CLAYTON STATE UNIVERSITY

Annual Financial Report
Fiscal Year 2023

CLAYTON STATE UNIVERSITY
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For the Fiscal Year Ended June 30, 2023

Introductory Section

Message from President Georj L. Lewis, Ed.D

Since joining Clayton State University as President in February 2023, I have quickly come to realize our campus as a diverse and inclusive academic community. It is an institution with a vibrant history of educating individuals from diverse backgrounds from across the country and around the world. I have been impressed by the University's collective commitment to ensuring that each student at Clayton State receives the knowledge, skills, and tools they need to be successful in achieving their degree and beyond. I am inspired by the dedication exhibited by our faculty, staff, alumni, and friends and believe these individuals motivate our students in their own pursuit of excellence.

While these past months and years have undoubtedly been challenging, important, too, are the innumerable successes we have achieved. Clayton State's incredible faculty and research scientists continue to lead the way by conducting pioneering research in their respective fields, receiving exciting grants, and publishing and presenting their work. Our students follow their lead by conducting cutting-edge research of their own, studying abroad at other prestigious universities around the world, and contributing groundbreaking ideas that will positively impact our society. Clayton State's student-athletes also work hard, both in and out of the classroom, while exemplifying positive community engagement and serving as models of servant leadership.

It should come as no surprise, then, that Clayton State is quickly becoming the university of choice for more students than ever. Clayton State experienced the highest-ever six-year graduation rate of 36%, (which is a five-point increase from the previous year's rate), with over 1,300 students graduating in the last year. This achievement is significant on its own, but even more so considering the challenges of the pandemic over the past two years. Our accomplishments have been great, our growth has been steady, and our student body is more robust and diverse than ever. I can see that the best is yet to come.

Now more than ever, it is apparent that Clayton State is an incredible institution filled with bright, talented students, world-class faculty and hardworking staff. The work of yesterday has poised the University to be on the brink of unprecedented excellence for which we are undeniably ready. With a solid foundation on which to build, I have absolute confidence in our ability to grow Clayton State's positive momentum now and for generations to come.

With gratitude,

Georj L. Lewis, Ed.D.

President

Letter of Transmittal

August 1, 2023

To: Georj L. Lewis, Ed.D.
President
Clayton State University

The Annual Financial Report (AFR) for the Clayton State University includes the financial statements for the year ended June 30, 2023, 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, 2023.

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

The University's financial records are included in the University System of Georgia's financial report, which is audited by the State of Georgia Department of Audits and Accounts (DOAA) on an annual basis. The audit of the University's financial assistance programs is performed by the DOAA in conjunction with the statewide Single Audit.

The Georgia Department of Audits and Accounts (DOAA) was engaged to complete a review engagement at Clayton State University for Fiscal Year 2023. The engagement is in respect to the financial statements of the business type activities and fiduciary funds, including the notes to the institution's financial statements. DOAA performs procedures to the extent necessary so that DOAA might express an opinion on the basic financial statements of the University System of Georgia Annual Financial Report and the Annual Comprehensive Financial Report of the State of Georgia. The procedures will not constitute an audit of the institution's financial statements. For this reason, DOAA did not express an opinion on the financial statements.

Sincerely,

Mr. Nick Henry
Vice President, Business & Operations

Financial Section

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Regents of the
University System of Georgia
and
Dr. Georj L. Lewis
Clayton State University

We have reviewed the accompanying financial statements of the business-type activities and the fiduciary funds of Clayton State University, as of and for the year ended June 30, 2023, 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 Clayton 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.

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Required Supplementary Information

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

Other Matters

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

This review report contains information pertinent to the Clayton State University's compliance with the requirements of the Southern Association of Colleges and Schools Commission on Colleges (COC) Standard 13.2 (Financial resources) as of and for the year ended June 30, 2023. Additionally, we performed procedures on Clayton State University's Federal Student Aid programs for the year ended June 30, 2023, to meet the requirements of COC Standard 13.6. Included in a separate Report on Review and Federal Compliance Procedures dated DATE is a section on findings and other items for any matters that came to our attention during our engagement, including results of our testing of the Federal Student Aid programs.

Additionally, we have performed certain procedures at Clayton 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, 2023.

This report is intended solely for the information and use of the management of Clayton State University, members of the Board of Regents of the University System of Georgia and the Southern Association of Colleges and Schools – Commission on Colleges and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

Greg S. Griffin
State Auditor

September 8, 2023

CLAYTON STATE UNIVERSITY
Management's Discussion and Analysis

Introduction
Clayton State University (University) is one of the 26 institutions of higher education of the University System of Georgia. The University is located in Morrow, Georgia and was founded in 1969. It cultivates an environment of engagement and experienced-based learning enriched by active community service, that prepares students of diverse ages and backgrounds to succeed in their lives and careers.

Through a distinctive combination of proven and innovative methods of teaching and learning, Clayton State University excels in preparing students from many walks of life to meet the challenges of living and working in a dynamic, global society.

Clayton State currently has more than 40 undergraduate majors in the Colleges of Arts & Sciences, Business, Health, and Information and Mathematical Sciences. The University's School of Graduate Studies has nine master's degree programs and has become known for its state-of-the-art technology and technology programs.

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 and a student body of over 5800 students.

	STUDENT HEADCOUNT	STUDENT FTE
FY 2023	5,857	4,751
FY 2022	6,820	5,433
FY 2021	7,052	5,726

Overview of the Financial Statements and Financial Analysis
The University is pleased to present its financial statements for fiscal year 2023. The emphasis of discussions about these statements will be on current year data of business-type activities. There are three business-type financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2023 and fiscal year 2022.

Statement of Net Position
The Statement of Net Position is a financial condition snapshot as of June 30, 2023 and includes all assets and liabilities, both current and noncurrent and deferred inflows and outflows. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University and how much the University owes vendors. The difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources (net position) is one indicator of the University's financial health. Increases 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, 2023	June 30, 2022	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	$ 23,706,510	$ 21,716,400	$ 1,990,110	9.16 %
Capital Assets, Net	116,768,201	120,177,555	(3,409,354)	(2.84)%
Intangible Right-to-Use Assets, Net	972,371	59,587	912,784	1,531.85 %
Other Assets	2,329,005	2,233,311	95,694.00	4.28 %
TOTAL ASSETS	$ 143,776,087	$ 144,186,853	$ (410,766)	(0.28)%
DEFERRED OUTFLOWS	$ 31,829,851	$ 21,425,074	$ 10,404,777	48.56 %
LIABILITIES				
Current Liabilities	8,201,241	9,369,654	(1,168,413)	(12.47)%
Non-Current Liabilities	153,378,097	132,364,530	21,013,567	15.88 %
TOTAL LIABILITIES	$ 161,579,338	$ 141,734,184	$ 19,845,154	14.00 %
DEFERRED INFLOWS	$ 30,926,713	$ 42,789,151	$ (11,862,438)	(27.72)%
NET POSITION				
Net Investment in Capital Assets	51,706,016	52,653,821	(947,805)	(1.80)%
Restricted, Non-Expendable	1,466,421	1,650,680	(184,259)	(11.16)%
Restricted, Expendable	287,288	7,335	279,953	3,816.67 %
Unrestricted	(70,359,838)	(73,223,244)	2,863,406	3.91 %
TOTAL NET POSITION	$ (16,900,113)	$ (18,911,408)	$ 2,011,295	10.64 %

Total assets decreased by $410,766 which was mainly due to an increase in current assets of $1,990,110, a decrease in net capital assets of $3,409,354, and an increase in net intangible right-to-use assets of $912,784. The increase in current assets is primarily due to an increase in cash position at year end. Prior to year end, federal awards were reconciled and funds due were drawn down from the G5 payment system. Also, the University received more cash in state appropriation due to the elimination of the special institutional fee. The major repair and renovation funds in fiscal year 2023 was a cash allocation and part of state appropriation. The Institution received an additional $503,000 for repairs and maintenance. The increase in net intangible right-to-use assets was due to the addition of a new lease for the Fayette building. The aforementioned increase in total assets was offset by a decrease in net capital assets. The decrease in net capital assets was mainly due to asset depreciation.

Total deferred outflows of resources increased by $10,404,777 which was primarily due to a change in the University's proportionate share of the actuarially-determined deferred loss on defined benefit pension plan administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia.

Total liabilities increased by $19,845,154 which was due to a decrease in current liabilities of $1,168,413 and an increase in non-current liabilities of $21,013,567. The Teachers Retirement System (TRS) of Georgia made significant assumption changes between fiscal year 2022 and 2023, resulting in a decrease of $35,789,881 in net pension liability. Some of the assumption changes include long term rate of return from 7.25% to 6.90% and payroll growth from 3.00% to 2.50%. Net other post employment benefits (OPEB) liabilities decreased by $14,453,036 due to changes in calculation of the University's proportionate share of the actuarially-determined liability for defined benefit plans. For example, the discount rate increased from 2.18% to 3.54%.

Total deferred inflows of resources decreased by 11,862,438 which was due to a decrease of $1,272,162 in deferred gain on debt refunding, decrease of $20,104,316 in the University's deferred inflows related to pension liability and an increase of $9,514,040 in the category of deferred inflows related to the changes in the University's net OPEB liability.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of $2,011,295. This change in net position is primarily in the category of unrestricted net position.

