GEORGIA HIGHLANDS COLLEGE

Annual Financial Report
Fiscal Year 2023


GHC

GEORGIA HIGHLANDS COLLEGE
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For the Fiscal Year Ended June 30, 2023

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. Mike Hobbs, President
Georgia Highlands College

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

Accountant's Conclusion

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

270 Washington Street, SW, Suite 4-101 Atlanta, Georgia 30334 | Phone (404) 656-2180

Required Supplementary Information

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

Other Matters

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

This review report contains information pertinent to the Georgia Highland College's compliance with the requirements of the Southern Association of Colleges and Schools Commission on Colleges (COC) Standard 13.2 (Financial resources) as of and for the year ended June 30, 2023. Additionally, we performed procedures on Georgia Highland College'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 September 13, 2023 is a section on findings and other items for any matters that came to our attention during our engagement, including results of our testing of the Federal Student Aid programs.

Additionally, we have performed certain procedures at Georgia Highland College to support our audit of the basic financial statements of the State of Georgia presented in the State of Georgia Annual Comprehensive Financial Report and the issuance of a State of Georgia Single Audit Report pursuant to the Single Audit Act Amendments, as of and for the year ended June 30, 2023.

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

Respectfully submitted,

Greg S. Griffin

Greg S. Griffin
State Auditor

September 13, 2023

GEORGIA HIGHLANDS COLLEGE
Management's Discussion and Analysis

Introduction
Georgia Highlands College (College) is one of the 26 institutions of higher education of the University System of Georgia. The College, which is a multi-campus institution with locations in Rome, Cartersville, Marietta, and Dallas, Georgia, was founded in 1970 and has become known for its state-of-the-art technology and allied health programs. The College offers associate of science and associate of arts degrees in a wide variety of subjects. This wide range of educational opportunities attracts a highly qualified faculty and a student body of more than 4,500 students each year. The below chart provides the enrollment statistics for the last three academic years.

	STUDENT HEADCOUNT	STUDENT FTE
FY2023	4,776	3,667
FY 2022	5,245	3,925
FY 2021	5,680	4,362

Overview of the Financial Statements and Financial Analysis
The College is pleased to present its financial statements for business-type activity fiscal year 2023. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the College'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 outflows and inflows. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

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

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

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

CONDENSED STATEMENT OF NET POSITION	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	$ 16,859,506	$ 13,207,273	$ 3,652,233	27.65 %
Capital Assets, Net	70,984,977	67,054,418	3,930,559	5.86 %
Intangible Right-to-Use Assets, Net	4,018,830	3,761,201	257,629	6.85 %
Other Assets	131,126	130,670	456	0.35 %
TOTAL ASSETS	$ 91,994,439	$ 84,153,562	$ 7,840,877	9.32 %
DEFERRED OUTFLOWS	$ 19,365,978	$ 12,475,690	$ 6,890,288	55.23 %
LIABILITIES				
Current Liabilities	$ 4,420,245	$ 4,290,171	$ 130,074	3.03 %
Non-Current Liabilities	73,200,660	58,701,986	14,498,674	24.70 %
TOTAL LIABILITIES	$ 77,620,905	$ 62,992,157	$ 14,628,748	23.22 %
DEFERRED INFLOWS	$ 12,626,019	$ 20,362,729	$ (7,736,710)	(37.99)%
NET POSITION				
Net Investment in Capital Assets	$ 57,456,938	$ 53,062,556	$ 4,394,382	8.28 %
Restricted, Non-Expendable	42,084	41,628	456	1.10 %
Restricted, Expendable	77,535	55,156	22,379	40.57 %
Unrestricted	(36,463,064)	(39,884,974)	3,421,910	8.58 %
TOTAL NET POSITION	$ 21,113,493	$ 13,274,366	$ 7,839,127	59.05 %

Total assets increased $7,840,877 which was primarily due to an increase in current assets of $3,652,233 and an increase in net capital assets of $3,930,559. The increase in current assets was mostly due to the receipt of the Employee Retention Credit. The increase in capital assets was primarily driven by the replacement of the GHC Floyd campus HVAC system, primarily funded through Higher Education Emergency Relief Institutional funds.

Total deferred outflows of resources increased by $6,890,288 which was due to the College'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 along with the change in the actuarially determined deferred loss on the institution's OPEB Plan.

Total liabilities increased $14,628,748 which was due to an increase in current liabilities of $130,074 and an increase in non-current liabilities of $14,498,674. This increase was primarily due to the change in the actuarially determined Net Pension liability for defined benefit plans administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia combined with a decrease in the actuarially determined OPEB Plan liability.

Total deferred inflows of resources decreased by $7,736,710 which was primarily due to the College's proportionate share of the actuarially determined deferred gain on defined benefit pension plan administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia as well as the actuarially determined deferred gain on OPEB plan.

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 $7,839,127. This change in net position is primarily in the categories of Unrestricted Net Position and Net Investment in Capital Assets.

Statement of Revenues, Expenses and Changes in Net Position

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

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
Operating Revenue	$ 12,057,729	$ 13,776,678	$ (1,718,949)	(12.48)%
Operating Expense	50,246,160	55,571,652	(5,325,492)	(9.58)%
Operating Income/Loss	(38,188,431)	(41,794,974)	3,606,543	8.63 %
Non-Operating Revenue and Expense	44,954,113	43,401,434	1,552,679	3.58 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	6,765,682	1,606,460	5,159,222	321.15 %
Other Revenues, Expenses, Gains, Losses and Special Items	1,073,445	484,162	589,283	121.71 %
Change in Net Position	7,839,127	2,090,622	5,748,505	274.97 %
Net Position at beginning of year	13,274,366	11,183,744	2,090,622	18.69 %
Net Position at End of Year	$ 21,113,493	$ 13,274,366	$ 7,839,127	59.05 %

