

ANNUAL
FINANCIAL
REPORT
2022



**FORT VALLEY
STATE UNIVERSITY**
EMPOWER *the* POSSIBLE.

FORT VALLEY STATE UNIVERSITY
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For the Fiscal Year Ended June 30, 2022

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INTRODUCTORY SECTION



FORT VALLEY STATE UNIVERSITY

MESSAGE FROM THE PRESIDENT



On behalf of the students, faculty, staff, alumni, and supporters of Fort Valley State University (FVSU), I am pleased to report that the fiscal year 2022 was another year of great progress toward our commitment to moving the needle by elevating student engagement.

As Georgia's 1890 land-grant institution, we continue to be amongst an education destination of choice for aspiring mathematicians, scientists, agriculturalists, educators, and engineering technologists.

Our dedicated faculty takes a personal interest in the lives of each student, not just in their academic performance but also in their development as professionals. I believe that through the collaborative efforts of our highly-accomplished faculty, dedicated staff, and scores of alumni and supporters, we will meet our goal of equipping people from all backgrounds with the knowledge and skills to impact the world as leaders.

A few highlights from this past year substantiate that FVSU is an institution on the rise:

- Graduates During Fiscal Year 2022, Fort Valley State University conferred 427 degrees, out of which were 358 bachelor's degrees, 64 master's degrees, and 5 Educational Specialist degrees.
- Enrollment Fall semester 2021 showed constant positive enrollment with a total student population of 2,783. Of this, 1,049 students were freshmen, 502 sophomores, 408 juniors, 526 seniors, and 10 others, according to University Systems of Georgia. The graduate and dual enrollment were 257 and 31, respectively.
- Economics FVSU's enrollment and graduate production are well aligned with the economic development needs of the State of Georgia. Over 32% of students were in STEM majors, which will have a direct impact on Georgia's strategic industries.
- Value Fort Valley State University is the state of Georgia's top producer of African Americans with bachelor's degrees in mathematics, agriculture, and related sciences. The institution is ranked #38 by U.S. News and World Report among all historically black colleges and universities and ranked #9 in Top Performers on Social Mobility (19 places higher than last year).
- Direction FVSU has intentionally crafted a strategy focused on student success and operational excellence. The four goals Strategic Plan priorities are to: provide an exceptional student experience; promote operational excellence in FVSU's structure, operations, systems, and processes; enhance FVSU's image and organizational identity as a 21st-century HBCU and 1890 land-grant institution; and effectively leverage the institution's assets, programs, and services to enhance engagement and collaboration.

On behalf of Fort Valley State University's faculty, staff, students, and alumni, I thank you for your support. This journey from where we were to where we strive to has been full of adventure. Most of it has been highly successful, but a few challenges have surfaced that we are meeting head-on as well. Without you by our side, this journey would be incomplete and much less rewarding. Together, we will do amazing things in the months and years to come.

Paul Jones, Ph.D.
President

Letter of Transmittal

August 15, 2022

To: President Paul Jones
Fort Valley State University

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

The Annual Financial Report (AFR) for Fort Valley State University includes the financial statements for the year ended June 30, 2022, as well as other useful information to help ensure the University's accountability and integrity to the public. The AFR also includes the Management Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the University's financial position as a result of operations for the fiscal year ended June 30, 2022. The AFR is included in the University System of Georgia's financial report and audited as required by the State of Georgia Department of Audits and Accounts (DOAA).

The preparation of this AFR was made possible by the tremendous efforts of Samantha Hutchinson, AVP/Controller and her staff. I sincerely appreciate their hard work, dedication, and contributions towards closing out the fiscal year and completing this report.

Respectfully Submitted,

Michelle D. Martin, CPA, MBA
Vice President for Business and Finance





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. Paul Jones, President
Fort Valley State University

We have reviewed the accompanying financial statements of the business-type activities and the fiduciary funds of Fort Valley State University, 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 Fort Valley State University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

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

Required Supplementary Information

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

Other Matters

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

Included in a separate Report on Review dated December 7, 2022 is a section on findings and other items for any matters that came to our attention during our engagement.

We have performed certain procedures at Fort Valley State University 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 Fort Valley State University and the members of the Board of Regents of the University System of Georgia and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



Greg S. Griffin
State Auditor

December 7, 2022



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FINANCIAL SECTION



FORT VALLEY STATE UNIVERSITY

FORT VALLEY STATE UNIVERSITY

Management's Discussion and Analysis

Introduction

Fort Valley State University (University) is one of the 26 institutions of higher education of the University System of Georgia. The University, located in Fort Valley, Georgia, was founded in 1895 as Fort Valley High and Industrial School. In 1939, the institution merged with State Teachers and Agricultural College of Forsyth to become Fort Valley State College, and was granted university status by the Board of Regents in 1996. The University is one of Georgia's two land-grant institutions and has become widely known for its agricultural, veterinary sciences, business, early childhood education, and liberal arts programs.

Fort Valley State University remains Georgia's only 1890 land-grant university and has had the fortitude to withstand over a century of struggles. Although higher education faces challenges, the University continues to turn these challenges into opportunities for its students, learning communities, and research. The mission of the University is to empower students to use education to pursue meaningful careers and use our scholarship, research, and outreach to make lives better for the communities around us. Fort Valley State University is committed to using its existing resources to meet the demands of our students.

Fort Valley State University has positioned itself through a campus prioritization plan to strategically align resources for all its programs along the core values of the University, which are:

- **Accountability**
- **Integrity**
- **Excellence**
- **Engagement**

With these as its core values, management is positive that the students and the University will be successful.

Research

Research is a significant part of campus life for both faculty and students. The University offers baccalaureate and master's degrees in a wide variety of subjects. This broad range of educational opportunities attracts a highly qualified faculty. With a range of academic and co-curricular facilities located on its main campus, our students have access to faculty, equipment and other resources that help them develop skills which place them at the forefront of proficiency.

Enrollment Trends

As shown below, the University experienced a decrease in full-time equivalent student enrollment of 86 students, or 3.3% from last year. With the effects of COVID-19 and other system wide changes, indicators for fiscal year 2023 are on par in that full-time equivalent enrollment should remain flat from that of fiscal year 2022. There are strategies in place to retain, matriculate, and graduate these students.

	FACULTY	STUDENT HEADCOUNT	STUDENT FTE
FY 2022	101	2,783	2,569
FY 2021	91	2,827	2,655
FY 2020	92	2,624	2,475

Notes to The Financial Statements

The financial discussion contains summary information about certain financial information contained in the financial statements. Financial information pertaining to the prior fiscal year can be obtained from the prior year's Annual Financial Report. Certain references in this management discussion and analysis refers to the notes to the financial statements. The notes to the financial statements are an integral part of the basic financial statements and communicate information essential for fair presentation. For example, the notes convey information concerning significant accounting policies used to prepare the financial statements, detailed information on cash and investments, receivables, capital leases, compensated absences, retirement and other postemployment benefits, capital assets and a report of operating expenses by function.

Overview of the Financial Statements and Financial Analysis

The University 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 five financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position, and the Statement of Changes in Fiduciary Net Position. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year and associated with the business type activities. Comparative data is provided for fiscal year 2022 and fiscal year 2021 for the business-type activities only.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2022 which presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The differences between current and non-current assets and liabilities 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 good or services are received despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University and how much the University owes vendors. The difference between deferred outflows of resources and deferred inflows of resources (net position) is one indicator of the University's financial health. Increase or decreases in net position provide an indicator of the improvement or decline of the University's financial health when considered in conjunction with other non-financial conditions, such as facilities and enrollment. Net Position is divided into three major categories. The first category, net investment in capital assets, provides the University's equity in property, plant and equipment owned by the University.

The next category is restricted, which is divided into two categories, non-expendable and expendable. The corpus of non-expendable, restricted resources is available only for investment purposes. Expendable, restricted resources are available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

The final category is unrestricted. Unrestricted resources are available to the University for any lawful purpose.

CONDENSED STATEMENT OF NET POSITION	June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	\$ 27,324,285	\$ 22,417,698	\$ 4,906,587	21.89 %
Capital Assets, Net	135,948,494	138,865,825	(2,917,331)	(2.10)%
Intangible Right-to-Use Assets, Net	394,359	—	394,359	100.00 %
Other Assets	1,041,362	1,190,219	(148,857)	(12.51)%
TOTAL ASSETS	164,708,500	162,473,742	2,234,758	1.38 %
DEFERRED OUTFLOWS	19,424,769	\$ 21,350,096	(1,925,327)	(9.02)%
LIABILITIES				
Current Liabilities	9,747,911	9,139,821	608,090	6.65 %
Non-Current Liabilities	128,983,405	162,267,072	(33,283,667)	(20.51)%
TOTAL LIABILITIES	138,731,316	171,406,893	(32,675,577)	(19.06)%
DEFERRED INFLOWS	33,458,303	8,744,821	24,713,482	282.61 %
NET POSITION				
Net Investment in Capital Assets	65,744,974	65,338,734	406,240	0.62 %
Restricted, Non-Expendable	—	—	—	— %
Restricted, Expendable	2,232,598	2,387,987	(155,389)	(6.51)%
Unrestricted	(56,033,922)	(64,054,597)	8,020,675	(12.52)%
TOTAL NET POSITION	\$ 11,943,650	\$ 3,672,124	\$ 8,271,526	225.25 %

Total assets increased by \$2.2 million or 1.38%, to \$164.7 million at June 30, 2022 from \$162.5 million at June 30, 2021. The increase in total assets was attributed to an increase in current assets of \$4.9 million, or 21.89%, to \$27.3 million at June 30, 2022 from \$22.4 million at June 30, 2021 which was offset by a decrease in capital assets, net of \$2.9 million, or 2.10% at June 30, 2022. Current assets increased due to the change in cash and cash equivalent balances as a result of operations. The decrease in capital assets, net is primarily attributable to fewer projects or additions to capital assets being depreciated coupled with flat depreciation for fiscal year ended June 30, 2022. See Note 5 of the financial statements for a detailed analysis of the changes in capital assets.

Total deferred outflows of resources decreased by \$1.9 million, or 9.02%, to \$19.4 million at June 30, 2022 from \$21.3 million at June 30, 2021. The decrease is due to the University's proportionate share of the actuarially determined deferred loss on defined benefit pension plan administered by Teachers Retirement System of Georgia.