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, 2023	June 30, 2022	Increase/ (Decrease)	% Change
Operating Revenue	$ 32,940,597	$ 40,263,689	$ (7,323,092)	(18.19)%
Operating Expense	92,857,568	103,193,603	(10,336,035)	(10.02)%
Operating Income/Loss	(59,916,971)	(62,929,914)	3,012,943	4.79 %
Non-Operating Revenue and Expense	59,502,679	66,546,978	(7,044,299)	(10.59)%
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	(414,292)	3,617,064	(4,031,356)	(111.45)%
Other Revenues, Expenses, Gains, Losses and Special Items	2,425,587	7,236,425	(4,810,838)	(66.48)%
Change in Net Position	2,011,295	10,853,489	(8,842,194)	(81.47)%
Net Position at Beginning of Year	(18,911,408)	(29,764,897)	10,853,489	36.46 %
Net Position at End of Year	$ (16,900,113)	$ (18,911,408)	$ 2,011,295	10.64 %

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in net position at the end of the year. Some highlights of the information presented on this statement are as follows:

Revenues

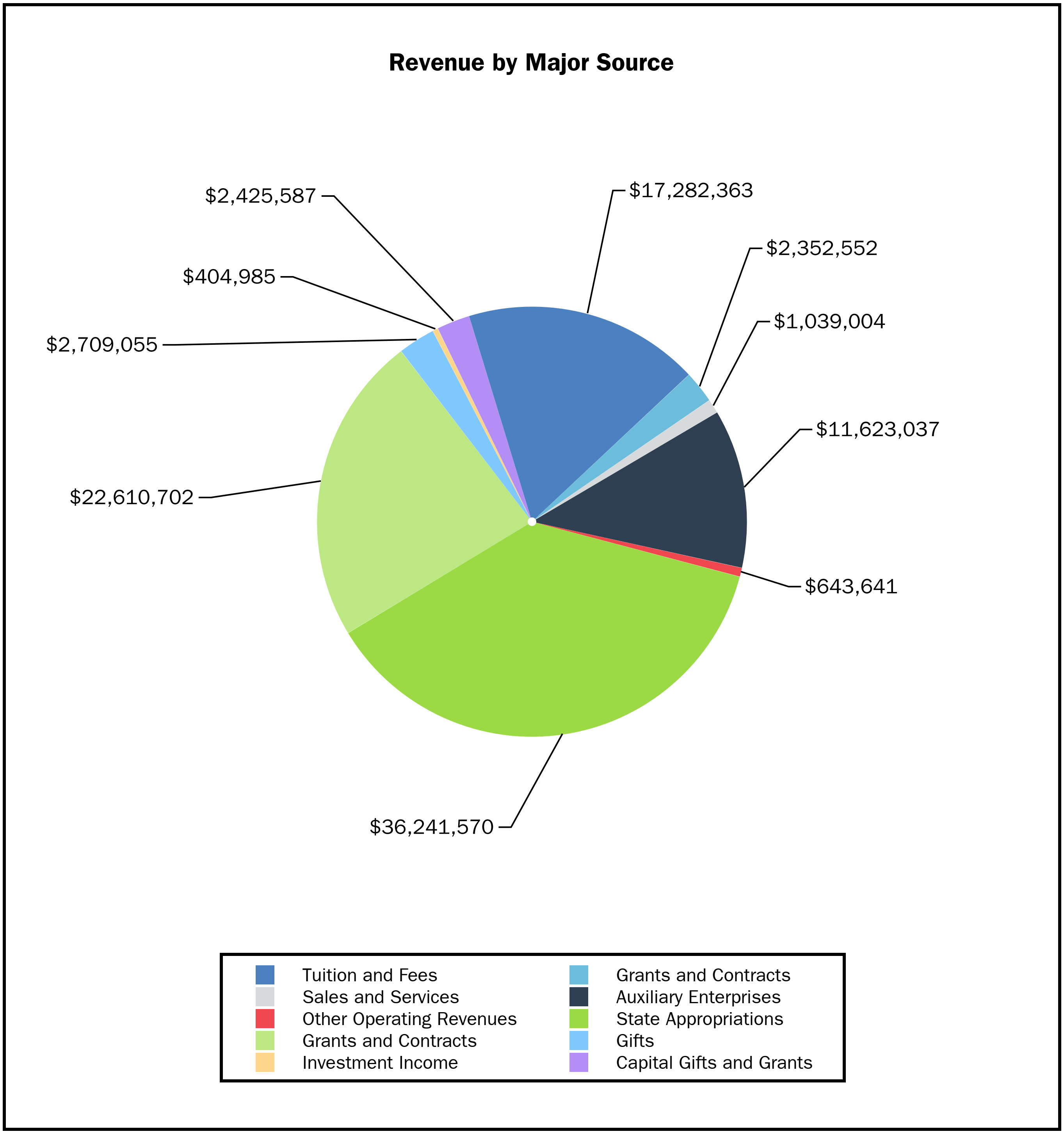
Clayton State University experienced a decline in enrollment. Fall semester headcount and full time equivalent decreased by 14% and 13% respectively, and credit hour production decreased by 11%. These decreases resulted in a reduction in net student tuition and fees of $6,566,740. The decrease in net tuition and fees was offset by a 1.99% increase in sales and services revenue, 0.77% increase in residence halls revenue, 0.65% decrease in food services revenue, and 13.16% increase in parking services. Resident halls revenue increased mainly due to increase in housing rates. Overall, operating revenues decreased by 18.19% which is equivalent to $7,323,092.

Net nonoperating revenues decreased by 10.59%. Clayton State University's state appropriation increased by $6,523,572 (21.95%). The four main contributing factors to this increase are: student institutional fee replacement, cost of living adjustments, cash funding for major repairs and renovation, and funds for repairs and maintenance. Federal grants and contracts revenue decreased by $14,453,238 (40.02%) due to a decrease in Higher Education Emergency Relief Funds (HEERF) received from the Department of Education. The CSU Real Estate Foundation LLC reimbursed the University for repairs and maintenance to Laker Village. This made up the majority of the increased gift revenue of $688,432 (34.07%).

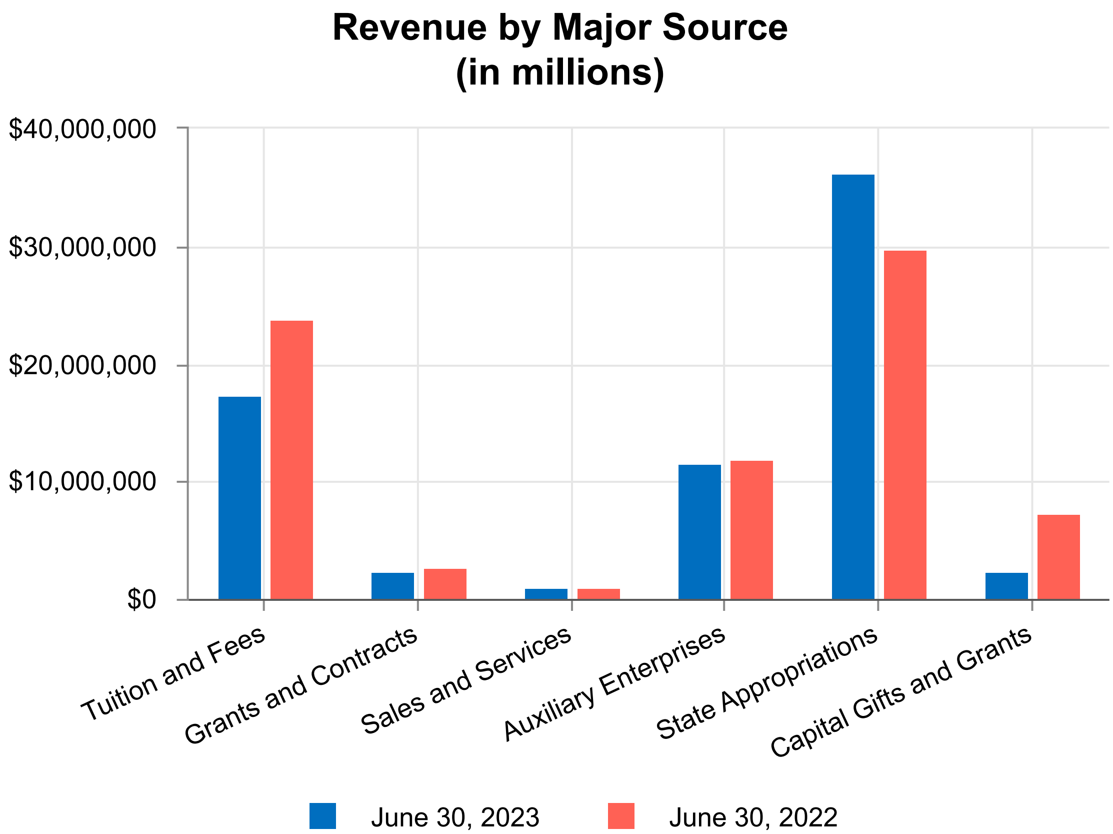
For the years ended June 30, 2023 and June 30, 2022, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
Tuition and Fees	$ 17,282,363	23,849,103	$ (6,566,740)	(27.53)%
Grants and Contracts	2,352,552	2,741,637	(389,085)	(14.19)%
Sales and Services	1,039,004	1,018,708	20,296	1.99 %
Auxiliary Enterprises	11,623,037	11,914,262	(291,225)	(2.44)%
Other Operating Revenues	643,641	739,979	(96,338)	(13.02)%
Total Operating Revenues	$ 32,940,597	$ 40,263,689	$ (7,323,092)	(18.19)%
State Appropriations	36,241,570	29,717,998	6,523,572	21.95 %
Grants and Contracts	22,610,702	37,164,787	(14,554,085)	(39.16)%
Gifts	2,709,055	2,020,623	688,432	34.07 %
Investment Income	404,985	(2,450)	407,435	16,630 %
Other Nonoperating Revenues	—	(39,382)	39,382	100.00 %
Total Nonoperating Revenues	$ 61,966,312	$ 68,861,576	$ (6,895,264)	(10.01)%
State Capital Gifts and Grants	2,369,837	7,236,425	(4,866,588)	(67.25)%
Other Capital Gifts and Grants	55,750	—	55,750	100.00 %
Total Capital Gifts and Grants	$ 2,425,587	$ 7,236,425	$ (4,810,838)	(66.48)%
Total Revenues	$ 97,332,496	$ 116,361,690	$ (19,029,194)	(16.35)%

Revenues by source (state appropriations, grants and contracts, tuition and fees, auxiliaries, gifts and other sources) is depicted by the following chart:



Revenue by major source for the years ended June 30,2023 and June 30, 2022 is depicted by the following chart:

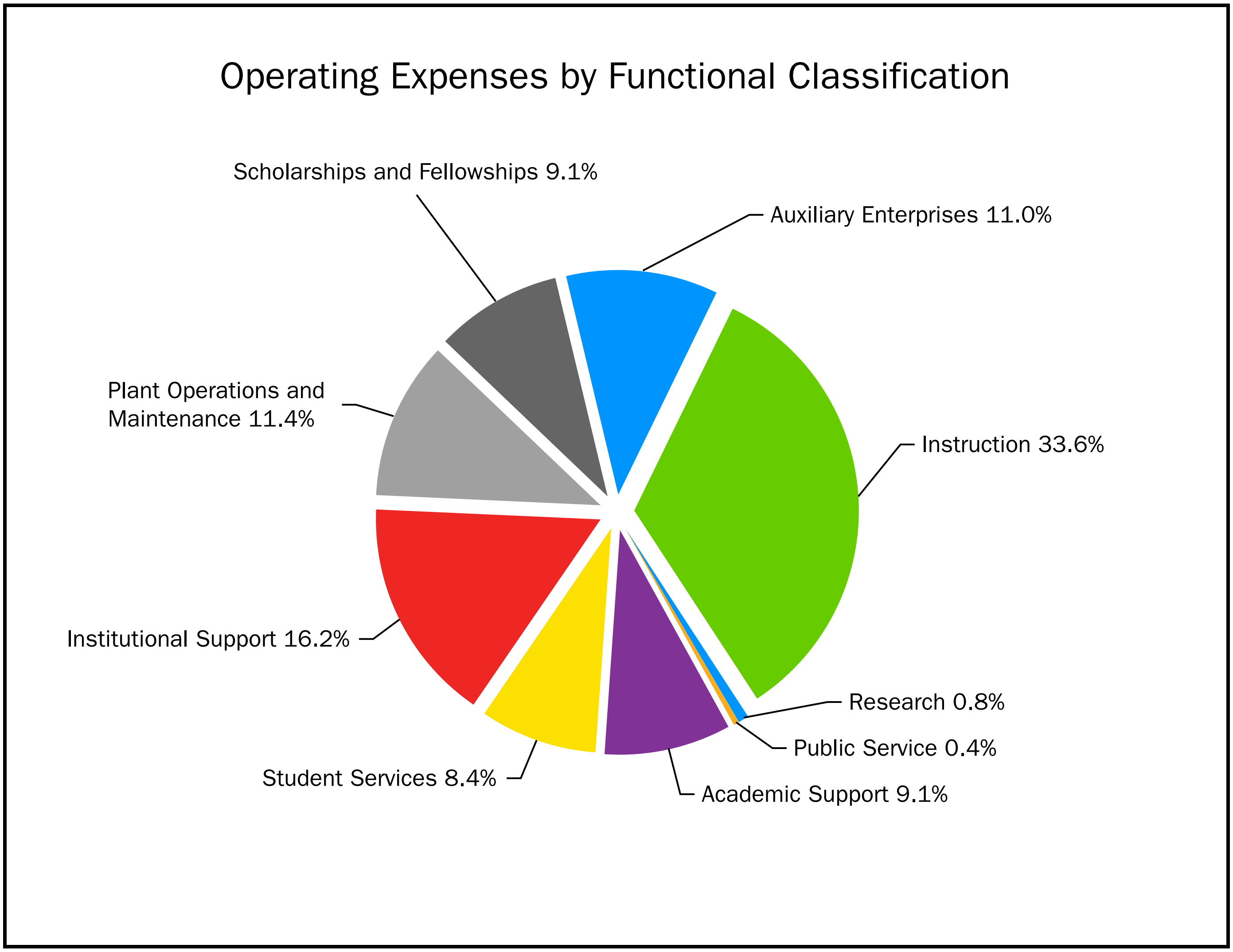


Expenses
For the years ended June 30, 2023 and June 30, 2022, expenses by functional classification were as follows:

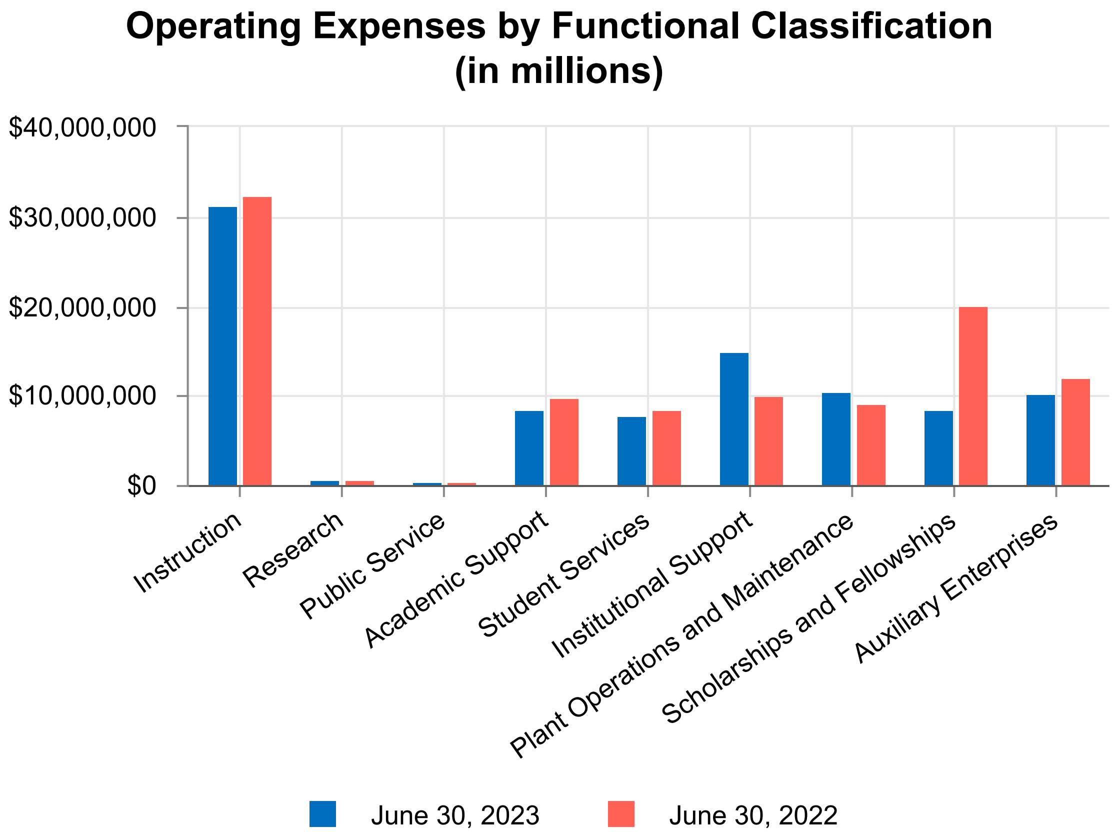
EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
Instruction	$ 31,176,232	$ 32,383,130	$ (1,206,898)	(3.73)%
Research	732,395	599,826	132,569	22.10 %
Public Service	371,597	345,275	26,322	7.62 %
Academic Support	8,486,028	9,850,744	(1,364,716)	(13.85)%
Student Services	7,844,482	8,539,637	(695,155)	(8.14)%
Institutional Support	15,002,687	10,139,491	4,863,196	47.96 %
Plant Operations and Maintenance	10,590,849	9,222,823	1,368,026	14.83 %
Scholarships and Fellowships	8,475,601	20,017,695	(11,542,094)	(57.66)%
Auxiliary Enterprises	10,177,697	12,094,982	(1,917,285)	(15.85)%
Total Operating Expenses	$ 92,857,568	$ 103,193,603	$ (10,336,035)	(10.02)%
Interest Expense	2,463,633	2,314,598	149,035	6.44 %
Total Nonoperating Expenses	$ 2,463,633	$ 2,314,598	$ 149,035	6.44 %
Total Expenses	$ 95,321,201	$ 105,508,201	$ (10,187,000)	(9.66)%

Total expenses were $95,321,201 in fiscal year 2023, a decrease of $(10,187,000) compared to fiscal year 2022. Scholarships and fellowships decreased by $(11,542,094) because we spent less in HEERF funds than last year. Supplies and other services decreased by 3.06% because we purchased less materials and supplies during the fiscal year. These decreases, however, were offset by a significant increase in pension expense. TRS made significant assumption changes between last year and this year that increased the net pension liability from $14.7 million to $50.5 million. This resulted in an increase in pension expense.

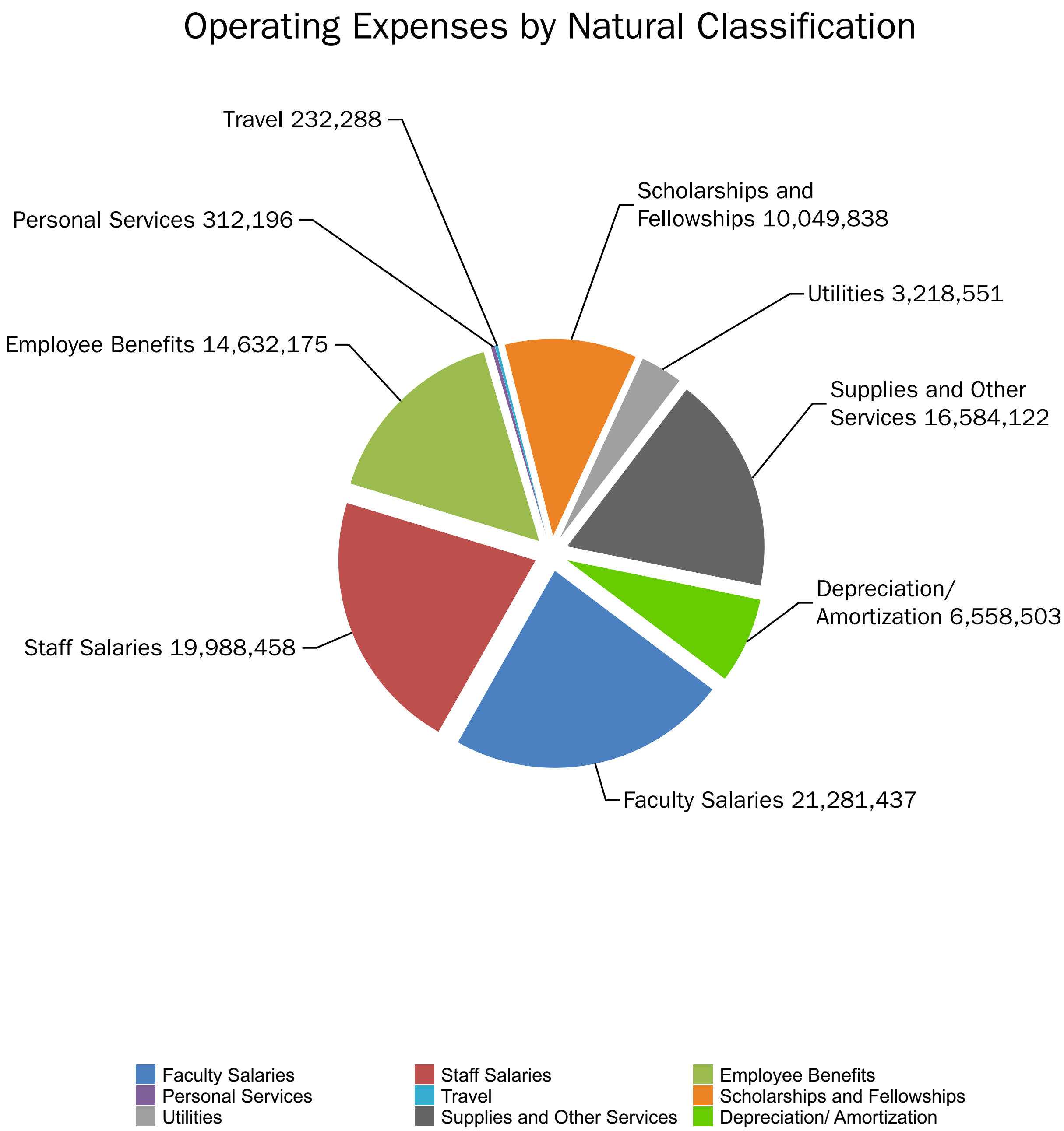
The following chart depicts the fiscal year 2023 operating expenses by functional classification:



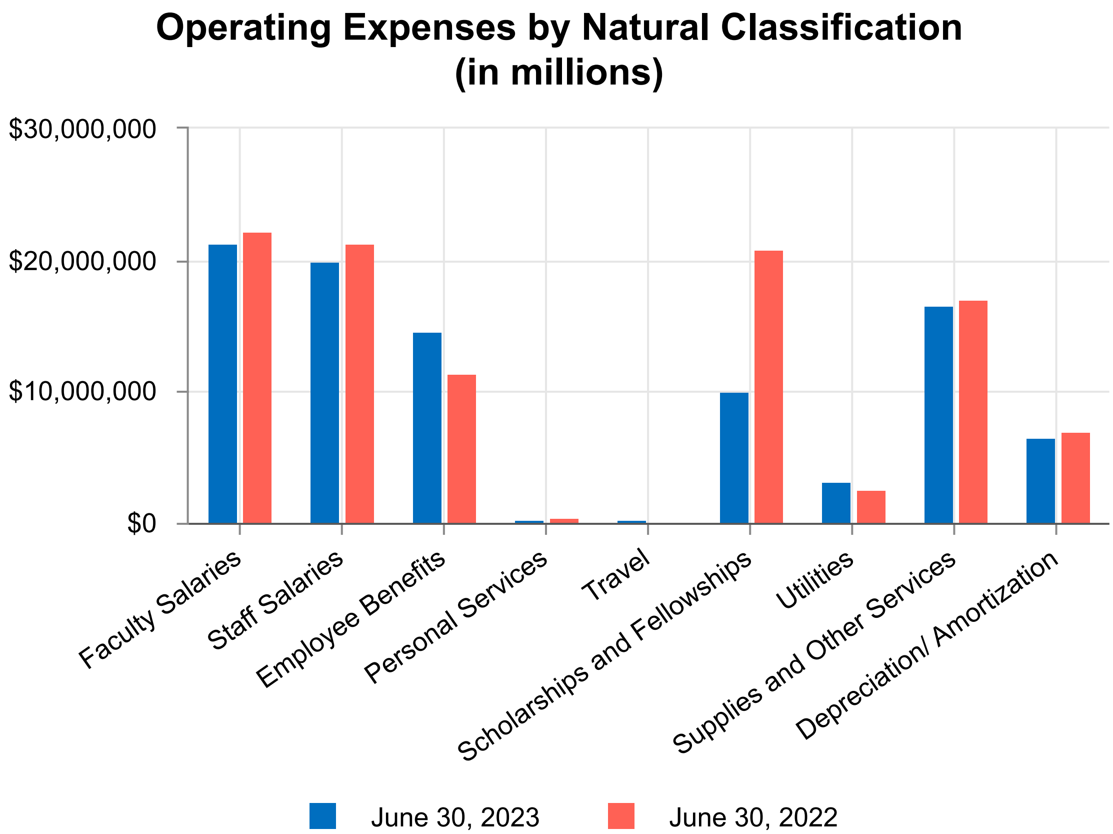
Operating expenses by functional classification for the years ended June 30, 2023 and June 30, 2022 are depicted by the following chart:



The following chart depicts the fiscal 2023 operating expenses by natural classification.



Operating expenses by natural classification for the years ended June 30, 2023 and June 30, 2022 are depicted by the following chart:



Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2023 and 2022, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2023	June 30, 2022
Cash Provided (Used) by:		
Operating Activities	$ (52,788,377)	$ (59,482,877)
Non-Capital Financing Activities	$ 61,668,170	$ 74,013,633
Capital and Related Financing Activities	$ (5,354,292)	$ (7,069,762)
Investing Activities	$ 404,985	$ (2,449)
NET CHANGE IN CASH	$ 3,930,486	$ 7,458,545
Cash, beginning of year	18,101,320	10,642,775
CASH, end of year	$ 22,031,806	$ 18,101,320

Capital & Intangible Right-to-Use Assets

Capital assets, net of accumulated depreciation, at June 30, 2023 and June 30, 2022 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2023	June 30, 2022	Increase (Decrease)	% Change
Land	$ 2,416,732	2,416,732	$ —	0.00 %
Construction Work-in-Progress	2,299,830	91,408	2,208,422	2,416.01 %
Infrastructure	991,993	1,043,600	(51,607)	(4.95)%
Building and Building Improvements	107,457,341	112,832,746	(5,375,405)	(4.76)%
Facilities and Other Improvements	18,950	23,850	(4,900)	(20.55)%
Equipment	2,663,527	2,694,505	(30,978)	(1.15)%
Library Collections	919,828	1,074,714	(154,886)	(14.41)%
Capital Assets, net of accumulated depreciation	$ 116,768,201	$ 120,177,555	$ (3,409,354)	(2.84)%

For the year ended June 30, 2023, GSFIC transferred capital additions valued at $164,515 to the University. These additions were related to the academic core and mini central plant projects. The University had two construction projects in progress: Laker Village Building 300 ($3100) and campus infrastructure ($2,205,322). The university recorded a total of $2,208,422 in construction work-in-progress as of June 30, 2023.

Intangible Right-to-Use assets, net of accumulated amortization, at June 30, 2023 and June 30, 2022 were as follows:

INTANGIBLE RIGHT-TO-USE ASSETS, net of accumulated amortization	June 30, 2023	June 30, 2022	Increase (Decrease)	% Change
Building and Building Improvements	$ 826,475	$ —	$ 826,475	100.00 %
Equipment	40,511	59,587	$ (19,076)	(32.01)%
Subscription Based IT Arrangements (SBITAs)	105,385	—	105,385	100.00 %
Intangible Right-to-Use Assets, net of accumulated amortization	$ 972,371	$ 59,587	$ 912,784	1531.85 %

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

Long Term Liabilities

Clayton State University had long-term liabilities of $59,265,448 of which $3,596,583 was reflected as a current liability at June 30, 2023.

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

Notes to the Financial Statements

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

Economic Outlook

Data from the National Student Clearinghouse Research Center (Clearinghouse) shows that college attendance continues to decline. Unfortunately, Clayton State University is among institutions affected by the national enrollment trend. Nevertheless, the university continues to demonstrate resilience and commitment to its mission of providing quality education and fostering academic excellence.

The pandemic and its aftermath have significantly affected higher education institutions, including Clayton State University. The shift to remote learning, reduced enrollment, and disruptions in revenue streams presented financial challenges. However, through prudent financial management and strategic cost-saving measures, the university has been able to mitigate some of the negative impacts. The financial statements indicate that the university has maintained stable revenue streams, albeit with some decline in certain areas such as tuition and fees and auxiliary services. Careful fiscal planning and ongoing support from federal and state relief programs have assisted the university in navigating the financial landscape.

Looking ahead to the fiscal year 2024, the economic outlook remains cautiously optimistic. Although we anticipate a decrease in revenues for the upcoming fiscal year, we are confident that we have the measures in place to manage cost without compromising service offerings to our students. The university remains focused on leveraging opportunities and addressing potential risks to achieve long-term sustainability and growth.

Requests for Information

The financial statements are designed to provide a general overview of the University's finances. Questions concerning any of the information provided should be addressed to the University's Controller at 2000 Clayton State Boulevard Morrow, GA 30260.

Financial Statements (GAAP Basis)

CLAYTON STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023

		Clayton State University
ASSETS		
Current Assets		
Cash and Cash Equivalents	$	20,278,097
Cash and Cash Equivalents (Externally Restricted)		1,753,709
Accounts Receivable, net		
Federal Financial Assistance		326,712
Affiliated Organizations		645,376
Other		600,838
Inventories		2,096
Prepaid Items		99,682
Total Current Assets		23,706,510
Non-Current Assets		
Accounts Receivable, net		
Affiliated Organizations		1,750,800
Due From USO - Capital Liability Reserve Fund		578,205
Capital Assets, net		116,768,201
Intangible Right-to-Use Assets, net		972,371
Total Non-Current Assets		120,069,577
TOTAL ASSETS		143,776,087
DEFERRED OUTFLOWS OF RESOURCES	$	31,829,851

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

CLAYTON STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023

		Clayton State University
LIABILITIES		
Current Liabilities		
Accounts Payable	$	2,592,124
Salaries Payable		97,638
Benefits Payable		124,883
Contracts Payable		13,857
Advances (Including Tuition and Fees)		1,642,196
Deposits		87,574
Deposits Held for Other Organizations		35,860
Other Liabilities		10,526
Subscription Obligations		61,680
Notes Payable		2,075,075
Lease Purchase Obligations - External		182,356
Compensated Absences		1,277,472
Total Current Liabilities		8,201,241
Non-Current Liabilities		
Subscription Obligations		63,075
Notes Payable		53,893,502
Lease Purchase Obligations - External		697,653
Compensated Absences		1,014,635
Net Other Post Employment Benefits Liability		47,204,064
Net Pension Liability		50,505,168
Total Non-Current Liabilities		153,378,097
TOTAL LIABILITIES		161,579,338
DEFERRED INFLOWS OF RESOURCES		30,926,713
NET POSITION		
Net Investment in Capital Assets		51,706,016
Restricted for:		
Nonexpendable		1,466,421
Expendable		287,288
Unrestricted (Deficit)		(70,359,838)
TOTAL NET POSITION	$	(16,900,113)