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

Revenues

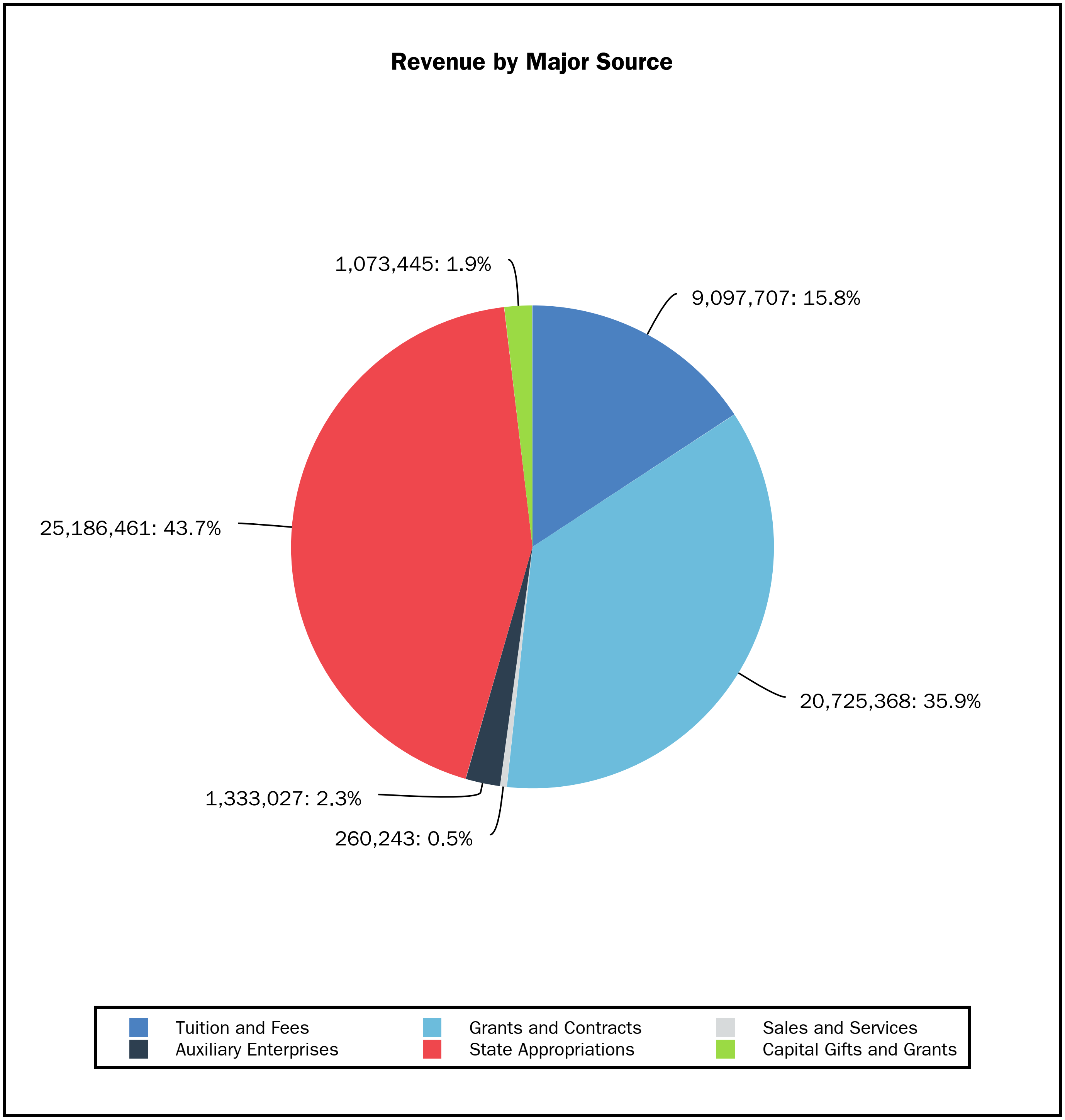
In fiscal year 2023, Operating Revenues decreased $1.72 million primarily due to a decrease in student tuition and fees, which is a direct result of enrollment decreases seen at both Georgia Highlands College and across the USG system.

Non-Operating Revenues increased mostly due to the $4.8 million for the Employee Retention Credit and an increase in state appropriations of $3.18 million, which includes MRR funds being distributed through State Appropriations instead of unexpended plant funds and the addition of Special Initiative Funds. These significant increases were offset by a decrease in federal funding related to HEERF funds.