Total liabilities decreased by \$32.7 million, or 19.06%, to \$138.7 million at June 30, 2022 from \$171.4 million at June 30, 2021. The decrease in total liabilities is primarily attributable to the decrease in non-current liabilities of \$33.3 million. This decrease nets against the increase in current liabilities that is being recognized for fiscal year June 30, 2022. The increase in current liabilities is primarily attributable to increases in accounts payable, advances, and current portion of leases from fiscal year end June 30, 2021 to fiscal year end June 30, 2022. The increase in accounts payable is primarily attributable to an increase in the accrual for non-personal operating expenses for the fiscal year ended June 30, 2022 as compared with fiscal year ended June 30, 2021. The increase in advances is a result of the increase in prepaid summer fees for GAAP purposes that is deferred until recognized. The decrease in non-current liabilities is primarily attributable to a decrease in the University's Net Pension Liability and Other Post-Employment Benefit ("OPEB") liabilities by \$25.9 million and \$4.5 million, respectively. These liabilities represent the University's proportionate share of the actuarially determined liability for the Board of Regents. The University's proportionate share was attributed to the overall decrease in the Teachers Retirement System pension liability for the University System of Georgia (USG) as whole. The pension liability for USG decreased from \$24.2 billion to \$8.8 billion which was the result of significant changes to actuarial assumptions, based on experience study revisions, that significantly reduced the pension liability across all institutions.

Total deferred inflows of resources increased by \$24.7 million, or 282.61%, to \$33.4 million at June 30, 2022 from \$8.7 million at June 30, 2021. The increase in deferred inflows is primarily due to the University's proportionate

share of the actuarially determined deferred gain on defined benefit pension plan administered by Teachers Retirement System of Georgia.

Total net position increased by \$8.3 million, or 225.25%, to \$11.9 million at June 30, 2022 from \$3.6 million at June 30, 2021. The overall increase is reflective of the increase in unrestricted net position of \$8.0 million, or 12.52% that is offset by a decrease in restricted net position of \$155,389 or 6.51%.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and non-operating, and the expenses paid by the University, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Non-operating revenues are revenues received for which goods and services are not provided. For example state appropriations are non-operating because they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services for those revenues.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
Operating Revenue	\$ 33,774,360	\$ 29,910,980	\$ 3,863,380	12.92 %
Operating Expense	93,696,598	90,861,590	2,835,008	3.12 %
Operating Income/Loss	(59,922,238)	(60,950,610)	1,028,372	(1.69)%
Non-Operating Revenue and Expense	67,430,693	57,571,998	9,858,695	17.12 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	7,508,455	(3,378,612)	10,887,067	(322.23)%
Other Revenues, Expenses, Gains, Losses and Special Items	763,071	4,585,751	(3,822,680)	(83.36)%
Change in Net Position	8,271,526	1,207,139	7,064,387	585.22 %
Net Position at beginning of year	3,672,124	2,464,985	1,207,139	48.97 %
Net Position at End of Year	\$ 11,943,650	\$ 3,672,124	\$ 8,271,526	225.25 %

Revenues

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. Shown below are highlights by source of revenue for the years ended June 30, 2022 and 2021.

REVENUES BY SOURCE	June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
Tuition and Fees, net	\$ 8,128,421	8,160,629	\$ (32,208)	(0.39)%
Federal Appropriations	6,318,321	5,761,613	556,708	9.66 %
Grants and Contracts	856,596	718,986	137,610	19.14 %
Sales and Services	198,389	139,695	58,694	42.02 %
Auxiliary Enterprises	17,068,684	14,585,892	2,482,792	17.02 %
Other Operating Revenues	1,203,949	544,165	659,784	121.25 %
Total Operating Revenues	\$ 33,774,360	\$ 29,910,980	\$ 3,863,380	12.92 %
State Appropriations	26,855,945	22,380,200	4,475,745	20.00 %
Grants and Contracts	43,455,190	38,158,453	5,296,737	13.88 %
Gifts	—	—	—	— %
Investment Loss	(12,671)	17,971	(30,642)	(170.51)%
Other Nonoperating Revenues	5,852	(3,818)	9,670	(253.27)%
Total Nonoperating Revenues	\$ 70,304,316	\$ 60,552,806	\$ 9,751,510	16.10 %
State Capital Gifts and Grants	874,499	3,917,693	(3,043,194)	(77.68)%
Federal Capital Gifts and Grants	(111,428)	668,058	(779,486)	(116.68)%
Total Capital Gifts and Grants	763,071	4,585,751	\$ (3,822,680)	(83.36)%
Total Revenues	\$ 104,841,747	\$ 95,049,537	\$ 9,792,210	10.30 %

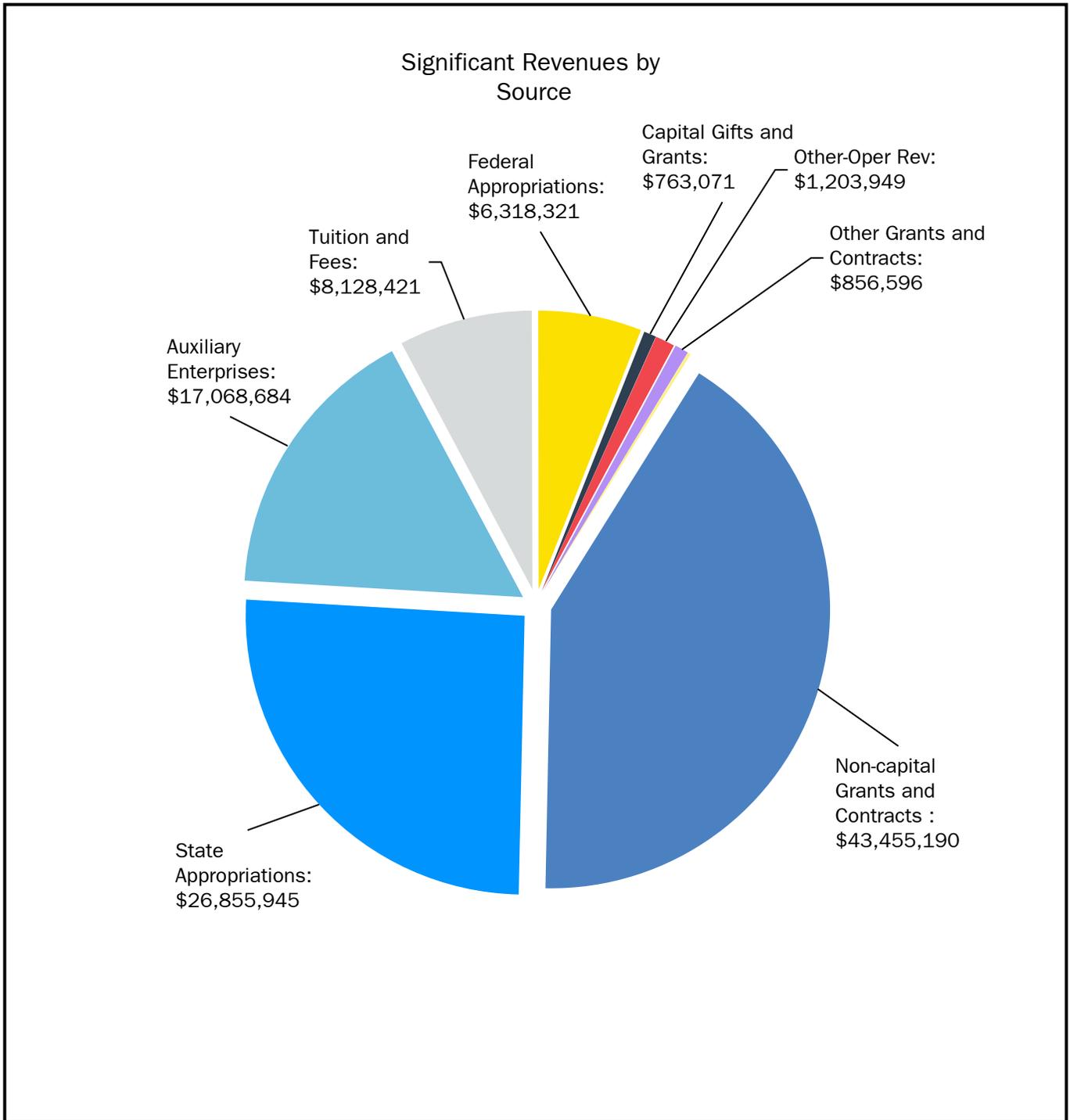
Total revenues increased \$9.8 million, or 10.30%, to \$104.8 million for the fiscal year ended June 30, 2022, from \$95.0 million for the fiscal year ended June 30, 2021. Total operating revenues increased by \$3.9 million, or 12.92%, to \$33.8 million for the year ended June 30, 2022, from \$29.9 million for the year ended June 30, 2021. The primary contributors to the increase in operating revenues is the increase of \$556,708 in federal appropriations, \$1.34 million in residential halls, \$791,973 in food services, and \$659,784 in other operating revenues. The majority of the increase was mainly attributed to the residential halls being at 96.29% capacity in Fall 2021 which includes revenue generated from adding 64 beds to two residential units, Wildcat Commons 6 and 7. The increased occupancy also reflects a return to normalcy after the height of the pandemic.

There was an overall increase in total nonoperating revenues of \$9.8 million, or 16.10%, to \$70.3 million for the fiscal year ended June 30, 2022, from \$60.5 million for the year ended June 30, 2021. The increase in nonoperating revenues is mainly attributed to an increase in state appropriation funding for the University's land grant state match of \$1.24 million and the state funding for cost-of-living adjustments that were issued system wide. Grants and contracts revenues increased by \$5.3 million, or 13.88% to 43.4 million for the fiscal year ended June 30, 2022, from \$38.1 million for the fiscal year ended June 30, 2021. The increase in grants and contracts revenues directly relates to the increase in revenue being recognized for awards received as a result of the Higher Education Emergency Relief Fund (HEERF) and Coronavirus Aid, Relief, and Economic Security (CARES) Act. Funds drawn down under the HEERF/CARES Act are recognized as a part of grants and contracts nonoperating revenues. The decrease in capital gifts and grants of \$3.8 million is mainly attributed to the change in state gift revenues for the reimbursement of non-capital improvements to facilities and equipment for various projects such as the Amphitheater and Fambros Dining project that were completed in fiscal year 2021.

A significant portion of the University's auxiliary revenues comes from fees for room and board. Occupancy rates for student housing as noted in the table below.