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

CLAYTON STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

	Clayton State University
OPERATING REVENUES	
Student Tuition and Fees (net)	$ 17,282,363
Grants and Contracts	
Federal	2,001,448
State	89,531
Other	261,573
Sales and Services	1,039,004
Rents and Royalties	6,120
Auxiliary Enterprises	
Residence Halls	6,786,785
Bookstore	205,849
Food Services	1,762,324
Parking/Transportation	490,946
Health Services	461,157
Intercollegiate Athletics	1,678,887
Other Organizations	237,089
Other Operating Revenues	637,521
Total Operating Revenues	32,940,597
OPERATING EXPENSES	
Faculty Salaries	21,281,437
Staff Salaries	19,988,458
Employee Benefits	14,632,175
Other Personal Services	312,196
Travel	232,288
Scholarships and Fellowships	10,049,838
Utilities	3,218,551
Supplies and Other Services	16,584,122
Depreciation and Amortization	6,558,503
Total Operating Expenses	92,857,568
Operating Income (Loss)	(59,916,971)

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

CLAYTON STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

	Clayton State University
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	$ 36,241,570
Grants and Contracts	
Federal	21,664,334
Other	946,368
Gifts	2,709,055
Investment Gain	404,985
Interest Expense	(2,463,633)
Net Nonoperating Revenues	59,502,679
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(414,292)
Capital Grants and Gifts	
State	2,369,837
Other	55,750
Total Other Revenues, Expenses, Gains or Losses	2,425,587
Change in Net Position	2,011,295
Net Position, Beginning of Year	(18,911,408)
Net Position, End of Year	$ (16,900,113)

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

CLAYTON STATE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2023

	Clayton State University
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	$ 30,782,433
Grants and Contracts (Exchange)	2,865,841
Payments to Suppliers	(34,420,059)
Payments to Employees	(41,965,614)
Payments for Scholarships and Fellowships	(10,049,838)
Other Payments	(1,140)
Net Cash Used by Operating Activities	(52,788,377)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	36,241,570
Gifts and Grants Received for Other Than Capital Purposes	25,426,600
Net Cash Flows Provided by Non-Capital Financing Activities	61,668,170
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital and Intangible Right-to-Use Assets	(230,338)
Principal Paid on Capital Debt and Leases	(2,267,427)
Interest Paid on Capital Debt and Leases	(2,856,527)
Net Cash Used by Capital and Related Financing Activities	(5,354,292)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Gain	404,985
Net Cash Provided by Investing Activities	404,985
Net Increase in Cash and Cash Equivalents	3,930,486
Cash and Cash Equivalents, Beginning of Year	18,101,320
Cash and Cash Equivalents, End of Year	$ 22,031,806

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

CLAYTON STATE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2023

		Clayton State University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	$	(59,916,971)
Adjustments to Reconcile Net Operating Loss to		
Net Cash Used by Operating Activities		
Depreciation and Amortization		6,558,503
Change in Assets and Liabilities:		
Receivables, net		1,325,517
Inventories		325
Prepaid Items		64,081
Accounts Payable		10,826
Salaries Payable		(203,616)
Benefits Payable		4,095
Contracts Payable		7,276
Retainage Payable		(41,690)
Deposits		17,795
Advances (Including Tuition and Fees)		(832,678)
Other Liabilities		10,526
Funds Held for Others		(1,140)
Compensated Absences		(133,020)
Net Pension Liability		35,789,881
Other Post-Employment Benefit Liability		(14,453,036)
Change in Deferred Inflows/Outflows of Resources:		
Deferred Inflows of Resources		(10,590,274)
Deferred Outflows of Resources		(10,404,777)
Net Cash Used by Operating Activities		(52,788,377)
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	$	572,725
Current Year Accruals Related to Capital Financing Activities	$	12,113
Gift of Capital Assets	$	2,720,037
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	$	977,840
Intangible Right-to-Use Assets Acquired by Incurring SBITAs	$	151,755
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	$	392,894

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

CLAYTON STATE UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

		Custodial Funds
ASSETS		
Cash and Cash Equivalents	$	228,331
Receivables		
Other		1,036,669
Total Assets		1,265,000
LIABILITIES		
Accounts Payable		3,227
Advances		689,440
Deposits held for other organizations		2,000
Other Liabilities		56,832
Total Liabilities		751,499
NET POSITION		
Restricted for:		
Individuals, Organizations, and Other Governments	$	513,501

CLAYTON STATE UNIVERSITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

		Custodial Funds
ADDITIONS		
Federal Financial Aid	$	24,207,752
State Financial Aid		7,432,164
Other Financial Aid		1,304,036
Clubs and Other Organizations Fund Raising		339,534
Total Additions		33,283,486
DEDUCTIONS		
Scholarships and Other Student Support		32,943,951
Student Organizations Support		43,884
Total Deductions		32,987,835
Net Increase (Decrease) in Fiduciary Net Position		295,651
Net Position, Beginning of Year		217,850
Net Position, End of Year	$	513,501

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations

The Clayton 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, 2023, 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/comprehensive-annual-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 resulting from the University acting as an agent or fiduciary for various governments, companies, clubs or individuals.

New Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91*, Conduit Debt Obligations*, effective for fiscal years beginning after December 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. 91 to fiscal year 2023. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The adoption of this statement does not have a significant impact on the financial statements and will be applied prospectively.

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for fiscal years beginning after June 15, 2022. The objectives of this statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and to provide guidance for accounting and financial reporting for availability payment arrangements. The adoption of this statement does not have a significant impact on the financial statements and will be applied retroactively.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements,* effective for fiscal years beginning after June 15, 2022. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this Statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement.

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

Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool (Georgia Fund 1) and the Board of Regents Short-Term Investment Pool. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

Accounts Receivable

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

Inventories

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

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the 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 USG. 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.

The University also entered into certain subscription-based agreements to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) result in an intangible right-to-use asset and a subscription obligation on the Statement of Net Position.The University capitalizes SBITA items that are greater than $100,000 over the subscription term and the initial term exceeds 12 months.

An intangible right-to-use asset represents the University's right to use an underlying asset for the lease or subscription term. Lease and/or subscription obligations represent the University's liability to make lease and/or subscription payments arising from the lease and/or subscription agreement. Intangible right-to-use assets, lease obligations, and subscription obligations are recognized based on the present value of lease and/or subscription 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 and/or subscription 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 and/or subscription liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease and/or subscription term or useful life of the underlying asset. Prepayments made before the commencement of the lease and/or subscription are reported as intangible right-to-use assets in progress.

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 lease obligations. All USG institutions participating in the PPV program financed 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 lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The balance included on the University's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the University's contribution to the Fund.

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

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

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

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

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

Non-current Liabilities
Non-current liabilities include: (1) liabilities that will not be paid within the next fiscal year; (2) lease and/or subscription 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 - nonexpendable 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 and 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 $11,329,296.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2023 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	$	20,278,097
Cash and Cash Equivalents (Externally Restricted)		1,753,709
Statement of Fiduciary Net Position		
Cash and Cash Equivalents		228,331
	$	22,260,137

Cash on hand, deposits and investments as of June 30, 2023 consist of the following:

Cash on Hand	$	4,128
Deposits with Financial Institutions		21,567,601
Investments		688,408
	$	22,260,137

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, 2023, the bank balances of the University's deposits totaled $21,990,409. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the USG. 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. The University holds positions in the Georgia Fund 1 investment pool managed by the Georgia Office of the State Treasurer. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The University does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

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 the 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 is the pooled investment fund options are described below.

1. Short-Term Fund
   The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and four years, and the fund will typically have an overall average duration of ¾ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Short-term Fund at June 30, 2023 was $297,985, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.93 years.

Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the U.S. Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, $1 per share. The Georgia Fund 1

Investment Pool is an AAAf rated investment pool by Fitch Ratings. The Weighted Average Maturity of the Fund is 28 days.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The University does not have a formal policy for managing interest rate risk for investments.

	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment Pools						
Board of Regents						
Short-Term Fund	$ 297,985					
Office of the State Treasurer						
Georgia Fund 1	390,423					
Total Investments	$ 688,408					

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University does not have a formal policy for managing credit quality risk for investments.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2023:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	$ 2,232,444	$ —
Auxiliary Enterprises and Other Operating Activities	935,055	—
Federal Financial Assistance	326,712	—
Georgia Student Finance Commission	—	851,249
Georgia State Financing and Investment Commission	16,690	—
Due from Affiliated Organizations	2,396,175	—
Due From Other USG Institutions	639,472	—
Other	187,981	205,019
	6,734,529	1,056,268
Less: Allowance for Doubtful Accounts	2,832,598	19,599
Net Accounts Receivable	$ 3,901,931	$ 1,036,669

Note 4 Inventories

Inventories consisted of the following at June 30, 2023:

Merchandise for Resale	$ 2,096.00

Note 5 Notes and Loans Receivable

As of June 30, 2023, Clayton State University had no outstanding Notes/Loan Receivables.

Note 6 Capital and Intangible Right-to-Use Assets

Changes in capital assets for the year ended June 30, 2023 are shown below:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	$ 2,416,732	$ —	$ —	$ 2,416,732
Construction Work-in-Progress	91,408	2,208,422	—	2,299,830
Total Capital Assets Not Being Depreciated	2,508,140	2,208,422	—	4,716,562
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	1,146,814	—	—	1,146,814
Building and Building Improvements	196,892,240	164,515	—	197,056,755
Facilities and Other Improvements	150,442	—	—	150,442
Equipment	11,492,264	515,222	325,379	11,682,107
Library Collections	5,221,811	44,178	3,434	5,262,555
Total Capital Assets Being Depreciated/Amortized	214,903,571	723,915	328,813	215,298,673
Less: Accumulated Depreciation/Amortization				
Infrastructure	103,214	51,607	—	154,821
Building and Building Improvements	84,059,494	5,539,920	—	89,599,414
Facilities and Other Improvements	126,592	4,900	—	131,492
Equipment	8,797,759	546,200	325,379	9,018,580
Library Collections	4,147,097	199,064	3,434	4,342,727
Total Accumulated Depreciation/Amortization	97,234,156	6,341,691	328,813	103,247,034
Total Capital Assets, Being Depreciated/Amortized, Net	117,669,415	(5,617,776)	—	112,051,639
Capital Assets, net	$ 120,177,555	(3,409,354)	$ —	$ 116,768,201

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 or funded from alternate sources. For the year ended June 30, 2023, the University had a campus infrastructure project funded by GSFIC and managed the University. The University recorded construction in progress addition of $2,205,322 at June 30, 2023 for the campus infrastructure project. The University also had construction in progress addition of $3,100 related to the Laker Village housing building 300, which is a project managed and funded by the University.