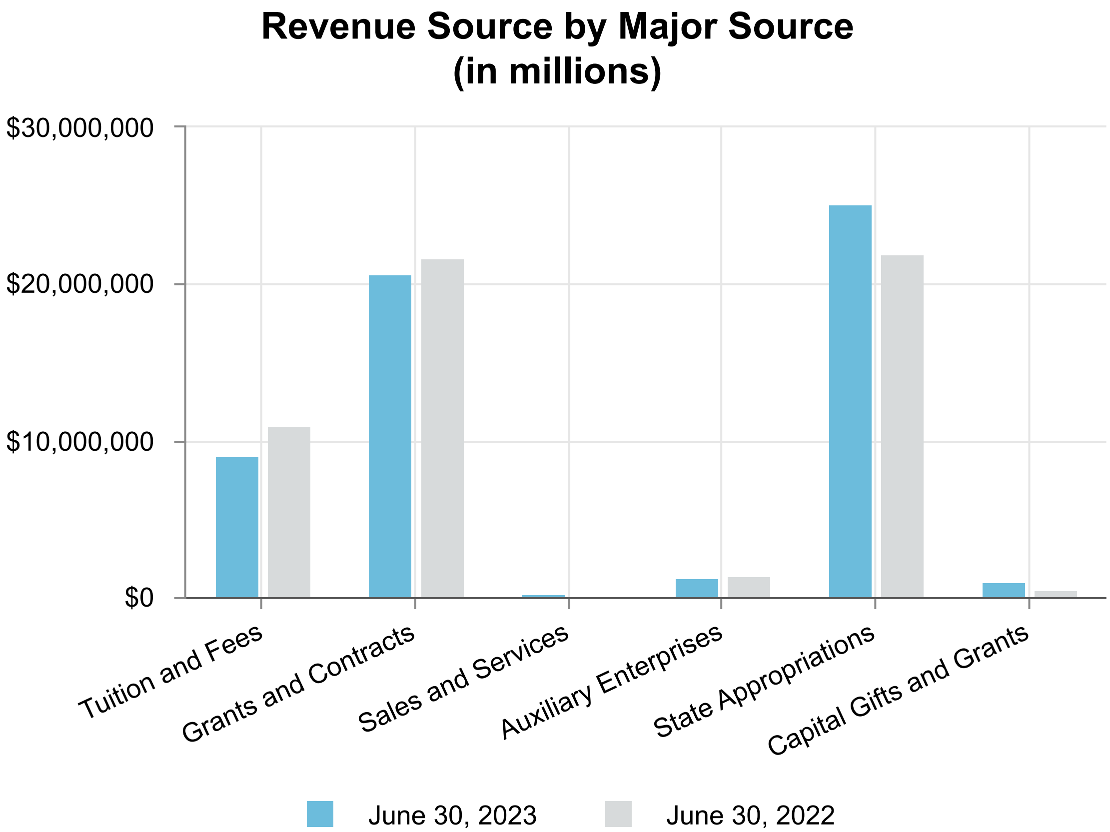
For the years ended June 30, 2023 and June 30, 2022, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
Tuition and Fees	$ 9,097,707	$ 10,918,344	$ (1,820,637)	(16.68)%
Grants and Contracts	648,798	596,915	51,883	8.69 %
Sales and Services	260,243	187,802	72,441	38.57 %
Auxiliary Enterprises	1,333,027	1,397,084	(64,057)	(4.59)%
Other Operating Revenues	717,954	676,533	41,421	6.12 %
Total Operating Revenues	12,057,729	13,776,678	(1,718,949)	(12.48)%
State Appropriations	25,186,461	22,001,591	3,184,870	14.48 %
Grants and Contracts	20,076,570	21,060,335	(983,765)	(4.67)%
Gifts	2,275	796,634	(794,359)	(99.71)%
Investment Income	189,045	(4,425)	193,470	4,372.20 %
Other Nonoperating Revenues	(1,376)	21,504	(22,880)	(106.40)%
Total Nonoperating Revenues	45,452,975	43,875,639	1,577,336	3.60 %
State Capital Gifts and Grants	1,073,445	484,162	589,283	121.71 %
Total Capital Gifts and Grants	1,073,445	484,162	589,283	121.71 %
Total Revenues	$ 58,584,149	$ 58,136,479	$ 447,670	0.77 %

Revenue 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:

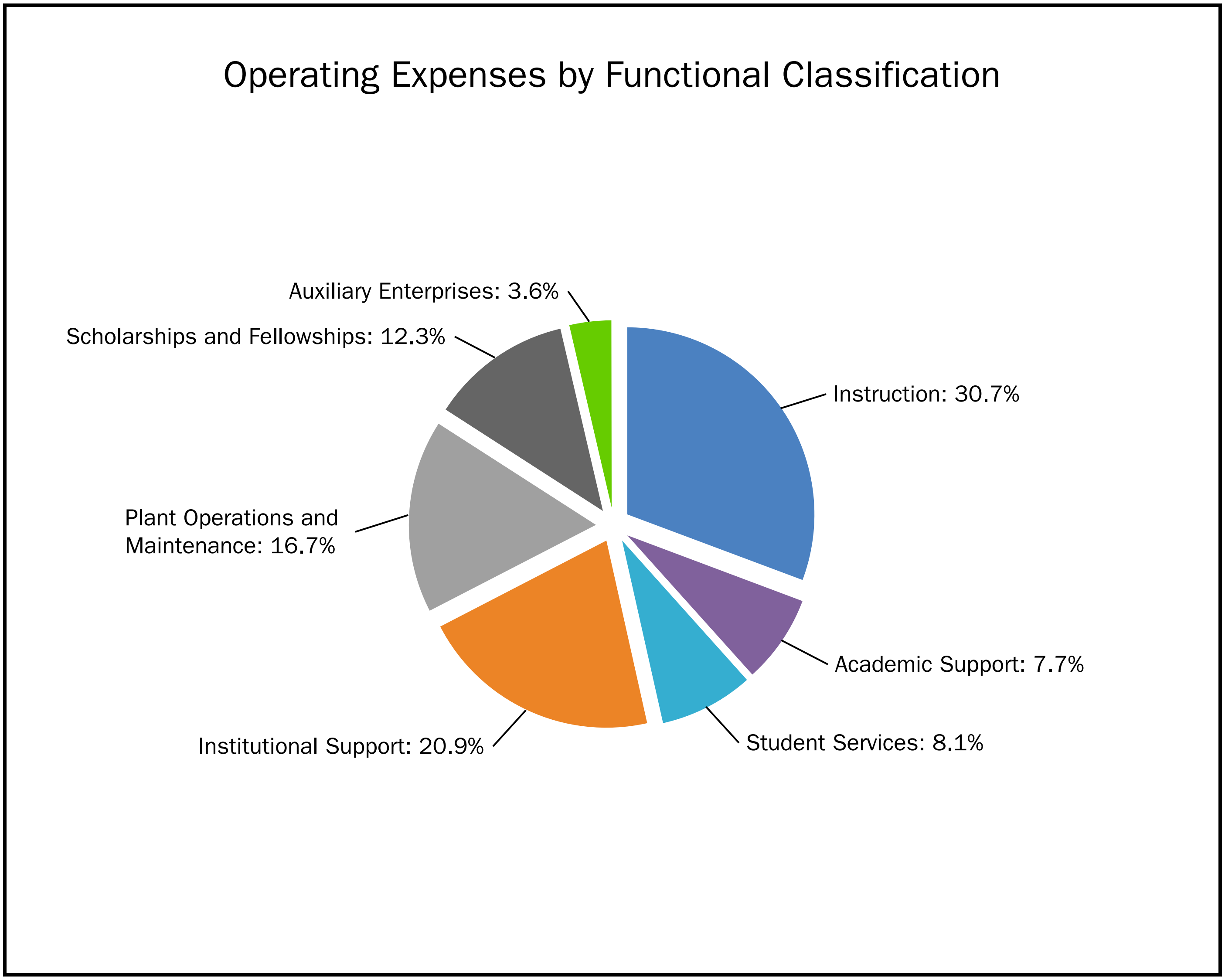


Expenses
For the years ended June 30, 2023 and June 30, 2022, expenses by functional classification were as follows:

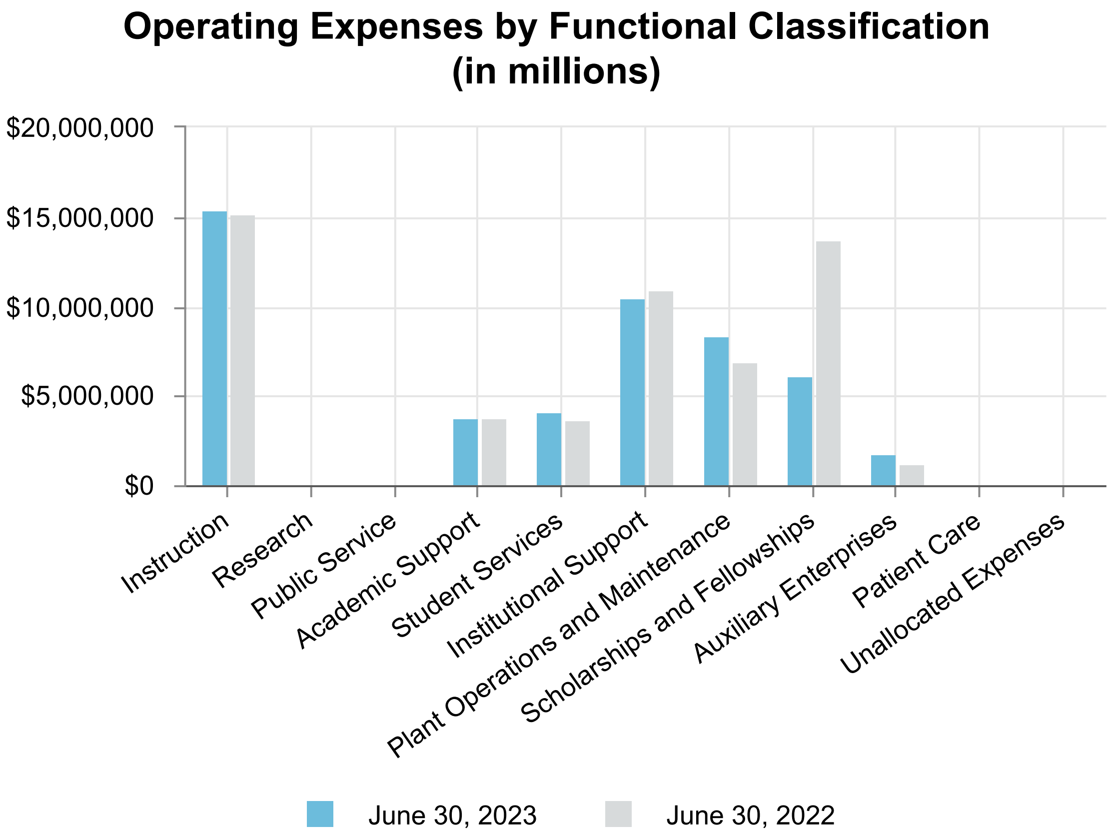
EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
Instruction	$ 15,429,610	$ 15,240,851	$ 188,759	1.24 %
Public Service	—	22,805	(22,805)	(100.00)%
Academic Support	3,850,988	3,773,272	77,716	2.06 %
Student Services	4,087,491	3,631,509	455,982	12.56 %
Institutional Support	10,503,710	10,986,106	(482,396)	(4.39)%
Plant Operations and Maintenance	8,393,115	6,969,456	1,423,659	20.43 %
Scholarships and Fellowships	6,158,520	13,759,286	(7,600,766)	(55.24)%
Auxiliary Enterprises	1,822,726	1,188,367	634,359	53.38 %
Total Operating Expenses	$ 50,246,160	$ 55,571,652	$ (5,325,492)	(9.58)%
Interest Expense	498,862	474,205	24,657	5.20 %
Total Nonoperating Expenses	$ 498,862	$ 474,205	$ 24,657	5.20 %
Total Expenses	$ 50,745,022	$ 56,045,857	$ (5,300,835)	(9.46)%

Total operating expenses were $50.25 million in fiscal year 2023, a decrease of $5.33 million (9.58)% when compared with fiscal year 2022. This decrease is primarily due to Scholarships and Fellowships during fiscal year 2023 related to the Higher Education Emergency Relief money passed onto the college's students in FY22 compared to FY23 and a decrease in faculty salary expense.