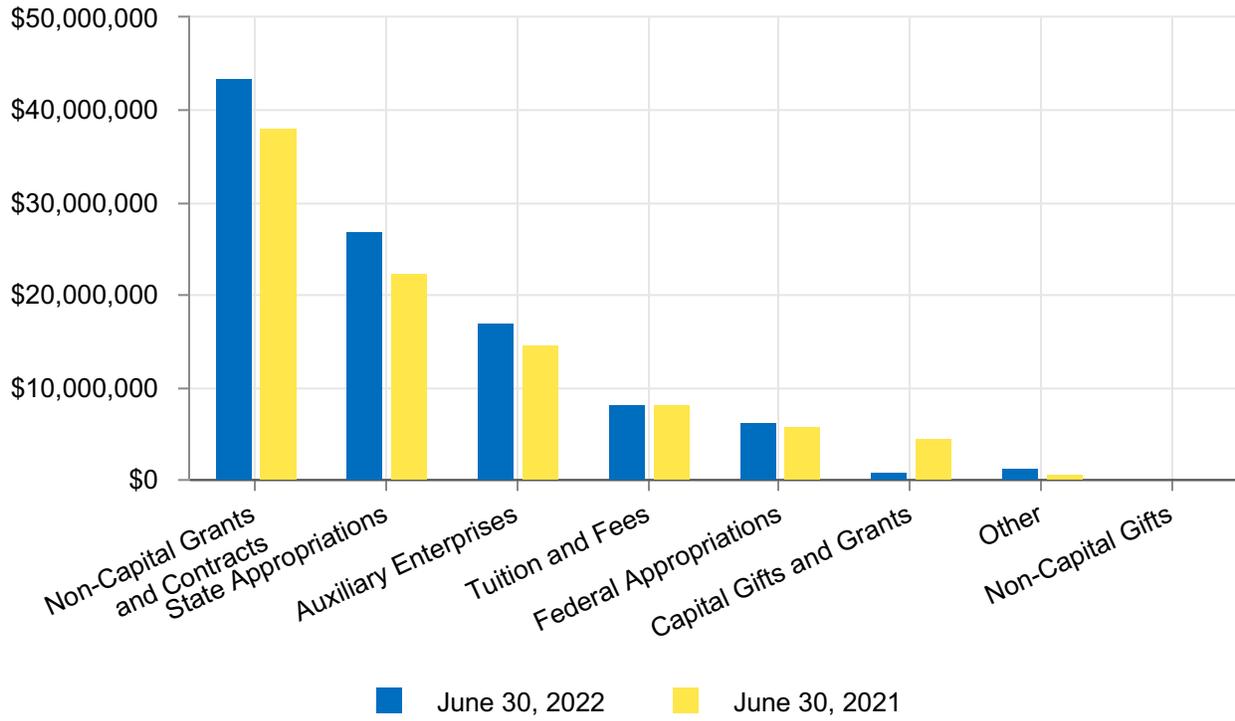
Residential Unit	Maximum Occupancy	Fall 2021 Occupancy	Fall 2020 Occupancy
Wildcat Commons 1	190	183	176
Wildcat Commons 2	190	185	166
Wildcat Commons 3	187	172	146
Wildcat Commons 4	187	176	177
Wildcat Commons 5	187	181	163
Wildcat Commons 6	219	212	179
Wildcat Commons 7	215	214	172
Ohio Hall	28	28	28
Total	1,403	1,351	1,207
Occupancy Rate		96.29%	86.03%

Revenue by major source - Operating and nonoperating revenues are shown in the pie chart below by major source.



Revenue by major source for the years ended June 30, 2022 and June 30, 2021 is depicted by the following chart:

Revenue Source by Major Source



Expenses

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

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
Instruction	\$ 12,186,975	\$ 11,688,950	\$ 498,025	4.26 %
Research	10,228,660	8,073,409	2,155,251	26.70 %
Public Service	6,105,193	5,339,841	765,352	14.33 %
Academic Support	15,132,885	14,076,578	1,056,307	7.50 %
Student Services	5,130,976	4,321,358	809,618	18.74 %
Institutional Support	10,514,764	19,444,677	(8,929,913)	(45.92)%
Plant Operations and Maintenance	11,505,386	9,511,350	1,994,036	20.96 %
Scholarships and Fellowships	10,565,373	6,671,636	3,893,737	58.36 %
Auxiliary Enterprises	12,326,386	11,733,791	592,595	5.05 %
Total Operating Expenses	\$ 93,696,598	\$ 90,861,590	\$ 2,835,008	3.12 %
Interest Expense	2,873,623	2,980,808	(107,185)	(3.60)%
Total Nonoperating Expenses	\$ 2,873,623	\$2,980,808	\$ (107,185)	(3.60)%
Total Expenses	\$ 96,570,221	\$ 93,842,398	\$ 2,727,823	2.91 %

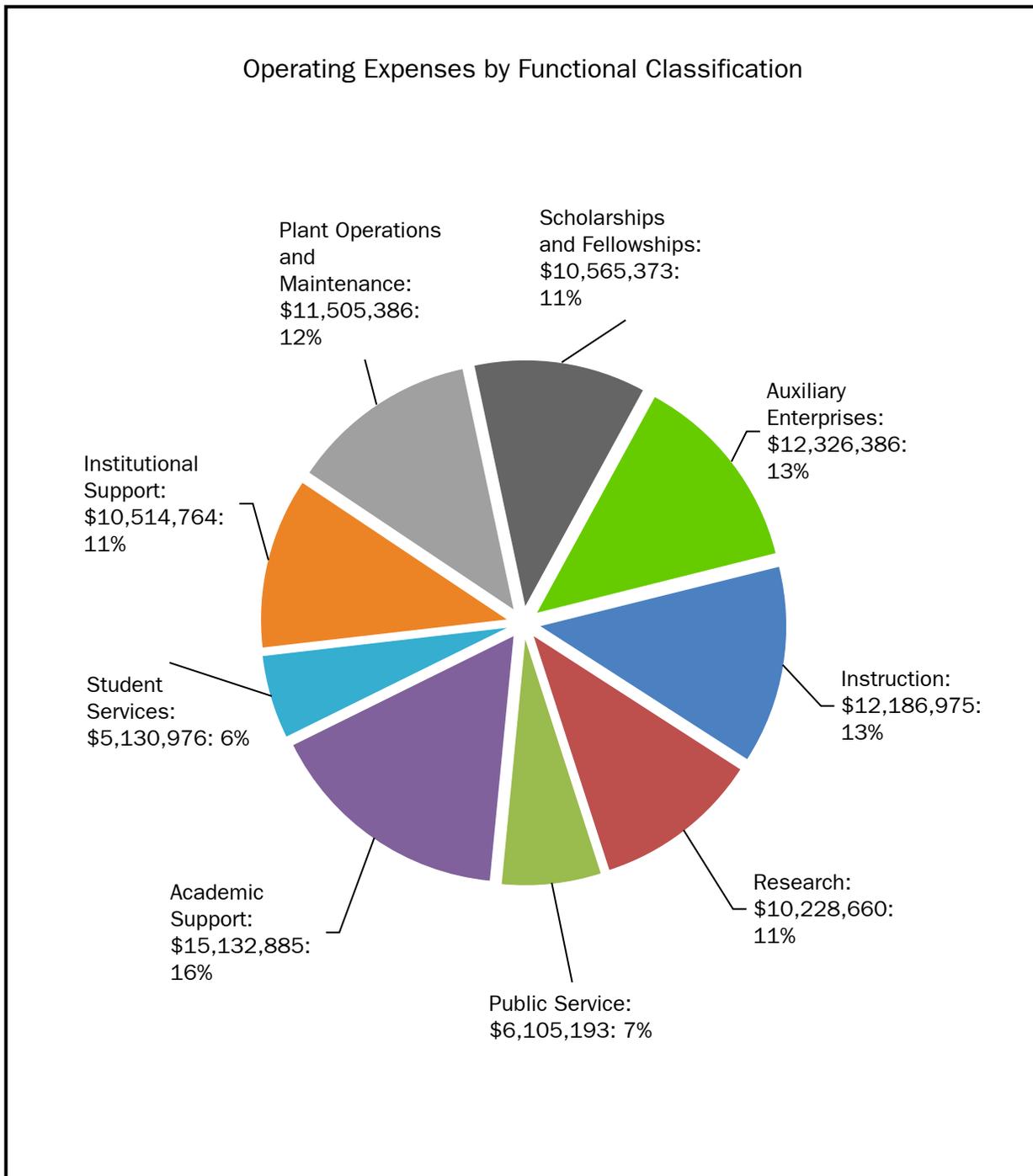
Total operating expenses increased \$2.8 million, or 3.12%, to \$93.7 million for the fiscal year ended June 30, 2022, from \$90.9 million for the fiscal year ended June 30, 2021. The increase in operating expenses is largely related to increases in research of \$2.2 million, plant operations and maintenance of \$2.0 million, and scholarship and fellowships of \$3.9 million, and this increase is offset by decreases in institutional support of \$8.9 million. This decrease is attributed to the net pension liability loss being recognized in this area. See Note 17 to the financial statements for more detailed information regarding functional and natural classifications.

The increase in plant operations and maintenance is largely attributed to an increase in operating expenses (repair & maintenance and contract related services).

The increase in scholarships and fellowships is primarily reflective of increases in the awarding of HEERF grant funds to students. Students were awarded funds, determined by a tier and estimated family contribution, each term in the academic 2022 year. For Fall 2021, \$3.3 million in HEERF funding was awarded to students. The University also offered the Pandemic Assistance for Wildcat Students (PAWS) program during the Summer 2022 term in which \$455,645 was awarded in aid for students in need.