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

Fiscal Year	Depreciation & Amortization Expense
2023	$ 6,558,503
2022	$ 6,962,024
2021	$ 5,879,081

Intangible Right-to-Use Assets

Changes in intangible right-to-use assets for the year ended June 30, 2023 are shown below:

	Beginning Balances July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023
Intangible Right-to-use Assets				
Building and Building Improvements	$ —	$ 977,840	$ —	$ 977,840
Equipment	77,075	—	—	77,075
Subscription Based IT Arrangements (SBITAs)	—	151,755	—	151,755
Total Right-to-Use Being Amortized, Net	77,075	1,129,595	—	1,206,670
Less: Accumulated amortization				
Building and Building Improvements	—	151,365	—	151,365
Equipment	17,487	19,077	—	36,564
Subscription Based IT Arrangements (SBITAs)	—	46,370	—	46,370
Total Intangible Right-to-Used Assets Being Amortized, Net	17,487	216,812	—	234,299
Intangible Right-to-use Assets,Net	$ 59,588	$ 912,783	$ —	$ 972,371

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2023:

	Current Liabilities
Prepaid Tuition and Fees	$ 1,171,468
Other - Advances	470,728
Totals	$ 1,642,196

Fiduciary fund advances in the amount of $689,440 consists of student support received prior to eligibility requirements being met.

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Lease & Subscription Obligations					
Lease Obligations	$ 58,097	$ 977,840	$ 155,928	$ 880,009	$ 182,356
Subscription Obligations	—	151,755	27,000	124,755	61,680
Total	58,097	1,129,595	182,928	1,004,764	244,036
Other Liabilities					
Compensated Absences	2,425,127	1,586,039	1,719,059	2,292,107	1,277,472
Notes Payable	57,173,808	—	1,205,231	55,968,577	2,075,075
Total	59,598,935	1,586,039	2,924,290	58,260,684	3,352,547
Total Long-Term Obligations	$ 59,657,032	$ 2,715,634	$ 3,107,218	$ 59,265,448	$ 3,596,583

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.

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 2023 were $2,084,499 and $2,839,242, respectively. Interest rates range from 4.171% to 6.696%.

The University has $55,968,577 in outstanding notes payable due to affiliated organizations and other related party organizations for financing lease agreements.

The following is a summary of the carrying value of assets held under financing lease agreements at June 30, 2023:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Financing Lease Arrangements at June 30, 2023	Outstanding Balances per Lease Schedules at June 30, 2023
	(+)	(-)	(=)	
Finance Buildings and Building Improvements	$ 80,588,876	$ 35,825,156	$ 44,763,720	$ 55,968,577
Total Assets Held Under Finance Lease	$ 80,588,876	$ 35,825,156	$ 44,763,720	$ 55,968,577

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	
Laker Hall	CSU Foundation	$ 20,166,921	21 years	January 2018	June 2038	$ 15,071,488	(1)
Student Activity Center	CSU Foundation	20,766,948	21 years	January 2018	June 2038	13,287,089	(1)
Laker Village	CSU Foundation	30,140,117	30 years	August 2008	June 2042	27,610,000	(1)
Total Financed Leases		$ 71,073,986				$ 55,968,577	

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

Below is the annual debt service related to the outstanding notes at June 30, 2023.

	Principal	Interest
Year Ending June 30:		
2024	$ 2,075,075	$ 2,735,984
2025	2,205,141	2,631,458
2026	2,337,847	2,519,802
2027	2,435,869	2,400,782
2028	2,583,445	2,277,004
2029 through 2033	15,558,412	9,215,885
2034 through 2038	20,922,788	4,660,363
2039 through 2043	7,850,000	693,488
Total Minimum Lease Payments	$ 55,968,577	$ 27,134,766

Public-Private or Public-Public Partnerships (PPP)

At June 30, 2,023, the University had no PPP arrangements that met the materiality threshold for discrete financial reporting.

Service Concession Arrangements

At June 30, 2,023, the University had no service concession arrangements that met the materiality threshold for discrete financial reporting.

Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2023, consisted of the following:

Deferred Outflow of Resources		
Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	$	24,142,993
Deferred Outflows on OPEB Plan (See Note 17)		7,686,858
Total Deferred Outflows of Resources	$	31,829,851

Deferred Inflow of Resources		
Deferred Gain on Debt Refunding	$	9,061,215
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)		2,559,445
Deferred Inflows on OPEB Plan (See Note 17)		19,306,053
Total Deferred Inflows of Resources	$	30,926,713

Deferred Gain on Debt Refunding

In December 2017, the Clayton State Foundation re-funded the bonds associated with the Laker Hall and Student Activities building finance purchases and passed the perceived economic advantages of the refunding to the University. At June 30, 2023, the institution recognized a deferred gain on debt refunding in the amount of $306,331. The unamortized deferred gain on debt refunding at year end related to this transaction is $7,416,529.

In April 2021, the Clayton State Foundation re-funded the bonds associated with the Laker Village building finance purchase and passed the perceived economic advantages of the refunding to the University. The net savings to the institution resulting from this transaction was $1,839,452 for the difference in the cash flow requirements between the original lease and the revised lease. At June 30, 2023, the institution recognized a deferred gain on debt refunding in the amount of $86,562. The unamortized deferred gain on debt refunding at year end related to this transaction is $1,644,686.

Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2023 is as follows:

Net Investment in Capital Assets	$	51,706,016
Restricted for		
Nonexpendable		
Permanent Endowment		1,466,421
Expendable		
Sponsored and Other Organized Activities		279,953
Federal Loans		7,335
Sub-Total		287,288
Unrestricted		
Auxiliary Enterprises Operations		7,395,982
Reserve for Encumbrances		6,928,529
Capital Liability Reserve Fund		578,205
Other Unrestricted		(85,262,554)
Sub-Total	$	(70,359,838)
Total Net Position	$	(16,900,113)

Other unrestricted net position is reduced by $58,823,259 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 $28,921,620 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources on defined benefit pension plans.

For fiscal year 2023, the institution's OPEB liability decreased by $14,453,036. Pension liability also decreased by $35,789,881 based on actuarial calculations. These changes, as well as changes in deferred inflow and outflow of resources related to OPEB and pensions, accounted primarily for the $2,863,406 increase in unrestricted net position. The 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, 2023 are as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Net Investments in Capital Assets	$ 52,653,822	$ 5,450,091	$ 6,397,897	$ 51,706,016
Restricted Net Position	1,658,015	27,388,841	27,293,147	1,753,709
Unrestricted Net Position	(73,223,245)	69,943,655	67,080,248	(70,359,838)
Total Net Position	$ (18,911,408)	$ 102,782,587	$ 100,771,292	$ (16,900,113)

Note 11 Endowments

Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent.

Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation on endowment investments available for authorization for expenditure was $279,953 and is reflected as expendable restricted net position.

For endowment funds where the donor has not provided specific instructions, investment return of the University's endowment funds is predicated on the total return concept. Annual payouts from the University's endowment funds are based on a spending policy which applies a payout rate of 4% to a moving average market value (the prior five years' market value as of December 31). To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the University uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

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

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2023. In addition to these encumbrances, the University had other significant unearned outstanding construction or renovation contracts in the amount of $0 executed as of June 30, 2023. This amount is not reflected in the accompanying basic financial statements.

Note 13 Leases and Subscriptions

The University leases facilities, equipment and other assets. The University also enters into certain subscription-based contracts to use vendor-provided information technology (IT). Although lease and/or subscription terms vary, many leases and/or subscription agreements 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 2023 were $155,928 and $17,285, respectively. Interest rates range from 0.345% - 2.260%. The University's principal and interest payments related to subscription-based IT agreements (SBITA) for fiscal year 2023 were $27,000 and $0, respectively. Interest rates range from 2.26% - 3.42%.

Lease Obligations

Currently, the institution does not have any outstanding lease obligations due to a related party organization. For the fiscal year 2023, the University did not make any residual guaranteed payment, variable payments based on performance, or termination penalties. Also, the institution did not make any payments related to leased facilities where these funds will be used for future improvements.

The following is a summary of the carrying values of intangible right-to-use assets held under lease at June 30, 2023:

Description	Gross Amount	Less: Accumulated Amortization	Net, Assets Held Under Leases at June 30, 2023	Outstanding Balance per Lease Schedules at June 30, 2023
	(+)	(-)	(=)	
Leased Equipment	$ 77,075	$ 36,564	$ 40,511	$ 39,055
Leased Buildings and Building Improvements	977,840	151,366	826,474	840,954
Total Assets Held Under Lease	$ 1,054,915	$ 187,930	$ 866,985	$ 880,009

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/ Year	Outstanding Principal
DS64i 3 station Special 2 Auto + Special- CIS	Neopost USA	$ 19,171	5 years	September 2021	August 2025	$ 10,003
IS-5500 PM Postage Equip.	Neopost USA	57,904	5 years	July 2021	June 2025	29,052
Fayette Instructional Site	Fayette County	977,840	6 years	July 2022	June 2028	840,954
Total Leases		$ 1,054,915				$ 880,009

Certain leases provide for renewal and/or purchase options. Generally purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

Below are the future commitments related to the outstanding lease obligations as of June 30,2023:

	Principal	Interest
Year Ending June 30:		
2024	$ 182,356	$ 18,857
2025	176,844	13,728
2026	165,506	10,054
2027	172,028	6,255
2028	183,275	—
Total Minimum Lease Payments	$ 880,009	$ 48,894

Subscription Obligations

The University does not have any outstanding subscription obligations due to affiliated organizations and other related party organizations.

For the fiscal year 2023, there were no variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2023.