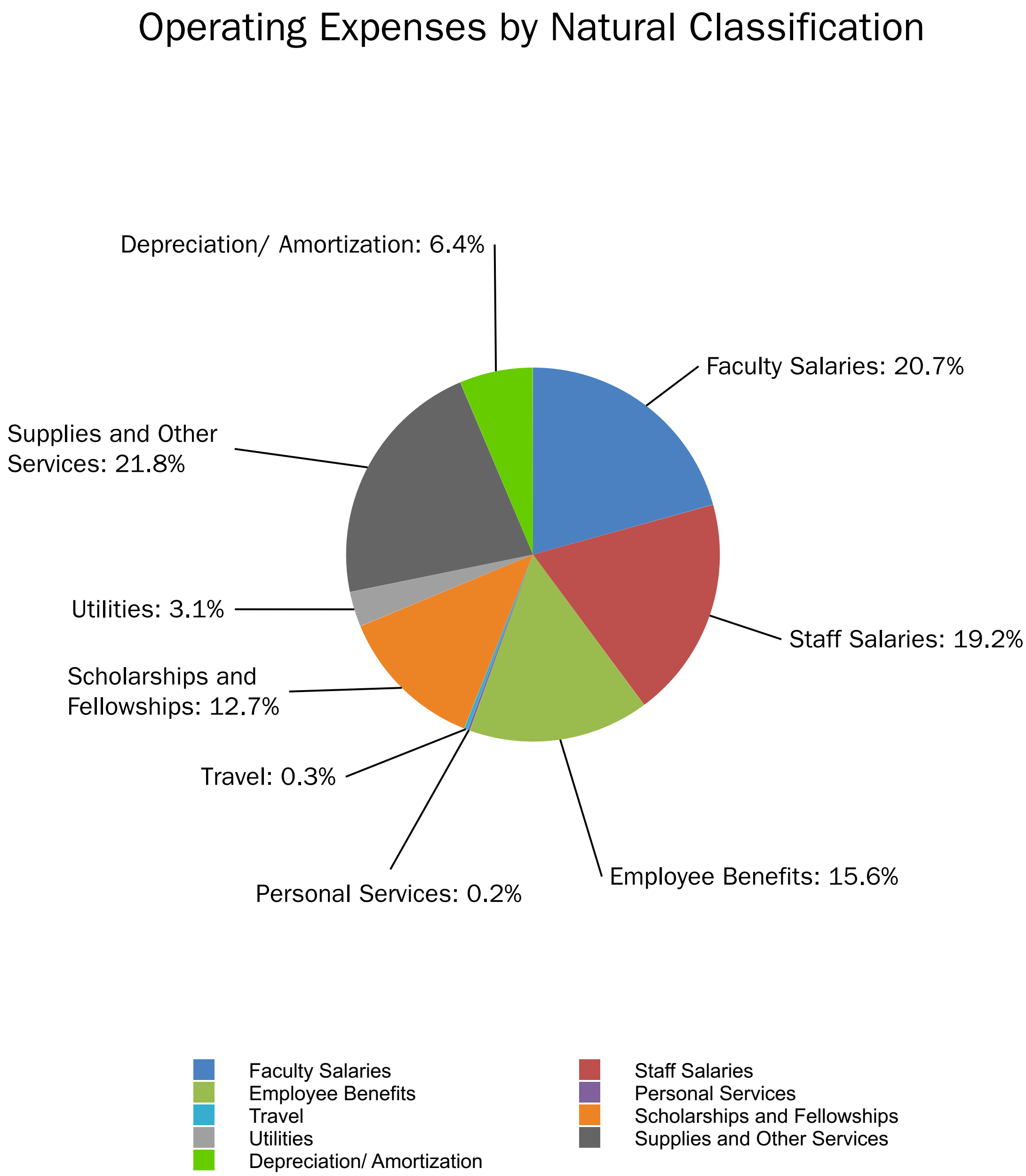
The following chart depicts the fiscal year 2023 operating expenses by functional classification.



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

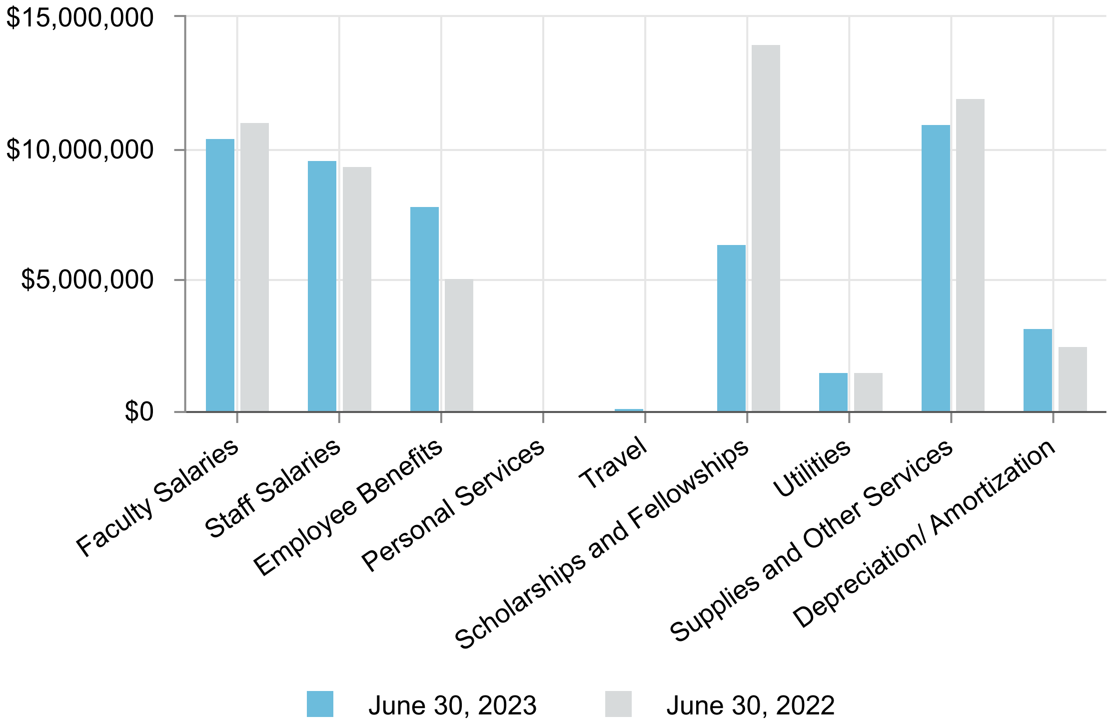


The following chart depicts the fiscal year 2023 operating expenses by natural classification.



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

Operating Expenses by Natural Classification (in millions)



Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2023 and 2022 were as follows:

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2023	June 30, 2022
Cash Provided (Used) by:		
Operating Activities	$ (34,980,629)	(41,336,283)
Non-Capital Financing Activities	42,298,185	43,237,642
Capital and Related Financing Activities	(6,915,910)	(1,191,308)
Investing Activities	188,589	1,522
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ 590,235	$ 711,573
Cash and Cash Equivalents, beginning of year	9,817,090	9,105,517
Cash and Cash Equivalents, end of year	$ 10,407,325	$ 9,817,090

Capital Assets and 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	$ 3,069,490	$ 3,069,490	$ —	0.00 %
Construction Work-in-Progress	415,508	—	415,508	100.00 %
Infrastructure	636,843	669,413	(32,570)	(4.87)%
Building and Building Improvements	63,107,403	60,006,165	3,101,238	5.17 %
Facilities and Other Improvements	1,040,391	544,092	496,299	91.22 %
Equipment	2,332,581	2,261,229	71,352	3.16 %
Library Collections	382,761	504,029	(121,268)	(24.06)%
Capital Assets, net of accumulated depreciation	$ 70,984,977	$ 67,054,418	$ 3,930,559	5.86 %

The College had one significant capital asset addition for Building and Building Improvements in fiscal year 2023. The HVAC system for the Floyd campus was upgraded to improve efficiency.