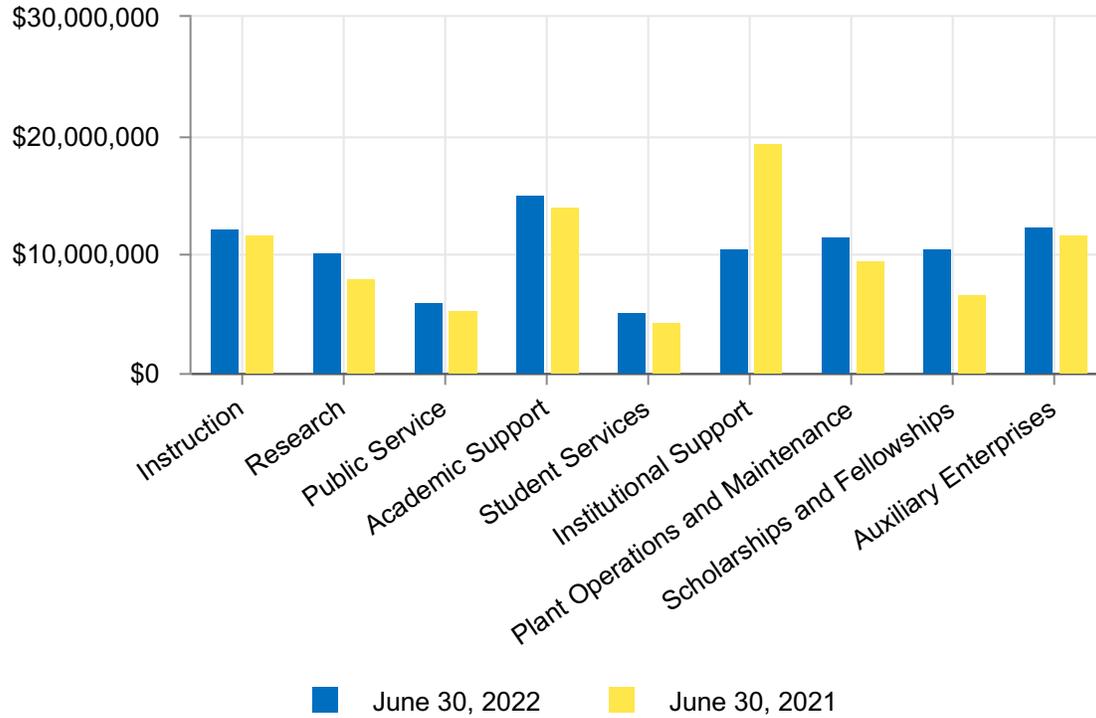
The increase in research is largely attributed to an increase in spending for major projects within the University's agricultural and cooperative extension units. Major projects being completed include the installation of new handling corral systems for new pastures, HVAC improvements in labs, and new hay barns.

The following chart depicts operating expenses by functional classification for the year ended June 30, 2022:



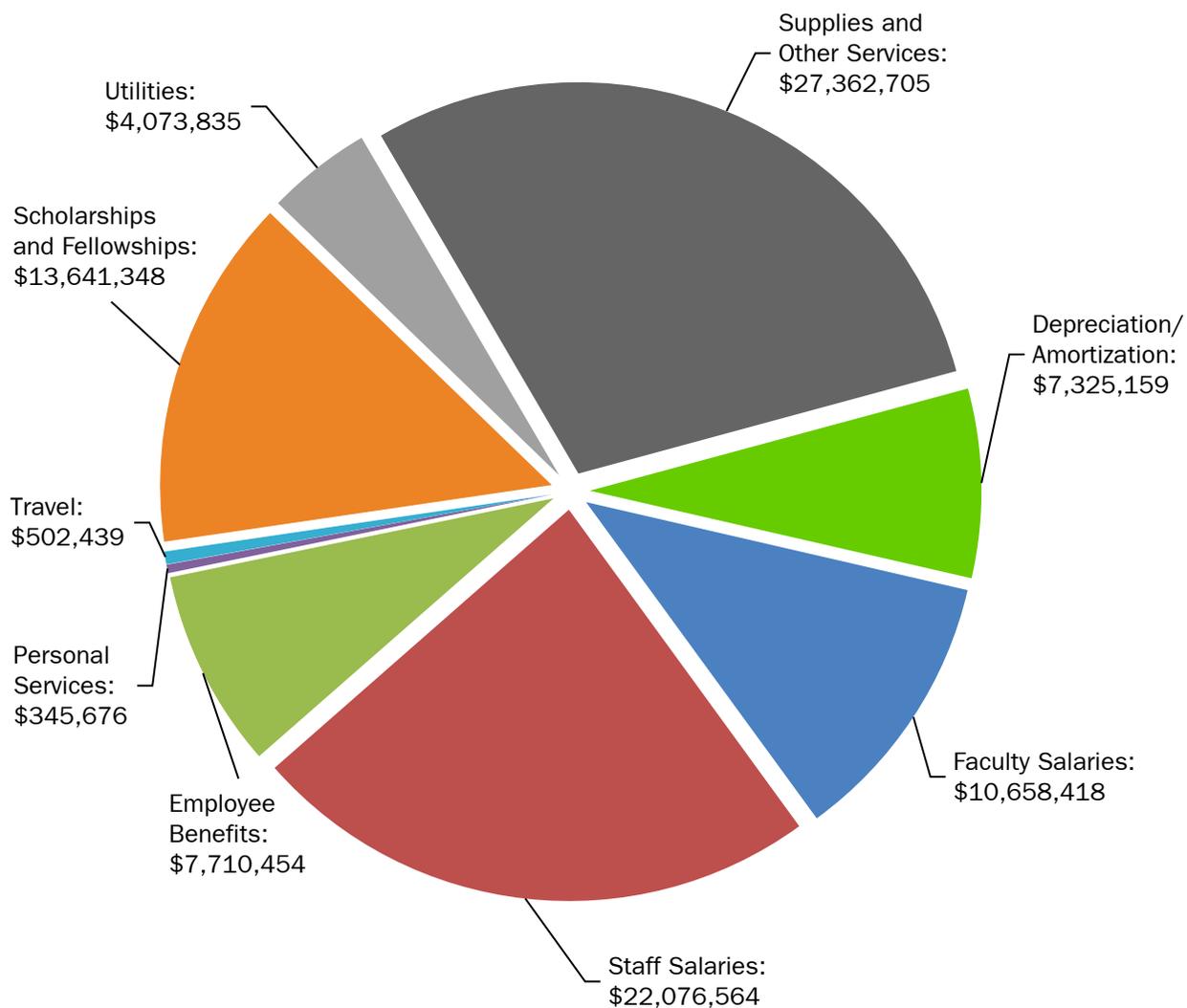
Operating expenses by functional classification for the years ended June 30, 2022 and June 30, 2021 is depicted by the following chart:

Operating Expenses by Functional Classification



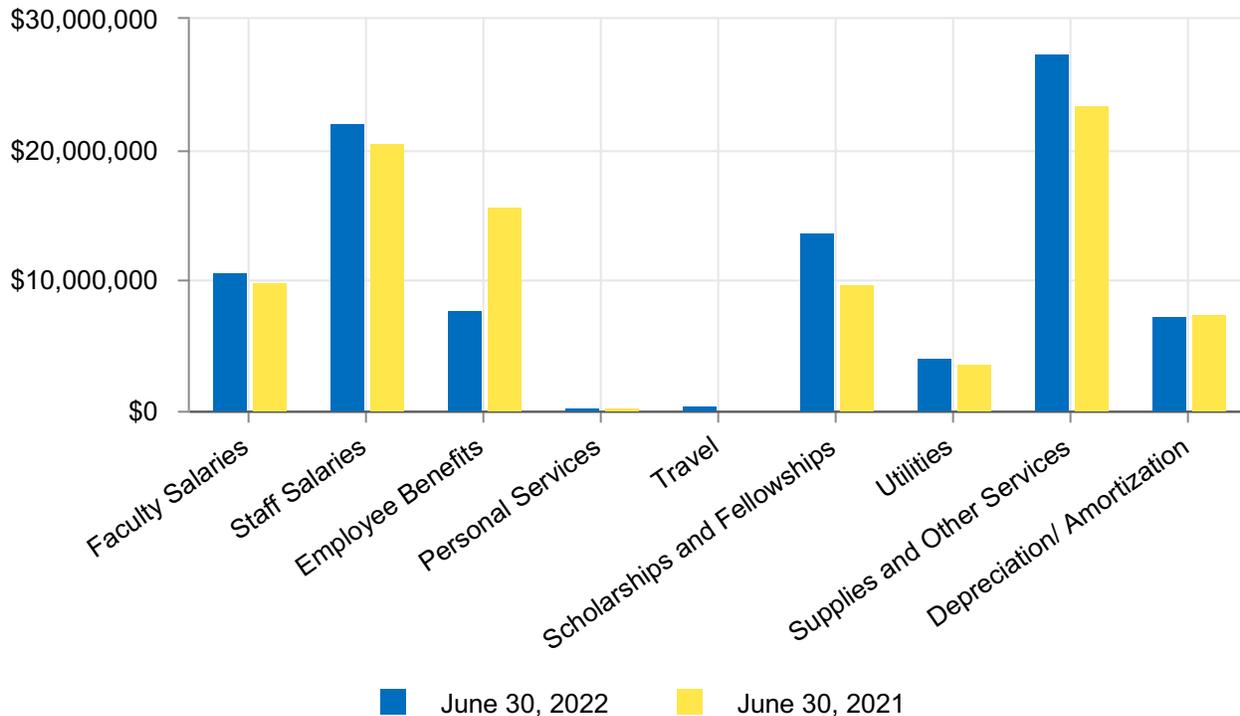
The following chart depicts the fiscal 2022 operating expenses by natural classification. See Note 17 to the financial statements.

Operating Expenses by Natural Classification



Operating expenses 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



Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the University during the year and is divided into five sections. The first section is concerned with operating cash flows and reflects the net cash used by the various operating activities of the University. The second section is related to cash flows from non-capital financing activities, which reflects the cash received and spent for non-capital financing purposes. The third section summarizes cash flows from capital and related financing activities and contains cash used for the acquisition and construction of capital and related items. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The fifth, and final, section reconciles the net cash used to the operating income or loss as reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Cash Flows for the Years Ended June 30, 2022 and 2021, Condensed:

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2022	June 30, 2021
Cash Provided (Used) by:		
Operating Activities	\$ (55,875,600)	(47,251,473)
Non-Capital Financing Activities	70,467,048	59,103,319
Capital and Related Financing Activities	(10,992,853)	(5,805,455)
Investing Activities	2,825	2,542
NET CHANGE IN CASH	\$ 3,601,420	\$ 6,048,933
Cash, beginning of year	16,076,670	10,027,737
CASH, end of year	\$ 19,678,090	\$ 16,076,670

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)	% Change
Land	\$ 3,822,848	3,822,848	\$ —	— %
Construction Work-in-Progress	3,095,564	911,332	2,184,232	239.67 %
Infrastructure	—	171,564	(171,564)	(100.00)%
Building and Building Improvements	120,819,100	126,057,638	(5,238,538)	(4.16)%
Facilities and Other Improvements	2,582,509	2,670,065	(87,556)	(3.28)%
Equipment	5,023,888	4,611,785	412,103	8.94 %
Library Collections	604,585	620,593	(16,008)	(2.58)%
Capital Assets, net of accumulated depreciation	\$ 135,948,494	\$ 138,865,825	\$ (2,917,331)	(2.10)%

During the fiscal year ended June 30, 2022, a 64 bed addition to Wildcat Commons 6 & 7, stadium track resurfacing, installation of artificial turf at football field, new water line connections for campus, and installation of campus gate arms were completed. Ongoing capital projects include Davidson building renovation, Kell building renovation that will house the Center for Agriculture Innovation and Entrepreneurship, and a central chiller plant that will serve the east side of campus.