The following is a summary of the carrying values of intangible right-to-use assets held under Subscription Based IT Arrangements at June 30, 2023:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Subscription Obligations at June 30, 2023	Outstanding Balance per Subscription Schedules at June 30, 2023
Subscription Based IT Arrangements (SBITAs)	$ 151,755	$ 46,370	$ 105,385	$ 124,755
Total Assets Held Under Subscription Based Information Technology Arrangements (SBITAs)	$ 151,755	$ 46,370	$ 105,385	$ 124,755

Below are the future commitments related to the outstanding subscription obligations year at June 30, 2023:

	Principal	Interest
Year Ending June 30:		
2024	$ 61,680	$ 2,819
2025	63,075	1,425
Total Minimum Subscription Payments	$ 124,755	$ 4,244

Note 14. Retirement Plans

The University participates in various retirement plans administered by the State of Georgia under two major retirement systems: Teachers Retirement System of Georgia (TRS) and Employees' Retirement System of Georgia (ERS). These two systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

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

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

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

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 2023. The University's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of the University annual payroll. The University's contributions to TRS totaled $4,249,858 for the year ended June 30, 2023.

General Information about the Employees' Retirement System

Plan description

ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at ers.ga.gov/financials.

Benefits provided

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions

Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2023 was 31.01% of annual covered payroll for old and new plan members and 27.47% for GSEPS members. The rates include the annual actuarially determined contribution rate of 24.67% of annual covered payroll for old and new plan members and 21.59% for GSEPS members, plus a 6.34% adjustment to the old and new plan and a 5.88% adjustment to the GSEPS plan for the commencement of COLA prefunding for certain retired ERS members. The University's contributions to ERS totaled $23,258 for the year ended June 30, 2023. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

At June 30, 2023, the University reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The University's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2022. At June 30, 2022, the University's TRS proportion was 0.155323%, which was an decrease of (0.010473)% from its proportion measured as of June 30, 2021. At June 30, 2022, the University's ERS proportion was 0.001030%, which was a decrease of (0.001182)% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the University recognized pension expense of $6,913,949 for TRS and $(788) for ERS. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,093,627	$ 262,533	$ 148	$ 624
Changes of assumptions	7,592,285	—	12,228	—
Net difference between projected and actual earnings on pension plan investments	9,909,314	—	7,992	—
Changes in proportion and differences between contributions and proportionate share of contributions	253,536	2,271,090	745	25,199
Contributions subsequent to the measurement date	4,249,858	—	23,258	—
Total	$ 24,098,620	$ 2,533,623	$ 44,371	$ 25,823

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2024	$ 4,718,157	$ (8,196)
2025	$ 3,251,963	$ (2,860)
2026	$ 2,373,389	$ 199
2027	$ 6,971,630	$ 6,147
2028	$ —	$ —

Actuarial assumptions
The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 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	6.90%, 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 improvement 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, 2021 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 investment rate of return and payroll growth assumption.

Employees' Retirement System

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

Asset class	TRS target allocation	TRS Long-term expected real rate of return*	ERS target allocation	ERS Long-term expected real rate of return*
Fixed income	30.00 %	0.20 %	30.00 %	0.20 %
Domestic large equities	46.30 %	9.40 %	46.30 %	9.40 %
Domestic small equities	1.20 %	13.40 %	1.20 %	13.40 %
International developed market equities	12.30 %	9.40 %	12.30 %	9.40 %
International emerging market equities	5.20 %	11.40 %	5.20 %	11.40 %
Alternatives	5.00 %	10.50 %	5.00 %	10.50 %
Total	100.00 %		100.00 %	

* Rates shown are net of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 6.90% and 7.00%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University'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 6.90% for TRS and 7.00% for ERS, 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 or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease 5.90%	Current discount rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability	$ 76,091,795	$ 50,436,380	$ 29,485,341

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	$ 91,570	$ 68,788	$ 49,631

Pension plan fiduciary net position

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

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2023, 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 $1,501,549 (9.24%) and $975,032 (6.00%), respectively.

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

Note 15 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2023, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The University's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the USG, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The self-insured dental plan is administered through Delta Dental.

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

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

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

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

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

Note 16 Contingencies

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

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

Note 17 Post-Employment Benefits Other Than Pension Benefits

Board of Regents Retiree Health Benefit Plan

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

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2023, 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, 2023:

Active Employees	522
Retirees or Beneficiaries Receiving Benefits	225
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	65
Total	812

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 2023 plan year, the employer rate was approximately 84% of the total health insurance cost for eligible retirees and the retiree rate was approximately 16%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. With regard to life insurance, the employer covers the total premium cost for $25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2023, the University contributed $1,120,944 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, 2023, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2022 An expected total OPEB liability as of June 30, 2022 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, 2022. At June 30, 2022, the University's proportion was 1.191624% which was a decrease of (0.033413)% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the University recognized OPEB expense of $(1,177,307). At June 30, 2023, 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	$ 2,179,614	$ 395,313
Changes of assumptions	4,058,612	16,999,029
Net difference between projected and actual earnings on OPEB plan investments	190,965	—
Changes in proportion and differences between contributions and proportionate share of contributions	136,723	1,911,711
Contributions subsequent to the measurement date	1,120,944	—
Total	$ 7,686,858	$ 19,306,053

The University's contributions subsequent to the measurement date of $1,120,944 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2024	$	(3,552,566)
2025	$	(3,496,915)
2026	$	(3,281,320)
2027	$	(2,275,725)
2028	$	(133,613)
Thereafter	$	—

Actuarial assumptions

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of May 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/ losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2022 3.54% GO 20-Municipal Bond Index Rate Interest Rate as of 6/30/2021 2.16% from Bond Buyers GO 20- Municipal Bond Index; Discount Rate 2.18% Long-term Rate of Return 4.36% General Inflation 2.40% Salary Increase 3.75%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2021
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7%
Medicare Eligible	4%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4%
Year Ultimate Trend is Reached	Fiscal Year 2034 for Pre-Medicare Eligible, Fiscal Year 2022 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.
- Trend rate schedule was updated to reflect anticipated future experience.
- Mortality improvement scale was updated from MP-2020 to MP-2021.
- Mortality base rates for future disabled participants were updated to reflect Pub-2010 for Teachers (headcount weighted) disabled mortality,
- The discount rate was updated from 2.18% as of June 30, 2021, to 3.54% as of June 30, 2022; and
- The Expected Return on Assets was changed from 4.37% to 4.36%.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of May 1, 2022 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	0.34 %	70 %
Equity Allocation	4.03 %	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, 2022. 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 2026, 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, 2022. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.54% from the Bond Buyers GO 20-Bond Municipal Bond Index.

Sensitivity of the net OPEB liability to changes in the discount rate
The following presents the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.54%) or 1% higher (4.54%) than the current discount rate (3.54%):

	1% Decrease 2.54%	Current Rate 3.54%	1% Increase 4.54%
Proportionate Share of the Net OPEB Liability	$ 56,073,422	$ 47,204,064	$ 40,223,336

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	$ 40,505,756	$ 47,204,064	$ 55,805,741
Pre-Medicare Eligible	6.0% decreasing to 3.5%	7.0% decreasing to 4.5%	8.0% decreasing to 5.5%
Medicare Eligible	3%	4%	5%

OPEB plan fiduciary net position:
Detailed information about the Plan's fiduciary net position is available in the USG Annual Consolidated Financial Report which is publicly available at usg.edu/fiscal_affairs/financial_reporting/.

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2023 are shown below:

	Natural Classification				
Functional Classification	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	$ 19,207,237	$ 2,356,910	$ 6,234,162	$ 596	$ 115,924
Research	173,737	180,406	64,435	—	8,099
Public Service	27,650	170,451	51,114	—	490
Academic Support	1,867,972	2,822,776	1,394,507	—	16,424
Student Services	1,358	4,380,127	1,473,132	5,000	17,694
Institutional Support	3,203	5,185,887	3,629,111	178,844	21,572
Plant Operations and Maintenance	—	2,811,824	1,118,879	—	2,007
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	280	2,080,077	666,835	127,756	50,078
Total Operating Expenses	$ 21,281,437	$ 19,988,458	$ 14,632,175	$ 312,196	$ 232,288

	Natural Classification				
Functional Classification	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/ Amortization	Total Operating Expenses
Instruction	$ —	$ —	$ 1,609,304	1,652,099	$ 31,176,232
Research	—	208	275,225	30,285	732,395
Public Service	—	—	121,892	—	371,597
Academic Support	—	3,254	1,902,109	478,986	8,486,028
Student Services	—	9,387	1,023,338	934,446	7,844,482
Institutional Support	808,691	284,720	4,757,972	132,687	15,002,687
Plant Operations and Maintenance	—	2,097,462	3,284,493	1,276,184	10,590,849
Scholarships and Fellowships	8,475,601	—	—	—	8,475,601
Auxiliary Enterprises	765,546	823,520	3,609,789	2,053,816	10,177,697
Total Operating Expenses	$ 10,049,838	$ 3,218,551	$ 16,584,122	$ 6,558,503	$ 92,857,568

Required Supplementary Information

CLAYTON STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLAN
FOR THE LAST TEN YEARS

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contributio n Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2023	$ 23,258	$ 23,258	$ —	$ 94,275	24.67%
	June 30, 2022	$ 6,212	$ 6,212	$ —	$ 25,223	24.63%
	June 30, 2021	$ 13,078	$ 13,078	$ —	$ 53,034	24.66%
	June 30, 2020	$ 13,078	$ 13,078	$ —	$ 53,034	24.66%
	June 30, 2019	$ 12,884	$ 12,884	$ —	$ 51,994	24.78%
	June 30, 2018	$ 12,900	$ 12,900	$ —	$ 51,994	24.81%
	June 30, 2017	$ 12,647	$ 12,647	$ —	$ 50,975	24.81%
	June 30, 2016	$ 18,077	$ 18,077	$ —	$ 56,106	32.22%
	June 30, 2015	$ 13,183	$ 13,183	$ —	$ 57,729	22.84%
	June 30, 2014	$ 11,907	$ 11,907	$ —	$ 57,736	20.62%
Teachers' Retirement System	June 30, 2023	$ 4,249,858	$ 4,249,858	$ —	$ 21,270,561	19.98%
	June 30, 2022	$ 4,166,673	$ 4,166,673	$ —	$ 21,033,181	19.81%
	June 30, 2021	$ 4,090,773	$ 4,090,773	$ —	$ 21,462,610	19.06%
	June 30, 2020	$ 4,659,410	$ 4,659,410	$ —	$ 22,040,728	21.14%
	June 30, 2019	$ 4,463,934	$ 4,463,934	$ —	$ 21,358,536	20.90%
	June 30, 2018	$ 3,354,290	$ 3,354,290	$ —	$ 19,954,138	16.81%
	June 30, 2017	$ 2,715,173	$ 2,715,173	$ —	$ 19,027,135	14.27%
	June 30, 2016	$ 2,651,797	$ 2,651,797	$ —	$ 18,543,983	14.30%
	June 30, 2015	$ 2,183,848	$ 2,183,848	$ —	$ 18,430,429	11.85%
	June 30, 2014	$ 2,214,062	$ 2,214,062	$ —	$ 18,090,504	12.24%