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 (1)	Increase (Decrease)	% Change
Building and Building Improvements	$ 3,388,999	$ 3,729,972	$ (340,973)	(9.14)%
Facilities and Other Improvements	137,622	—	137,622	100.00 %
Equipment	16,363	31,229	(14,866)	(47.60)%
Subscription Based IT Arrangements (SBITAs)	475,846	—	475,846	100.00 %
Intangible Right-to-Use Assets, net of accumulated amortization	$ 4,018,830	$ 3,761,201	$ 257,629	6.85 %

(1) The amounts reported for fiscal year 2022 were not adjusted for the restatement of beginning net position. See Note 1 in the Notes to the Financial Statements for more information regarding the restatement.

For additional information concerning capital assets and Intangible Right-to-Use Assets, see Notes 1, 4, 6, and 11 in the Notes to the Financial Statements.

Long Term Liabilities

Georgia Highlands College had Long-Term Liabilities of $16.35 million, excluding pension and OPEB liability of $56.85 million at June 30, 2023.

For additional information concerning Long-Term Liabilities, see Note 6 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.

Restatement

The June 30, 2022 amounts do not reflect the effects of the restatement of July 1, 2022 net position related to the implementation of GASB 96. See Note 1 in the Notes to the Financial Statements for more information.

Economic Outlook

The College is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. The College continues to operate from a sound financial base. Since the pandemic, the college has experienced an enrollment decline the last three fiscal years but remains optimistic about the upcoming fiscal year. However, college administration is prepared to make budget adjustments should revenue streams continue to decline in fiscal year 2024. As the College begins to look forward into fiscal year 2024 and beyond, the college is cautiously optimistic about future enrollment growth with the relocation of the college's Marietta Site and the growth seen at its Paulding campus. The College believes that it is positioned well to realize growth over the next few years.

Financial Statements (GAAP Basis)

GEORGIA HIGHLANDS COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	10,329,790
Cash and Cash Equivalents (Externally Restricted)		77,535
Accounts Receivable, net		
Federal Financial Assistance		1,044,540
Other		5,305,043
Prepaid Items		102,598
Total Current Assets		16,859,506
Non-Current Assets		
Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund		89,042
Investments (Externally Restricted)		42,084
Capital Assets, net		70,984,977
Intangible Right-to-Use Assets, net		4,018,830
Total Non-Current Assets		75,134,933
TOTAL ASSETS		91,994,439
DEFERRED OUTFLOWS OF RESOURCES	$	19,365,978

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

GEORGIA HIGHLANDS COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2023

LIABILITIES		
Current Liabilities		
Accounts Payable	$	1,199,776
Salaries Payable		52,096
Benefits Payable		80,856
Retainage Payable		136,378
Advances (Including Tuition and Fees)		973,495
Deposits		500
Deposits Held for Other Organizations		186,167
Other Liabilities		3,236
Subscription Obligations		142,970
Notes and Loans Payable		502,390
Lease Obligations - External		373,476
Compensated Absences		768,905
Total Current Liabilities		4,420,245
Non-Current Liabilities		
Subscription Obligations		329,725
Notes and Loans Payable		12,420,376
Lease Obligations - External		3,191,338
Compensated Absences		409,165
Net Other Post Employment Benefits Liability		25,477,044
Net Pension Liability		31,373,012
Total Non-Current Liabilities		73,200,660
TOTAL LIABILITIES		77,620,905
DEFERRED INFLOWS OF RESOURCES		12,626,019
NET POSITION		
Net Investment in Capital Assets		57,456,938
Restricted for:		
Nonexpendable		42,084
Expendable		77,535
Unrestricted (Deficit)		(36,463,064)
TOTAL NET POSITION	$	21,113,493

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

GEORGIA HIGHLANDS COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

OPERATING REVENUES		
Student Tuition and Fees (net)	$	9,097,707
Grants and Contracts		
Federal		13,822
State		135,940
Other		499,036
Sales and Services		260,243
Rents and Royalties		160,279
Auxiliary Enterprises		
Bookstore		34,646
Food Services		80,163
Parking/Transportation		100,513
Intercollegiate Athletics		929,040
Other Organizations		188,665
Other Operating Revenues		557,675
Total Operating Revenues		12,057,729
OPERATING EXPENSES		
Faculty Salaries		10,405,274
Staff Salaries		9,621,752
Employee Benefits		7,853,822
Other Personal Services		96,673
Travel		165,732
Scholarships and Fellowships		6,398,043
Utilities		1,532,891
Supplies and Other Services		10,976,559
Depreciation and Amortization		3,195,414
Total Operating Expenses		50,246,160
Operating Income (Loss)	$	(38,188,431)

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

GEORGIA HIGHLANDS COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

NONOPERATING REVENUES (EXPENSES)	
State Appropriations	$ 25,186,461
Grants and Contracts	
Federal	15,301,660
Other	4,774,910
Gifts	2,275
Investment Gain	189,045
Interest Expense	(498,862)
Other Nonoperating Revenues (Expenses)	(1,376)
Net Nonoperating Revenues	44,954,113
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	6,765,682
Capital Grants and Gifts	
State	1,073,445
Total Other Revenues, Expenses, Gains or Losses	1,073,445
Change in Net Position	7,839,127
Net Position, Beginning of Year	13,274,366
Net Position, End of Year	$ 21,113,493

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

GEORGIA HIGHLANDS COLLEGE
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	$ 10,906,760
Grants and Contracts (Exchange)	642,720
Payments to Suppliers	(19,953,992)
Payments to Employees	(20,227,910)
Payments for Scholarships and Fellowships	(6,398,043)
Other Payments	49,836
Net Cash Used by Operating Activities	(34,980,629)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	25,186,461
Gifts and Grants Received for Other Than Capital Purposes	17,111,724
Net Cash Flows Provided by Non-Capital Financing Activities	42,298,185
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	1,174,122
Purchases of Capital and Intangible Right-to-Use Assets	(6,638,212)
Principal Paid on Capital Debt and Leases	(922,678)
Interest Paid on Capital Debt and Leases	(529,142)
Net Cash Used by Capital and Related Financing Activities	(6,915,910)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	188,589
Net Cash Provided by Investing Activities	188,589
Net Increase in Cash and Cash Equivalents	590,235
Cash and Cash Equivalents, Beginning of Year	9,817,090
Cash and Cash Equivalents, End of Year	$ 10,407,325