For additional information concerning fiscal year capital asset activity, see Note 5 to the Financial Statements.

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

The University's overall financial position showed a \$8.3 million improvement from the previous fiscal year. The University continues to align its resources with its strategic plan and operate within budgetary constraints. We will continue to monitor cash balances and hold costs to acceptable levels in order to maintain the University's ability to react to unknown internal and external issues.

The Higher Education Emergency Relief Fund (HEERF) and Coronavirus Aid, Relief, and Economic Security (CARES) Act HEERF/CARES Act will continue to be used to fund purchases of supplies, equipment, and services necessary to operate under the conditions brought on by COVID-19 and the reduction of state appropriations. However, these funds will expire at the end of fiscal year 2023. The institution is anticipating a \$1.2 million reduction in state appropriations as well as a \$.6 million reduction in loss of revenue recovery from HEERF (used to supplement FY23 budgets) for fiscal year 2024 that will pose certain financial challenges. As such, Fort Valley State University is in the process of developing a \$1.8 million budget reduction plan to address the anticipated shortfall.

Management is optimistic that with recent increases in freshmen classes and strategies to retain and matriculate these students; new Nursing and Master Social Work programs beginning Fall 2023; and its upcoming FY24 budget reduction plan, Fort Valley State University will be in a position to withstand its financial challenges in order to carry out its mission and achieve its strategic objectives.



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FINANCIAL STATEMENTS



FORT VALLEY STATE UNIVERSITY

**FORT VALLEY STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2022**

Fort Valley State University

ASSETS

Current Assets

Cash and Cash Equivalents	\$	16,624,794
Cash and Cash Equivalents (Externally Restricted)		3,053,296
Accounts Receivable, net		
Federal Financial Assistance		4,771,353
Affiliated Organizations		1,115,425
Other		601,213
Prepaid Items		1,158,204
Total Current Assets		27,324,285

Non-Current Assets

Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund		650,273
Investments		83,580
Notes Receivable, net		307,509
Capital Assets, net		135,948,494
Intangible Right-to-Use Assets, net		394,359
Total Non-Current Assets		137,384,215

TOTAL ASSETS

164,708,500

DEFERRED OUTFLOWS OF RESOURCES

\$ 19,424,769

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

**FORT VALLEY STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2022**

Fort Valley State University

LIABILITIES

Current Liabilities

Accounts Payable	\$	2,271,715
Salaries Payable		300,345
Benefits Payable		73,927
Contracts Payable		240,079
Retainage Payable		52,455
Advances (Including Tuition and Fees)		2,320,723
Deposits		1,269
Notes Payable		2,910,649
Lease Obligations - Component Units		179,442
Compensated Absences		1,397,307
Total Current Liabilities		<u>9,747,911</u>

Non-Current Liabilities

Notes Payable		64,637,825
Lease Obligations - Component Units		154,154
Compensated Absences		878,445
Net Other Post Employment Benefits Liability		49,788,492
Net Pension Liability		13,524,489
Total Non-Current Liabilities		<u>128,983,405</u>

TOTAL LIABILITIES

138,731,316

DEFERRED INFLOWS OF RESOURCES

33,458,303

NET POSITION

Net Investment in Capital Assets		65,744,974
Restricted for:		
Expendable		2,232,598
Unrestricted (Deficit)		(56,033,922)
		<u>(56,033,922)</u>

TOTAL NET POSITION

\$ 11,943,650

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

FORT VALLEY STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022

	<u>Fort Valley State University</u>
OPERATING REVENUES	
Student Tuition and Fees (net)	\$ 8,128,421
Federal Appropriations	6,318,321
Grants and Contracts	
Federal	780,807
State	53,333
Other	22,456
Sales and Services	198,389
Rents and Royalties	146,070
Auxiliary Enterprises	
Residence Halls	8,536,696
Bookstore	40,832
Food Services	5,527,067
Parking/Transportation	151,052
Health Services	311,743
Intercollegiate Athletics	1,253,089
Other Organizations	1,248,205
Other Operating Revenues	<u>1,057,879</u>
Total Operating Revenues	<u>\$ 33,774,360</u>
OPERATING EXPENSES	
Faculty Salaries	10,658,418
Staff Salaries	22,076,564
Employee Benefits	7,710,454
Other Personal Services	345,676
Travel	502,439
Scholarships and Fellowships	13,641,348
Utilities	4,073,835
Supplies and Other Services	27,362,705
Depreciation and Amortization	<u>7,325,159</u>
Total Operating Expenses	<u>93,696,598</u>
Operating Income (Loss)	<u>\$ (59,922,238)</u>

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

**FORT VALLEY STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Fort Valley State University</u>
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	\$ 26,855,945
Grants and Contracts	
Federal	41,456,488
State	42,692
Other	1,956,010
Investment Income	(12,671)
Interest Expense	(2,873,623)
Other Nonoperating Revenues	<u>5,852</u>
Net Nonoperating Revenues	67,430,693
Income Before Other Revenues, Expenses, Gains, or Losses	7,508,455
Capital Grants and Gifts	
Federal	(111,428)
State	<u>874,499</u>
Total Other Revenues, Expenses, Gains or Losses	<u>763,071</u>
Change in Net Position	8,271,526
Net Position, Beginning of Year	<u>3,672,124</u>
Net Position, End of Year	<u><u>\$ 11,943,650</u></u>

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

**FORT VALLEY STATE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Fort Valley State University</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 26,539,246
Federal Appropriations	6,318,321
Grants and Contracts (Exchange)	829,970
Payments to Suppliers	(42,621,790)
Payments to Employees	(33,299,999)
Payments for Scholarships and Fellowships	(13,641,348)
Net Cash Used by Operating Activities	<u>(55,875,600)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	26,855,945
Gifts and Grants Received for Other Than Capital Purposes	43,691,577
Other Non-Capital Financing Payments	(80,474)
Net Cash Flows Provided by Non-Capital Financing Activities	<u>70,467,048</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	873,915
Proceeds from Sale of Capital Assets	5,852
Purchases of Capital Assets and Intangible Right-to-Use Assets	(5,915,600)
Principal Paid on Capital Debt and Leases	(2,912,511)
Interest Paid on Capital Debt and Leases	(3,044,509)
Net Cash Used by Capital and Related Financing Activities	<u>(10,992,853)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	2,825
Net Cash Provided by Investing Activities	<u>2,825</u>
Net Increase in Cash and Cash Equivalents	3,601,420
Cash and Cash Equivalents, Beginning of Year	<u>16,076,670</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,678,090</u>

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

**FORT VALLEY STATE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	Fort Valley State University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (59,922,238)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	7,325,159
Change in Assets and Liabilities:	
Receivables, net	(124,293)
Prepaid Items	(54,136)
Notes Receivable, Net	213,835
Accounts Payable	112,581
Salaries Payable	122,033
Benefits Payable	(3,707)
Contracts Payable	155,686
Retainage Payable	34,377
Deposits	461
Advances (Including Tuition and Fees)	96,207
Compensated Absences	(149,465)
Net Pension Liability	(25,967,516)
Other Postemployment Benefit Liability	(4,517,517)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	24,896,794
Deferred Outflows of Resources	1,906,139
Net Cash Used by Operating Activities	<u>\$ (55,875,600)</u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Noncapital Financing Activities Noncash Items:	
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	<u>\$ 1,872,176</u>
Capital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	<u>\$ 14,532</u>
Accrual of Capital Asset Related Payables	<u>\$ 152,423</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ 164,124</u>
Accrual of Capital Financing Interest Payable	<u>\$ 205,987</u>
Other Capital Financing Activities Noncash Items	<u>\$ (171,565)</u>
Investing Activities Noncash Items:	
Unrealized Gain (Loss) on Investments	<u>\$ (15,496)</u>

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

**FORT VALLEY STATE UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Receivables	
Other	\$ 308,887
Total Assets	<u>\$ 308,887</u>
LIABILITIES	
Cash Overdraft	185,477
Accounts Payable	<u>(80)</u>
Total Liabilities	<u>185,397</u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 123,490</u>

**FORT VALLEY STATE UNIVERSITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 19,327,533
State Financial Aid	3,237,241
Other Financial Aid	1,338,116
Clubs and Other Organizations Fund Raising	<u>66,238</u>
Total Additions	<u>23,969,128</u>
DEDUCTIONS	
Administrative Expense	5,718
Scholarships and Other Student Support	23,580,784
Student Organizations Support	<u>44,790</u>
Total Deductions	<u>23,631,292</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>337,836</u>
Net Position, Beginning of Year	
Net Position, Beginning of Year, As Originally Reported	106,385
Prior Year Adjustments	<u>(320,731)</u>
Net Position, Beginning of Year	<u>(214,346)</u>
Net Position, End of Year	<u><u>\$ 123,490</u></u>



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NOTES TO THE FINANCIAL STATEMENTS



FORT VALLEY STATE UNIVERSITY

FORT VALLEY STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022
(See Independent Accountant's Review Report)

Note 1 Summary of Significant Accounting Policies

Nature of Operations

The Fort Valley State University (University) serves the state and national communities by providing its students with academic instruction that advances fundamental knowledge and by disseminating knowledge to the people of Georgia, the nation, and throughout the world.

Reporting Entity

As defined by Official Code of Georgia Annotated (O.C.G.A) § 20-3-50, the University is part of the University System of Georgia (USG), an organizational unit of the State of Georgia (the State) under the governance of the Board of Regents (Board). The Board has constitutional authority to govern, control and manage the USG. The Board is composed of 19 members, one member from each congressional district in the State and five additional members from the state-at-large, appointed by the Governor and confirmed by the Senate. Members of the Board serve a seven year term and members may be reappointed to subsequent terms by a sitting governor.