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

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	June 30, 2023	0.001030%	$ 68,788	$ 25,223	272.72%	67.44%
	June 30, 2022	0.002212%	$ 51,737	$ 53,034	97.55%	87.62%
	June 30, 2021	0.002103%	$ 88,641	$ 53,034	167.14%	76.21%
	June 30, 2020	0.002063%	$ 85,130	$ 51,994	163.73%	76.74%
	June 30, 2019	0.002038%	$ 83,783	$ 51,994	161.14%	76.68%
	June 30, 2018	0.002078%	$ 84,395	$ 50,975	165.56%	76.33%
	June 30, 2017	0.002741%	$ 129,661	$ 56,106	231.10%	72.34%
	June 30, 2016	0.002355%	$ 95,410	$ 57,729	165.27%	81.44%
	June 30, 2015	0.001814 %	$ 68,036	$ 57,736	117.84%	77.99 %
Teachers Retirement System	June 30, 2023	0.155323%	$ 50,436,380	21,033,181	239.79%	72.85%
	June 30, 2022	0.165796%	$ 14,663,550	$ 21,462,610	68.32%	92.03%
	June 30, 2021	0.170147%	$ 41,216,263	$ 22,040,728	187.00%	77.01%
	June 30, 2020	0.174527%	$ 37,528,024	$ 21,358,536	175.71%	78.56%
	June 30, 2019	0.167517%	$ 31,094,743	$ 19,954,138	155.83%	80.27%
	June 30, 2018	0.165556%	$ 30,769,093	$ 19,027,135	161.71%	79.33%
	June 30, 2017	0.167767%	$ 34,612,203	$ 18,543,983	186.65%	76.06%
	June 30, 2016	0.172889%	$ 26,320,633	$ 18,430,429	142.81%	81.44%
	June 30, 2015	0.174317 %	$ 22,022,654	$ 18,090,504	121.74 %	84.03 %

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

CLAYTON STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2023

Changes of assumptions

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

On April 21, 2022, the Board adopted a new funding policy which, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the System's asset performance. The assumption for future COLAs was set at 1.05%. In addition, the funding policy set the assumed rate of return at 7.20% for the June 30, 2021 valuation and established a new Transitional Unfunded Actuarial Accrued Liability as of June 30, 2021 which will be amortized over a closed 20-year period.

Teachers Retirement System:
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.

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

CLAYTON STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST SEVEN 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 (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
June 30, 2023	$ 1,120,944	$ 1,120,944	$ —	$ 38,815,389	2.89%
June 30, 2022	$ 1,743,858	$ 1,743,858	$ —	$ 41,104,463	4.24%
June 30, 2021	$ 1,437,958	$ 1,437,958	$ —	$ 40,121,626	3.58%
June 30, 2020	$ 1,254,678	$ 1,254,678	$ —	$ 39,987,373	3.14%
June 30, 2019	$ 1,966,320	$ 1,966,320	$ —	$ 39,228,420	5.01%
June 30, 2018	$ 1,946,369	$ 1,946,369	$ —	$ 37,128,669	5.24%
June 30, 2017	$ 1,251,845	$ 1,251,845	$ —	$ 37,178,530	3.37%

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

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

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2023	1.191624%	$ 47,204,064	$ 41,104,463	114.84%	5.08%
June 30, 2022	1.225037%	$ 61,657,100	$ 40,121,626	153.68%	3.74%
June 30, 2021	1.220599%	$ 65,103,324	$ 39,987,373	162.81%	2.91%
June 30, 2020	1.226015%	$ 54,822,094	$ 39,228,420	139.75%	3.13%
June 30, 2019	1.228614%	$ 54,191,106	$ 37,128,669	145.95%	1.69%
June 30, 2018	1.257076%	$ 53,045,161	$ 37,178,530	142.68%	0.19%

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

CLAYTON 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, 2023

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual experience.
- Trend rate schedule was updated to reflect anticipated future experience.
- Mortality improvement scale was updated from MP-2020 to MP-2021.
- Mortality base rates for future disabled participants were updated to reflect Pub-2010 for Teachers (headcount weighted) disabled mortality,
- The discount rate was updated from 2.18% as of June 30, 2021, to 3.54% as of June 30, 2022; and
- The Expected Return on Assets was changed from 4.37% to 4.36%.

Supplementary Information

CLAYTON STATE UNIVERSITY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30. 2023

ASSETS		
Cash and Cash Equivalents	$	10,965,606.29
Accounts Receivable		
Federal Financial Assistance		326,711.68
Other		3,400,174.03
Prepaid Expenditures		99,433.86
Other Assets		61,267.00
Total Assets	$	14,853,192.86
LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued Payroll	$	89,289.11
Encumbrance Payable		6,352,990.31
Accounts Payable		832,383.46
Unearned Revenue		1,461,351.60
Funds Held for Others		29,721.29
Other Liabilities		29,144.72
Total Liabilities		8,794,880.49
Fund Balances		
Reserved		
Department Sales and Services		1,733,883.52
Indirect Cost Recoveries		1,079,110.64
Technology Fees		525,657.62
Uncollectible Accounts Receivable		1,986,482.90
Tuition Carry - Forward		707,032.38
Unreserved		
Surplus		26,145.31
Total Fund Balances		6,058,312.37
Total Liabilities and Fund Balances	$	14,853,192.86

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.

CLAYTON 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. 2023

			Funds Available Compared to Budget	
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over
Teaching				
State Appropriation				
State General Funds	$ 34,816,866.00	$ 36,264,866.00	$ 36,264,866.00	$ —
Federal Funds				
Federal Funds Not Specifically Identified	20,485,006.00	22,045,900.00	17,579,271.36	—
Federal Funds - COVID19				
Federal Funds Not Specifically Identified - COVID	—	5,537,124.00	5,506,929.84	—
Other Funds	34,316,199.00	32,800,663.00	31,210,568.87	4,017,082.76
Total Teaching	89,618,071.00	96,648,553.00	90,561,636.07	4,017,082.76
Total Operating Activity	$ 89,618,071.00	$ 96,648,553.00	$ 90,561,636.07	$ 4,017,082.76

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.

CLAYTON 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. 2023

	Funds Available Compared to Budget			Expenditures Compared to Budget		
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	Excess (Deficiency) of Funds Available Over/(Under) Expenditures
Teaching						
State Appropriation						
State General Funds	$ —	$ 36,264,866.00	$ —	$ 36,264,598.60	$ 267.40	$ 267.40
Federal Funds						
Federal Funds Not Specifically Identified	—	17,579,271.36	-4,466,628.64	17,579,271.36	4,466,628.64	—
Federal Funds - COVID19						
Federal Funds Not Specifically Identified - COVID	—	5,506,929.84	-30,194.16	5,506,929.84	30,194.16	—
Other Funds	—	35,227,651.63	2,426,988.63	31,353,741.90	1,446,921.10	3,873,909.73
Total Teaching	—	94,578,718.83	-2,069,834.17	90,704,541.70	5,944,011.30	3,874,177.13
Total Operating Activity	$ —	$ 94,578,718.83	$-2,069,834.17	$ 90,704,541.70	$ 5,944,011.30	$ 3,874,177.13

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.

CLAYTON STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30. 2023

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2022 Surplus	Prior Year Adjustments	Other Adjustments
Teaching					
State Appropriation					
State General Funds	$ 22,046.43	$ —	$ -22,046.43	$ 13,989.87	$ —
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Federal Funds - COVID19					
Federal Funds Not Specifically Identified - COVID	—	—	—	—	—
Other Funds	4,018,332.81	-4,017,082.76	-1,250.05	-63,878.43	247,540.90
Total Teaching	4,040,379.24	-4,017,082.76	-23,296.48	-49,888.56	247,540.90
Total Operating Activity	4,040,379.24	-4,017,082.76	-23,296.48	-49,888.56	247,540.90
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	2,234,023.80	—	—	—	-247,540.90
Budget Unit Totals	$ 6,274,403.04	$ -4,017,082.76	$ -23,296.48	$ -49,888.56	$ —

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.

CLAYTON STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30. 2023

	Early Return of Fiscal Year 2023 Surplus	Excess (Deficiency) of Funds Available Over/Under) Expenditures	Ending Fund Balance/(Deficit) June 30, 2023	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Teaching						
State Appropriation						
State General Funds	$ —	$ 267.40	$ 14,257.27	$ —	$ 14,257.27	$ 14,257.27
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Federal Funds - COVID19						
Federal Funds Not Specifically Identified - COVID	—	—	—	—	—	—
Other Funds	—	3,873,909.73	4,057,572.20	4,045,684.16	11,888.04	4,057,572.20
Total Teaching	—	3,874,177.13	4,071,829.47	4,045,684.16	26,145.31	4,071,829.47
Total Operating Activity	—	3,874,177.13	4,071,829.47	4,045,684.16	26,145.31	4,071,829.47
Prior Year Reserves						
Not Available for Expenditure						
Uncollectible Accounts Receivable	—	—	1,986,482.90	1,986,482.90	—	1,986,482.90
Budget Unit Totals	$ —	$ 3,874,177.13	$ 6,058,312.37	$ 6,032,167.06	$ 26,145.31	$ 6,058,312.37

	Reserved	Surplus/(Deficit)	Total
Departmental Sales and Services	1,733,883.52	—	1,733,883.52
Indirect Cost Recovery	1,079,110.64	—	1,079,110.64
Technology Fees	525,657.62	—	525,657.62
Tuition Carry-Forward	707,032.38	—	707,032.38
Uncollectible Accounts Receivable	1,986,482.90	—	1,986,482.90
Surplus	—	26,145.31	26,145.31
	$ 6,032,167.06	$ 26,145.31	$ 6,058,312.37

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.

CLAYTON STATE UNIVERSITY

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