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

GEORGIA HIGHLANDS COLLEGE
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2023

RECONCILIATION OF OPERATING LOSS TO		
NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	$	(38,188,431)
Adjustments to Reconcile Net Operating Loss to		
Net Cash Used by Operating Activities		
Depreciation and Amortization		3,195,414
Change in Assets and Liabilities:		
Receivables, net		(104,147)
Prepaid Items		(91,407)
Accounts Payable		280,509
Salaries Payable		(92,442)
Benefits Payable		2,674
Retainage Payable		94,827
Deposits Held for Other Organizations		199
Advances (Including Tuition and Fees)		(395,660)
Other Liabilities		(1,858)
Deposits Held for Other Organizations		49,836
Compensated Absences		57,290
Net Pension Liability		22,322,826
Net Other Post-Employment Benefit Liability		(7,513,541)
Change in Deferred Inflows/Outflows of Resources:		
Deferred Inflows of Resources		(7,706,430)
Deferred Outflows of Resources		(6,890,288)
Net Cash Used by Operating Activities	$	(34,980,629)
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Noncapital Financing Activities Noncash Items:		
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	$	5,819,450
Capital Financing Activities Noncash Items:		
Current Year Accruals Related to Capital Financing Activities	$	28,283
Gain (Loss) on Disposal of Capital Assets	$	(1,376)
Accrual of Capital Asset Related Payables	$	41,552
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	$	142,915
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	$	30,280
Unrealized Gain (Loss) on Investments	$	456

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

GEORGIA HIGHLANDS COLLEGE
STATEMENT OF FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

		Custodial Funds
ASSETS		
Receivables		
Other	$	605,698
Total Assets		605,698
LIABILITIES		
Cash Overdraft		429,344
Deposits held for other organizations		50
Total Liabilities		429,394
NET POSITION		
Restricted for:		
Individuals, Organizations, and Other Governments	$	176,304

GEORGIA HIGHLANDS COLLEGE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023

	Custodial Funds
ADDITIONS	
Federal Financial Aid	$ 5,931,918
State Financial Aid	2,641,896
Other Financial Aid	213,338
Clubs and Other Organizations Fund Raising	10,811
Total Additions	8,797,963
DEDUCTIONS	
Scholarships and Other Student Support	8,758,223
Student Organizations Support	1,069
Total Deductions	8,759,292
Net Increase (Decrease) in Fiduciary Net Position	38,671
Net Position, Beginning of Year	137,633
Net Position, End of Year	$ 176,304

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations
Georgia Highlands College (College) serves the state and national communities by providing its students with academic instruction that advances fundamental knowledge and by disseminating knowledge to the people of Georgia, the nation, and throughout the world.

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

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

The accompanying basic financial statements are intended to supplement the State's Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the College. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 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/annual-comprehensive-financial-reports.

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the College's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

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

The College reports the following fiduciary fund:

- Custodial Funds - Accounts for activities of resulting from the College 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 College 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. The adoption of this statement resulted in a restatement of note disclosures.

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

Cash and Cash Equivalents
Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

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

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

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value (entry price) at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed $100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

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

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

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

Intangible Right-To-Use Assets

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

The College 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 College 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 College's right to use an underlying asset for the lease or subscription term. Lease and/or subscription obligations represent the College'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 finance the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The balance included on the College's

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

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

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

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

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

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

Non-current Liabilities
Non-current liabilities include: (1) liabilities that will not be paid within the next fiscal year; (2) lease obligations with contractual maturities greater than one year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

Deferred Inflows of Resources
Deferred inflows of resources consist of the acquisition of net position that is applicable to a future reporting period.

Other Post-Employment Benefit (OPEB)
The net OPEB liability represents the College's proportionate share of the difference between the total OPEB liability and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

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

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

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

Net Position
The College's net position is classified as follows:

Net investment in capital assets represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets and intangible right-to-use assets. To the extent debt has been incurred but not yet expended for capital assets or intangible right-to-use assets, such amounts are not included as a component of net investment in capital assets. The term "debt obligations" as used in this definition does not include debt of the GSFIC as discussed previously in Note 1 - Capital Assets section.

Restricted - non-expendable net position includes endowments and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. For institution-controlled, donor-restricted endowments, the by-laws of the Board of Regents of the University System of Georgia permits each individual institution to use prudent judgment in the spending of current realized and unrealized endowment appreciation. Donor-restricted endowment appreciation is periodically transferred to restricted - expendable accounts for expenditure as specified by the purpose of the endowment. The College 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 College is legally or contractually obligated to spend resources in accordance with restrictions by external third parties.

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board or management to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

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

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

- Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain federal, state and local grants and contracts, and (3) sales and services.

- Nonoperating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenue by GASB Statements No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* such as state appropriations and investment income.

- Operating expense includes activities that have the characteristics of exchange transactions.

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

Scholarship Allowances
Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the College has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of $4,069,324.

Restatement of Prior Year Net Position
The College made prior period adjustments due to the adoption of GASB Statement No. 96, which required the restatement of the June 30, 2022 business type-activities net position. Under this statement, a governmental end user is required to recognize a subscription liability and an intangible right-to-use subscription asset.

For business-type activities, the results are an overall increase in liabilities of $562,299 and an overall increase in assets of $562,299 for a net impact on net position of $0.00. The increase in liabilities is the result of an increase in subscription obligations, which is evidence by the restatement noted in Note 6, *Long-Term Liabilities*. The increase in assets is the result of an increase in intangible right-to-use assets, which is evidence by the restatement noted in Note 4, *Capital Assets and Intangible Right-to-Use Assets*. This change is in accordance with generally accepted accounting principles.

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	$	10,329,790
Cash and Cash Equivalents (Externally Restricted)		77,535
Noncurrent		
Noncurrent Investments (Externally Restricted)		42,084
Statement of Fiduciary Net Position		
Cash and Cash Equivalents		(429,344)
	$	10,020,065

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

Cash on Hand	$	2,942
Deposits with Financial Institutions		9,975,039
Investments		42,084
	$	10,020,065

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

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.