The University does not have the right to sue/be sued without recourse to the State. The University's property is the property of the State and subject to all the limitations and restrictions imposed upon other property of the State by the Constitution and laws of the State. In addition, the University is not legally separate from the State. Accordingly, the University is included within the State's basic financial statements as part of the primary government as defined in section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The accompanying basic financial statements are intended to supplement the State's 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 University. 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 University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

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

The University reports the following fiduciary fund:

- Custodial Funds - Accounts for activities of resulting from the University 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 University 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.

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 University 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 University 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 University 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. 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.

Investments

Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The University accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The Board of Regents Diversified Fund is included as investments. Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Investments restricted as to use by a third party are reported as externally restricted.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff, the majority of whom reside in the State of Georgia. Accounts receivable also includes amounts due from federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

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 University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed \$100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation, which also includes amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, and copyrights, as well as software, is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

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

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

Intangible Right-To-Use Assets

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

Capital Liability Reserve Fund

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

Deferred Outflows of Resources

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

Deposits

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

Advances

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

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 University's proportionate share of the difference between the total OPEB liability and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

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

Pensions and Net Pension Liability

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

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

Net Position

The University's net position is classified as follows:

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

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

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

These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$8,319,118.

Restatement of Prior Year Net Position

The University had a change in net position related to its custodial fund for 2021, see below:

	Business-type Activities	Fiduciary Fund
Net position, beginning of year, as originally reported	\$ 3,672,124	\$ 106,385
Correction of prior year errors	—	(320,731)
Net position, beginning of year, restated	\$ 3,672,124	\$ (214,346)

The University made prior period adjustments due to the adoption of GASB Statement No. 87, which required the restatement of the June 30, 2021. 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(s) is a decrease in the liability (lease obligation) of \$69,758,145 and increase in the liability (notes payable) of \$70,276,363 and an increase in the intangible right-to-use assets of \$518,218 and \$0, for business-type activities and component units, respectively. These restatements resulted in a \$0 net change to the fiscal year 2022 net position beginning balance. This change is in accordance with generally accepted accounting principles.

Amounts reported at June 30, 2021 for accounts receivables for fiduciary fund were overstated by \$320,731. It was determined that these receivables were invalid. For fiscal year 2022, beginning net position for fiduciary funds was adjusted \$320,731 to reflect correction of prior year amounts.

Note 2 Deposits and Investments

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

Statement of Net Position

Current

Cash and Cash Equivalents	\$	16,624,794
Cash and Cash Equivalents (Externally Restricted)		3,053,296

Noncurrent

Investments		83,580
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Statement of Fiduciary Net Position

Cash and Cash Equivalents		(185,477)
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	\$	19,576,193
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Cash on hand, deposits and investments as of June 30, 2022 consist of the following:

Cash on Hand	\$	1,143
Deposits with Financial Institutions		19,491,470
Investments		83,580
	\$	19,576,193

A. Deposits with Financial Institutions

Deposits include certificates of deposits and demand deposit accounts, including certain interest bearing demand deposit accounts. The custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the University) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated (O.C.G.A.) § 50-17-59:

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
6. Letters of credit issued by a Federal Home Loan Bank.
7. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

The University participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the

program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository's collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

At June 30, 2022, the bank balances of the University's deposits totaled \$19,801,451. Of these deposits, \$0 were exposed to custodial credit risk.

B. Investments

The University maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility it has to the citizens of Georgia and which conforms to Board of Regents investment policy. All investments are consistent with donor intent, Board of Regents policy and applicable federal and state laws.

Board of Regents Pooled Investment Program

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

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

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

1. Diversified Fund

The Diversified Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is designed to provide improved return characteristics with reduced volatility through greater diversification. This pool is appropriate for investing longer term funds such as endowments. Permitted investments in the fund may include domestic, international and emerging market equities, domestic fixed income and global fixed income.

The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Diversified Fund at June 30, 2022 was \$83,580, of which 28% is invested in debt securities. The Effective Duration of the Fund is 5.9 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 University does not have a formal policy for managing interest rate risk for investments since its investment are part of the Board of Regents investment pool.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Institution’s policy for managing credit quality risk is contained in the investment policy guidelines for the various pooled investment funds, colleges, universities, and foundations:

In the Diversified Fund, total fixed income portfolios should have an average credit quality rating of at least A. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1 or other high quality short-term debt instruments rated at least AA+.

Note 3 Accounts Receivable

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

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 932,450	\$ —
Auxiliary Enterprises and Other Operating Activities	906,496	8,101
Federal Financial Assistance	4,771,353	158,268
Georgia Student Finance Commission	—	142,518
Georgia State Financing and Investment Commission	14,532	—
Due from Affiliated Organizations	1,115,425	—
Due From Other USG Institutions	650,273	—
Other	199,866	—
	<u>8,590,395</u>	<u>308,887</u>
Less: Allowance for Doubtful Accounts	<u>1,452,131</u>	<u>—</u>
Net Accounts Receivable	<u>\$ 7,138,264</u>	<u>\$ 308,887</u>

Note 4 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2022. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for amounts canceled under these provisions. As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. At June 30, 2022, net notes and loans receivable is reported at \$307,509. Management determined that these loans are collectible, hence the allowance for uncollectible loans was \$0.

Note 5 Capital and Intangible Right-to-Use Assets

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

	(Restated)			Balance June 30, 2022
	Balance July 1, 2021	Additions	Reductions	
Capital Assets, Not Being Depreciated:				
Land	\$ 3,822,848	\$ —	\$ —	\$ 3,822,848
Construction Work-in-Progress	911,332	2,230,235	46,003	3,095,564
Total Capital Assets Not Being Depreciated	4,734,180	2,230,235	46,003	6,918,412
Capital Assets, Being Depreciated:				
Building and Building Improvements	203,807,796	—	—	203,807,796
Facilities and Other Improvements	4,540,882	46,004	—	4,586,886
Equipment	21,703,583	2,158,117	523,789	23,337,911
Library Collections	6,099,805	67,180	2,500	6,164,485
Total Capital Assets Being Depreciated	236,152,066	2,271,301	526,289	237,897,078
Less: Accumulated Depreciation				
Building and Building Improvements	77,750,158	5,238,538	—	82,988,696
Facilities and Other Improvements	1,870,817	133,560	—	2,004,377
Equipment	17,091,798	1,746,014	523,789	18,314,023
Library Collections	5,479,212	83,188	2,500	5,559,900
Total Accumulated Depreciation	102,191,985	7,201,300	526,289	108,866,996
Total Capital Assets, Being Depreciated, Net	133,960,081	(4,929,999)	—	129,030,082
Capital Assets, net	\$ 138,694,261	\$ (2,699,764)	\$ 46,003	\$ 135,948,494

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2022, GSFIC did not transfer any capital additions to the University related to GSFIC managed projects. In addition, at June 30, 2022 GSFIC had construction in progress of approximately \$279,645 for incomplete GSFIC managed projects for the University.

Intangible Right-to-Use Assets

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

	Beginning Balances				Ending Balance
	July 1, 2021	Additions	Reductions		June 30, 2022
Intangible Right-to-use Assets					
Land	—	—	—		—
Infrastructure	\$ 171,564	\$ —	\$ —		171,564
Equipment	346,654				346,654
Total Leased Assets Being Amortized	518,218	—	—		518,218
Less: Accumulated Amortization					
Infrastructure	—	7,353	—		7,353
Equipment	—	116,506	—		116,506
Total Accumulated Amortization	—	123,859	—		123,859
Intangible Right-to-use Assets, net	\$ 518,218.00	\$ (123,859)	\$ —		\$ 394,359

Note 6 Advances (Including Tuition and Fees)

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

	Current Liabilities
Prepaid Tuition and Fees	721,554
Research	734,682
Other - Advances	864,487
Totals	\$ 2,320,723

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

Note 7 Long-Term Liabilities

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

	(Restated) Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Leases					
Lease Obligations	\$ 518,218	\$ —	\$ 184,622	\$ 333,596	\$ 179,442
Other Liabilities					
Compensated Absences	2,425,217	1,461,665	1,611,130	2,275,752	1,397,307
Notes and Loans Payable	70,276,363	—	2,727,889	67,548,474	2,910,649
Total	<u>72,701,580</u>	<u>1,461,665</u>	<u>4,339,019</u>	<u>69,824,226</u>	<u>4,307,956</u>
Total Long-Term Obligations	<u>\$ 73,219,798</u>	<u>\$ 1,461,665</u>	<u>\$ 4,523,641</u>	<u>\$ 70,157,822</u>	<u>\$ 4,487,398</u>

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

The July 1, 2021 balance was restated \$518,218 to lease obligations and \$70,276,363 to Notes Payable. See Note 1 - Restatement of Prior Year Net Position for additional information related to these transactions.

Notes Payable

Financing Lease Agreements

The University 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 University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to financing lease agreements for fiscal year 2022 were \$2,727,889 and \$3,043,829, respectively. Interest rates range from 4.808% to 5.461%.

