds Held for Others		104,214.01
Other Liabilities		31,778.58
		<hr/>
Total Liabilities		9,283,753.78
		<hr/>

Fund Balances

Reserved		
Department Sales and Services		760,424.85
Indirect Cost Recoveries		720,338.59
Technology Fees		254,117.05
Restricted/Sponsored Funds		329,944.85
Uncollectible Accounts Receivable		884,461.51
Tuition Carry - Forward		1,038,982.85
Unreserved		
Surplus		35,936.48
		<hr/>
Total Fund Balances		4,024,206.18
		<hr/>

Total Liabilities and Fund Balances	\$	13,307,959.96
		<hr/>

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

GEORGIA GWINNETT COLLEGE
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	\$ 55,308,066.00	\$ 60,294,241.00	\$ 60,294,241.00	\$ —
Federal Funds				
Federal Funds Not Specifically Itemized	0.00	29,100,791.00	29,055,390.04	—
Federal Funds - COVID19				
Federal Funds Not Specifically Itemized - COVID	0.00	30,849,423.00	30,570,459.14	—
State Fiscal Stabilization Fund				
Other Funds	85,423,993.00	51,894,398.00	48,214,311.31	3,954,852.92
Total Operating Activity	<u>\$ 140,732,059.00</u>	<u>\$ 172,138,853.00</u>	<u>\$ 168,134,401.49</u>	<u>\$ 3,954,852.92</u>

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

GEORGIA GWINNETT COLLEGE
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	\$ —	\$ 60,294,241.00	\$ —	\$ 60,294,241.00	\$ —	\$ —
Federal Funds						
Federal Funds Not Specifically Itemized	0.00	29,055,390.04	(45,400.96)	29,055,390.04	45,400.96	0.00
Federal Funds - COVID19						
Federal Funds Not Specifically Itemized - COVID	0.00	30,570,459.14	-278,963.86	30,570,459.14	278,963.86	0.00
Other Funds	—	52,169,164.23	274,766.23	48,904,816.96	2,989,581.04	3,264,347.27
Total Operating Activity	\$ —	\$ 172,089,254.41	\$ (49,598.59)	\$ 168,824,907.14	\$ 3,313,945.86	\$ 3,264,347.27

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

GEORGIA GWINNETT COLLEGE
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	Return of Fiscal Year 2021 Surplus	Prior Year Adjustments	Other Adjustments
Teaching					
State Appropriation					
State General Funds	\$ 76,162.20	\$ —	\$ (76,162.20)	\$ 1,523.10	\$ —
Federal Funds					
Federal Funds Not Specifically Itemized					
Federal Funds - COVID19					
Federal Funds Not Specifically Itemized - COVID	—	—	—	—	—
Other Funds	3,998,873.47	(3,954,852.92)	(44,020.55)	(24,653.94)	(101,471.76)
Total Teaching	4,075,035.67	(3,954,852.92)	(120,182.75)	(23,130.84)	(101,471.76)
Total Operating Activity	4,075,035.67	(3,954,852.92)	(120,182.75)	(23,130.84)	(101,471.76)
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	782,989.75				101,471.76
Budget Unit Totals	\$ 4,858,025.42	\$ (3,954,852.92)	\$ (120,182.75)	\$ (23,130.84)	\$ —

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

GEORGIA GWINNETT COLLEGE
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	\$ —	\$ —	\$ 1,523.10	\$ —	\$ 1,523.10	\$ 1,523.10
Federal Funds - COVID19						
Federal Funds Not Specifically Itemized - COVID	—	—	—	—	—	—
Other Funds	—	3,264,347.27	3,138,221.57	3,103,808.19	34,413.38	3,138,221.57
Total Operating Activity	—	3,264,347.27	3,139,744.67	3,103,808.19	35,936.48	3,139,744.67
Prior Year Reserves						
Not Available for Expenditure						
Uncollectible Accounts Receivable	—	—	884,461.51	884,461.51	—	884,461.51
Early Retirement Program (Georgia Health Sciences University)	—	—	—	—	—	—
Budget Unit Totals	\$ —	\$ 3,264,347.27	\$ 4,024,206.18	\$ 3,988,269.70	\$ 35,936.48	\$ 4,024,206.18
		Departmental Sales and Services		\$ 760,424.85	\$ —	\$ 760,424.85
		Indirect Cost Recovery		720,338.59	—	720,338.59
		Technology Fees		254,117.05	—	254,117.05
		Restricted/Sponsored Funds		329,944.85	—	329,944.85
		Tuition Carry-Forward		1,038,982.85	—	1,038,982.85
		Uncollectible Accounts Receivable		884,461.51	—	884,461.51
		Surplus		—	35,936.48	35,936.48
				\$ 3,988,269.70	\$ 35,936.48	\$ 4,024,206.18

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

GEORGIA GWINNETT COLLEGE

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