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

Description	Gross Amount (+)	Less: Amortization (-)	Net Assets Held Under Financing Lease Arrangements at June 30, 2022 (=)	Outstanding Balances per Lease Schedules at June 30, 2022
Financed Facilities and Other Improvements	82,821,660	34,601,266	48,220,394	67,431,941
Finance Equipment	302,830	209,634	93,196	116,533
Total Assets Held Under Finance Lease Arrangement	<u>\$ 83,124,490</u>	<u>\$ 34,810,900</u>	<u>\$ 48,313,590</u>	<u>\$ 67,548,474</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Wildcat Housing Phase 1	USG Real Estate Fdn IV, LLC	\$38,622,249	21 years	October 2016	June 2037	\$32,786,520 (1)
Wildcat Housing Phase 2	FVSU Fdn LLC	19,603,070	30 years	April 2009	March 2038	16,815,282 (1)
Student Center/Stadium	USG Real Estate Fdn I, LLC	19,451,021	30 years	July 2010	June 2040	17,830,138 (1)
12 passenger shuttle	BusMax	104,734	6 years	December 2019	February 2025	55,927
Starcraft Shuttle	BusMax	104,734	6 years	December 2019	February 2025	55,927
World T Shuttle	BusMax	<u>93,363</u>	6 years	July 2017	September 2022	<u>4,680</u>
Total Financed Leases		<u>\$77,979,171</u>				<u>\$67,548,474</u>

Indicate related party transactions using this symbol (1)

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

	<u>Principal</u>	<u>Interest</u>
Year Ending June 30:		
2023	\$ 2,910,650	\$ 2,929,093
2024	3,060,581	2,807,906
2025	3,218,665	2,674,446
2026	3,363,818	2,536,074
2027	3,527,575	2,390,257
2028 through 2032	20,495,571	9,492,914
2033 through 2037	26,315,880	4,522,611
2038 through 2042	<u>4,655,735</u>	<u>374,261</u>
	<u>\$ 67,548,474</u>	<u>\$ 27,727,562</u>

Note 8 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	\$	287,814
Deferred Outflows on Defined Benefit Pension Plans (See Note 13)		10,350,411
Deferred Outflows on OPEB Plan (See Note 16)		8,786,544
Total Deferred Outflows of Resources	\$	19,424,769

Deferred Inflow of Resources

Deferred Gain on Debt Refunding	\$	2,851,200
Deferred Inflow on Defined Benefit Pension Plans (See Note 13)		21,922,446
Deferred Inflow on OPEB Plan (See Note 16)		8,684,657
Total Deferred Inflows of Resources	\$	33,458,303

Deferred Loss/Gain on Debt Refunding

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

Note 9 Net Position

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

Net Investment in Capital Assets	\$ 65,744,974
Expendable	
Sponsored and Other Organized Activities	286,838
Federal Loans	337,542
Quasi-Endowments	1,608,218
Sub-Total	<u>2,232,598</u>
Unrestricted	
Auxiliary Enterprises Operations	1,811,058
Reserve for Encumbrances	11,625,893
Capital Liability Reserve Fund	650,273
Other Unrestricted	(70,121,146)
Sub-Total	<u>(56,033,922)</u>
Total Net Position	<u>\$ 11,943,650</u>

Other unrestricted net position is reduced by \$49,686,605 related to the recording of net OPEB liability, deferred inflows of resources, and deferred outflows of resources related to the OPEB plan. Other unrestricted net position is also reduced by \$25,096,524 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in Net Position for the year ended June 30, 2022 are as follows:

	Restated Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Net Investments in Capital Assets	\$ 65,685,388	\$ 7,368,044	\$ 7,308,458	\$ 65,744,974
Restricted Net Position	2,387,987	45,074,857	45,230,246	2,232,598
Unrestricted Net Position	(64,401,251)	59,761,038	51,393,709	(56,033,922)
Total Net Position	<u>\$ 3,672,124</u>	<u>\$ 112,203,939</u>	<u>\$ 103,932,413</u>	<u>\$ 11,943,650</u>

Note 10 Endowments

The University did not have donor restricted endowments at June 30, 2022. Donor restricted endowments are reported in the financial statements for Fort Valley State University Foundation.

Note 11 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2022. In addition to these encumbrances, the University had no other significant unearned outstanding construction or renovation contracts executed as of June 30, 2022. All of the University's unearned outstanding construction and renovation contract balances are included in the outstanding encumbrances totals.

Note 12 Leases

Lease Obligations

The University leases land, facilities, office and computer equipment, and other assets. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to leases for fiscal year 2022 were \$184,622 and \$680, respectively. Interest rate ranges from .0005% to 3.499%.

For the fiscal year 2022, there were no residual guaranteed payment, variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2022.

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

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Lease Obligation at June 30, 2022	Outstanding Balance per Lease Schedules at June 30, 2022
	(+)	(-)	(=)	
Leased Infrastructure	\$ 171,564	\$ 7,353	\$ 164,211	\$ 152,485
Leased Equipment	346,654	116,506	230,148	181,111
Total Assets Held Under Lease	<u>\$ 518,218</u>	<u>\$ 123,859</u>	<u>\$ 394,359</u>	<u>\$ 333,596</u>

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

Description	Original Principal	Lease Term	Begin Month/Year	End Month/ Year	Outstanding Principal
American Tower	\$ 171,564	20 years	July 2021	June 2034	\$ 152,485
Xerox	301,492	5 years	July 2021	June 2023	137,364
Xerox	<u>45,162</u>	3 years	July 2021	June 2023	<u>43,747</u>
Total Leases	<u>\$ 518,218</u>				<u>\$ 333,596</u>

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

	Principal	Interest
Year Ending June 30:		
2023	\$ 179,442	\$ 666
2024	22,389	2
2025	10,907	2
2026	11,289	2
2027	11,685	2
2028 through 2032	64,857	6
2033 through 2037	33,027	—
Total Minimum Lease Payments	\$ 333,596	\$ 680

Note 13. Retirement Plans

The University participates in a retirement plan administered by the State of Georgia, Teachers Retirement System of Georgia (TRS). This system issue a separate publicly available financial report that includes the applicable financial statement and required supplementary information. The report may be obtained from the administrative office.

The University also provides the Regents Retirement Plan.

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

A. Teachers Retirement System of Georgia

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2022.

The University's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of the University's annual payroll. The University's contributions to TRS totaled \$4,046,352 for the year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the University reported a liability for its proportionate share of the net pension liability for TRS. 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 University's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2021. At June 30, 2021, the University's TRS proportion was 0.152917%, which was an decrease of (0.010112)% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of \$26,591 for TRS. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,227,373	\$ —
Changes of assumptions	2,617,621	—
Net difference between projected and actual earnings on pension plan investments	—	19,782,507
Changes in proportion and differences between contributions and proportionate share of contributions	459,065	2,139,939
Contributions subsequent to the measurement date	<u>4,046,352</u>	<u>—</u>
Total	<u>\$ 10,350,411</u>	<u>\$ 21,922,446</u>

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 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:	<u>TRS</u>
2023	\$ (2,894,883)
2024	\$ (3,138,269)
2025	\$ (4,405,124)
2026	\$ (5,180,111)

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.

The long-term expected rate of return on TRS 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*
Fixed income	30.00 %	(0.80)%
Domestic large equities	46.30 %	9.30 %
Domestic small equities	1.20 %	13.30 %
International developed market equities	11.50 %	9.30 %
International emerging market equities	6.00 %	11.30 %
Alternatives	5.00 %	10.60 %
Total	100.00 %	

* Rates shown are net of inflation

Discount rate

The discount rate used to measure the total TRS pension liability was 7.25%. 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of (7.25%), as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) 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	\$ 36,431,390	\$ 13,524,489	\$ (5,246,136)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial reports which are publicly available at trsga.com/publications.

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 University and the covered employees made the required contributions of \$571,909 (9.24%) and \$371,370 (6.00%), respectively.

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

Note 14 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2022, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The University's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan

options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the USG, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The self-insured dental plan is administered through Delta Dental.

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

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks.

The University is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the O.C.G.A § 45-9-1.

The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

Note 15 Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. This could result in refunds to the grantor agency for any expenditure disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Institution expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

Note 16 Post-Employment Benefits Other Than Pension Benefits

Board of Regents Retiree Health Benefit Plan

Plan Description and Funding Policy

The Board of Regents Retiree Health Benefit Plan (Plan) is a single-employer, defined-benefit, healthcare plan administered by the University System Office, an organizational unit of the USG. The Plan was authorized pursuant to OCGA § 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree post-employment health insurance benefits.

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2022, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

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

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

Active Employees	506
Retirees or Beneficiaries Receiving Benefits	224
Retirees Receiving Life Insurance Only	<u>77</u>
Total	<u><u>807</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 University pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2022 plan year, the employer rate was approximately 85% of the total health insurance cost for eligible retirees and the retiree rate was approximately 15%. 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 University contributed \$1,425,974 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 University 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 University'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 University's proportion was 0.989225%, which was an decrease of (0.028939)% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized OPEB expense of \$1,763,635. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,680,546	\$ 170,339
Changes of assumptions	4,106,505	6,866,855
Net difference between projected and actual earnings on OPEB plan investments	—	123,467
Changes in proportion and differences between contributions and proportionate share of contributions	573,519	1,523,996
Contributions subsequent to the measurement date	<u>1,425,974</u>	<u>—</u>
Total	<u>\$ 8,786,544</u>	<u>\$ 8,684,657</u>

The University's contributions subsequent to the measurement date of \$1,425,974 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	\$	(974,904)
2024	\$	(399,210)
2025	\$	(420,837)
2026	\$	(531,008)
2027	\$	524,430
Thereafter	\$	477,442

Actuarial assumptions

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of May 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Discount Rate as of 6/30/2021 2.18% GO 20-Municipal Bond Index Rate Discount Rate as of 6/30/2020 2.21% from Bond Buyers GO 20-Municipal Bond Index
	Long-term Rate of Return 4.37% General Inflation 2.10% Salary Increase 3.75%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2020
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.4%
Medicare Eligible	4%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4%
Year Ultimate Trend is Reached	Fiscal Year 2031 for Pre-Medicare Eligible, Fiscal Year 2021 for Medicare Eligible
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019 with the exception of the disability and salary increase assumptions. These assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which covered the five year period ending June 30, 2018.

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of 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 Buyers. This rate is comprised primarily of the yield or index rate for a 20 year, tax exempt general obligation municipal bond with an average rating of AA or higher (2.16% from the Bond Buyers GO -Bond Municipal Bond Index).

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

The following presents the the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.18%) 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	\$ 60,265,274	\$ 49,788,492	\$ 41,709,347

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

The following presents the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 42,011,237	\$ 49,788,492	\$ 60,026,096
Pre-Medicare Eligible	5.4% decreasing to 3.5%	6.4% decreasing to 4.5%	7.4% decreasing to 5.5%
Medicare Eligible	3.0%	4.0%	5.0%

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 17 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	\$ 7,405,904	\$ 1,297,798	\$ 2,607,443	\$ 3,000	\$ 25,000
Research	1,720,299	2,537,712	1,287,368	—	126,072
Public Service	324,759	2,637,895	1,018,821	—	171,254
Academic Support	1,166,730	5,361,737	2,291,595	123,000	85,483
Student Services	11,883	2,337,727	769,711	21,500	36,906
Institutional Support	28,843	4,125,487	(1,406,373)	194,176	36,477
Plant Operations and Maintenance	—	2,416,937	775,239	—	7,674
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	—	1,361,271	366,650	4,000	13,573
Total Operating Expenses	\$ 10,658,418	\$ 22,076,564	\$ 7,710,454	\$ 345,676	\$ 502,439

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 125,948	\$ 9,884	\$ 454,925	\$ 257,073	\$ 12,186,975
Research	1,154,092	23,318	2,452,352	927,447	10,228,660
Public Service	23,400	105,897	1,486,230	336,937	6,105,193
Academic Support	193,200	129,691	5,581,213	200,236	15,132,885
Student Services	301,018	24,550	1,593,374	34,307	5,130,976
Institutional Support	1,277,853	53,372	5,743,902	461,027	10,514,764
Plant Operations and Maintenance	—	2,869,962	2,868,532	2,567,042	11,505,386
Scholarships and Fellowships	10,565,373	—	—	—	10,565,373
Auxiliary Enterprises	464	857,161	7,182,177	2,541,090	12,326,386
Total Operating Expenses	\$ 13,641,348	\$ 4,073,835	\$ 27,362,705	\$ 7,325,159	\$ 93,696,598



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REQUIRED SUPPLEMENTARY INFORMATION



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**FORT VALLEY STATE UNIVERSITY
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)
Teachers' Retirement System	June 30, 2022	\$ 4,046,352	\$ 4,046,352	\$ —	\$ 20,269,352	19.96%
	June 30, 2021	\$ 3,783,722	\$ 3,783,722	\$ —	\$ 19,911,567	19.00%
	June 30, 2020	\$ 4,462,949	\$ 4,462,949	\$ —	\$ 21,108,517	21.14%
	June 30, 2019	\$ 4,255,295	\$ 4,255,295	\$ —	\$ 20,504,446	20.75%
	June 30, 2018	\$ 3,341,095	\$ 3,341,095	\$ —	\$ 19,875,640	16.81%
	June 30, 2017	\$ 2,581,905	\$ 2,581,905	\$ —	\$ 18,080,567	14.28%
	June 30, 2016	\$ 2,542,103	\$ 2,542,103	\$ —	\$ 17,795,629	14.28%
	June 30, 2015	\$ 2,416,299	\$ 2,416,299	\$ —	\$ 18,375,348	13.15%
	June 30, 2014	\$ 2,303,993	\$ 2,303,993	\$ —	\$ 18,761,159	12.28%
	June 30, 2013	\$ 2,264,445	\$ 2,264,445	\$ —	\$ 19,846,142	11.41%

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

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

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Teachers Retirement System	June 30, 2022	0.152917%	\$ 13,524,489	\$ 19,911,567	67.92%	92.03%
	June 30, 2021	0.163029%	\$ 39,492,005	\$ 21,108,517	187.09%	77.01%
	June 30, 2020	0.167887%	\$ 36,100,245	\$ 20,504,446	176.06%	78.56%
	June 30, 2019	0.166575%	\$ 30,919,888	\$ 19,875,640	155.57%	80.27%
	June 30, 2018	0.156959%	\$ 29,171,314	\$ 18,080,567	161.34%	79.33%
	June 30, 2017	0.160000%	\$ 33,447,370	\$ 17,795,629	187.95%	76.06%
	June 30, 2016	0.170000%	\$ 26,490,990	\$ 18,375,348	144.17%	81.44%
	June 30, 2015	0.183556%	\$ 23,189,879	\$ 18,761,159	123.61%	84.03%

**FORT VALLEY STATE UNIVERSITY
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

Teachers Retirement System:

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

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

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

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

**FORT VALLEY STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST SIX FISCAL YEARS**

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll (b/c)
June 30, 2022	\$ 1,425,974	\$ 1,425,974	\$ —	\$ 30,152,441	4.73%
June 30, 2021	\$ 1,161,159	\$ 1,161,159	\$ —	\$ 28,035,023	4.14%
June 30, 2020	\$ 1,046,591	\$ 1,046,591	\$ —	\$ 28,534,756	3.67%
June 30, 2019	\$ 1,639,020	\$ 1,639,020	\$ —	\$ 27,900,177	5.87%
June 30, 2018	\$ 1,619,104	\$ 1,619,104	\$ —	\$ 23,365,780	6.93%
June 30, 2017	\$ 986,367	\$ 986,367	\$ —	\$ 24,217,459	4.07%

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

**FORT VALLEY STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST FIVE FISCAL YEARS**

<u>Year Ended</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2022	0.989225%	\$ 49,788,492	\$ 28,035,023	177.59%	3.74%
June 30, 2021	1.018164%	\$ 54,306,009	\$ 28,534,756	190.32%	2.91%
June 30, 2020	1.021941%	\$ 45,696,787	\$ 27,900,177	163.79%	3.13%
June 30, 2019	1.022033%	\$ 45,079,332	\$ 23,365,780	192.93%	1.69%
June 30, 2018	0.990488%	\$ 41,795,878	\$ 24,217,459	172.59%	0.19%

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

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

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

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



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SUPPLEMENTARY INFORMATION



FORT VALLEY STATE UNIVERSITY

**FORT VALLEY STATE UNIVERSITY
 BALANCE SHEET (NON-GAAP BASIS)
 BUDGET FUNDS
 JUNE 30, 2022**

ASSETS

Cash and Cash Equivalents	\$	8,895,807.89
Accounts Receivable		
Federal Financial Assistance		9,014,317.03
Other		4,275,204.06
Prepaid Expenditures		60,585.95
		<hr/>
Total Assets	\$	<u>22,245,914.93</u>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$	290,504.03
Encumbrance Payable		11,503,559.30
Accounts Payable		342,704.85
Unearned Revenue		2,138,415.03
		<hr/>
Total Liabilities		14,275,183.21

Fund Balances

Reserved		
Department Sales and Services		449,044.87
Indirect Cost Recoveries		5,179,131.11
Technology Fees		1,198,713.13
Restricted/Sponsored Funds		—
Uncollectible Accounts Receivable		666,682.12
Tuition Carry - Forward		349,126.28
Surplus		128,034.21
		<hr/>
Total Fund Balances		7,970,731.72

Total Liabilities and Fund Balances	\$	<u>22,245,914.93</u>
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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.

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

	Original Appropriation	Final Budget	Funds Available Compared to Budget	
			Current Year Revenues	Prior Year Reserve Carry-Over
Teaching				
State Appropriation				
State General Funds	\$ 21,894,392.00	\$ 26,915,112.00	\$ 26,915,112.00	\$ —
Federal Funds				
Federal Funds Not Specifically Identified	—	51,301,905.00	33,549,698.14	—
Federal Funds - COVID 19				
Federal Funds Not Specifically Identified- COVID		37,455,328.00	12,491,199.29	643,682.37
Other Funds	31,516,559.00	28,846,594.00	24,182,464.46	5,096,104.62
Total Teaching	<u>53,410,951.00</u>	<u>144,518,939.00</u>	<u>97,138,473.89</u>	<u>5,739,786.99</u>
Total Operating Activity	<u>\$ 53,410,951.00</u>	<u>\$ 144,518,939.00</u>	<u>\$ 97,138,473.89</u>	<u>\$ 5,739,786.99</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.

**FORT VALLEY STATE UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ —	\$ 26,915,112.00	\$ —	\$ 26,915,107.76	\$ 4.24	\$ 4.24
Federal Funds						
Federal Funds Not Specifically Identified	—	33,549,698.14	(17,752,206.86)	33,549,698.14	17,752,206.86	—
Federal Funds - COVID 19 Federal Funds Not Specifically Identified- COVID	—	13,134,881.66	-24,320,446.34	12,491,199.29	24,964,128.71	643,682.37
State Fiscal Stabilization Fund						
Other Funds		29,278,569.08	431,975.08	22,836,014.37	6,010,579.63	6,442,554.71
Total Teaching	—	102,878,260.88	(41,640,678.12)	95,792,019.56	48,726,919.44	7,086,241.32
Total Operating Activity	\$ —	\$ 102,878,260.88	\$ (41,640,678.12)	\$ 95,792,019.56	\$ 48,726,919.44	\$ 7,086,241.32

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.

**FORT VALLEY STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Beginning Fund Balance	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2021 Surplus	Prior Year Adjustments	Other Adjustments
Teaching					
State Appropriation					
State General Funds	\$ 42,341.55	\$ —	\$ (42,341.55)	\$ 101,082.74	\$ —
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Federal Funds-COVID19					
Federal Funds Not Itemized-Covid	643,682.37	(643,682.37)	—	—	—
Other Funds	5,112,930.13	-5,096,104.62	-16,825.51	8,669.54	108,056.00
Total Teaching	<u>5,798,954.05</u>	<u>-5,739,786.99</u>	<u>-59,167.06</u>	<u>109,752.28</u>	<u>108,056.00</u>
Total Operating Activity	5,798,954.05	-5,739,786.99	-59,167.06	109,752.28	108,056.00
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	774,738.12				-108,056.00
Budget Unit Totals	<u>\$ 6,573,692.17</u>	<u>\$ (5,739,786.99)</u>	<u>\$ (59,167.06)</u>	<u>\$ 109,752.28</u>	<u>\$ —</u>

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

**FORT VALLEY STATE UNIVERSITY
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 of Funds Available (Over) Expenditures	Ending Fund Balance June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus	Total
Teaching						
State Appropriation						
State General Funds	\$ —	\$ 4.24	\$ 101,086.98	\$ —	\$ 101,086.98	\$ 101,086.98
Federal Funds						
Federal Funds Not Specifically Identified	—	0.00	0.00	—	—	—
Federal Funds-COVID19						
Federal Funds Not Itemized-Covid	—	643,682.37	643,682.37	643,682.37	—	643,682.37
Other Funds	—	6,442,554.71	6,559,280.25	6,532,333.03	26,947.22	6,559,280.25
Total Teaching	—	7,086,241.32	7,304,049.60	7,176,015.40	128,034.20	7,304,049.60
Total Operating Activity	—	7,086,241.32	7,304,049.60	7,176,015.40	128,034.20	7,304,049.60
Prior Year Reserves						
Not Available for Expenditure						
Inventories			—	—		—
Uncollectible Accounts Receivable			666,682.12	666,682.12		666,682.12
Budget Unit Totals	\$ —	\$ 7,086,241.32	\$ 7,970,731.72	\$ 7,842,697.52	\$ 128,034.20	\$ 7,970,731.72
				449,044.87	—	449,044.87
				5,179,131.11	—	5,179,131.11
				1,198,713.13	—	1,198,713.13
				—	—	—
				349,126.29	—	349,126.29
				666,682.12	—	666,682.12
				—	128,034.21	128,034.21
				\$ 7,842,697.52	\$ 128,034.21	\$ 7,970,731.73

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



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