2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.

3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

6. Letters of credit issued by a Federal Home Loan Bank.

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

The College participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

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

At June 30, 2023, the bank balances of the College’s deposits totaled $10,199,011. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the College. Of these deposits, $0 were exposed to custodial credit risk.

B. Investments

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

The following table summarizes the valuation of the College’s investments measured at fair value on a recurring basis and at net asset value as of June 30, 2023.

	Fair Value
Investment type:	
Investment Pools	
Board of Regents	
Balanced Income Fund	42,084

Board of Regents Pooled Investment Program

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

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

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

1. Balanced Income Fund

   The Balanced Income Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This pool is appropriate for investing longer term funds that require a more conservative investment strategy. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents.

   The equity allocation shall range between 20% and 40%, with a target of 30% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 80%, with a target of 70% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the College's position in the Balanced Income Fund at June 30, 2023 was $42,084, of which 66% is invested in debt securities. The Effective Duration of the Fund is 5.46 years.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The College policy for managing interest risk attempts to match investments with expected cash requirements.

	Fair Value
Investment type:	
Investment Pools	
Board of Regents	
Balanced Income Fund	42,084

Credit Quality Risk

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

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

Note 3 Accounts Receivable

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

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	$ 630,426	229
Auxiliary Enterprises and Other Operating Activities	52,688	—
Federal Financial Assistance	1,044,540	—
Georgia State Financing and Investment Commission	28,283	—
Due From Other USG Institutions	199,278	—
Other Accounts Receivable	4,919,325	605,469
	6,874,540	605,698
Less: Allowance for Doubtful Accounts	435,915	—
Net Accounts Receivable	$ 6,438,625	$ 605,698

Other Accounts Receivable includes approximately $4,774,910 of Employee Retention Credit funds.

Note 4 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	$ 3,069,490	$ —	$ —	$ 3,069,490
Construction Work-in-Progress	—	415,508	—	415,508
Total Capital Assets Not Being Depreciated	3,069,490	415,508	—	3,484,998
Capital Assets, Being Depreciated:				
Infrastructure	2,399,962			2,399,962
Building and Building Improvements	86,784,208	5,177,020	6,147	91,955,081
Facilities and Other Improvements	1,504,209	555,334		2,059,543
Equipment	6,250,780	528,717	594,915	6,184,582
Library Collections	3,585,358	3,185	11,200	3,577,343
Total Capital Assets Being Depreciated	100,524,517	6,264,256	612,262	106,176,511
Less: Accumulated Depreciation				
Infrastructure	1,730,549	32,570		1,763,119
Building and Building Improvements	26,778,043	2,075,782	6,147	28,847,678
Facilities and Other Improvements	960,117	59,035		1,019,152
Equipment	3,989,551	455,990	593,540	3,852,001
Library Collections	3,081,329	124,452	11,199	3,194,582
Total Accumulated Depreciation	36,539,589	2,747,829	610,886	38,676,532
Total Capital Assets, Being Depreciated, Net	63,984,928	3,516,427	1,376	67,499,979
Capital Assets, net	$ 67,054,418	$ 3,931,935	$ 1,376	$ 70,984,977

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the College when complete. For projects managed by the College, the College retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2023, GSFIC did not transfer any completed projects to the college and had no construction work in progress for incomplete GSFIC managed projects for the College.

Intangible Right-to-Use Assets

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

	(Restated) Beginning Balances July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023
Intangible Right-to-use Assets				
Building and Building Improvements	$ 3,793,193	$ —	$ —	$ 3,793,193
Facilities and Other Improvements	—	142,915	—	142,915
Equipment	44,855	—	—	44,855
Subscription Based IT Arrangements (SBITAs)	562,299	—	—	562,299
Total Leased Assets Being Amortized	4,400,347	142,915	—	4,543,262
Less: Accumulated amortization				
Building and Building Improvements	63,221	340,973		404,194
Facilities and Other Improvements	—	5,293	—	5,293
Equipment	13,626	14,866	—	28,492
Subscription Based IT Arrangements (SBITAs)	—	86,453	—	86,453
Total Accumulated Amortization	76,847	447,585	—	524,432
Intangible Right-to-use Assets, net	$ 4,323,500	$ (304,670)	$ —	$ 4,018,830

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

Fiscal Year	Depreciation & Amortization
2023	3,195,414
2022	2,482,943
2021	2,263,360

Note 5 Advances (Including Tuition and Fees)

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

	Current Liabilities
Prepaid Tuition and Fees	$ 930,726
Other - Advances	42,769
Totals	$ 973,495

Note 6 Long-Term Liabilities

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

	(Restated) Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Lease & Subscription Obligations					
Lease Obligations	$ 3,769,351	$ 142,915	$ 347,452	$ 3,564,814	$ 373,476
Subscription Obligations	562,299		89,604	472,695	142,970
Total	4,331,650	142,915	437,056	4,037,509	516,446
Other Liabilities					
Compensated Absences	1,120,780	844,531	787,241	1,178,070	768,905
Notes and Loans Payable	13,408,388	—	485,622	12,922,766	502,390
Total	14,529,168	844,531	1,272,863	14,100,836	1,271,295
Total Long-Term Obligations	$ 18,860,818	$ 987,446	$ 1,709,919	$ 18,138,345	$ 1,787,741

See Note 12, Retirement Plans, for information related to net pension liability. See Note 15, Post-Employment Benefits Other Than Pension Benefits, for information related to net other post employment benefits liability.

Notes and Loans Payable

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

In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the College. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The College's principal and interest payments related to financing lease agreements for fiscal year 2023 were $485,622 and $503,851, respectively. Interest rate is 3.71%.

The College has $12,922,766 in outstanding notes and loans payable due to an affiliated organization for financing lease agreements.

The following is a summary of the carrying values 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	17,858,542	5,893,319	11,965,223	12,922,766

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal	
Cartersville Student Center	Georgia Highlands College Foundation LLC	17,858,542	20 Years	June 2021	June 2041	12,922,766	(1)

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

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

	Principal	Interest
Year Ending June 30:		
2024	$ 502,390	$ 486,597
2025	521,468	466,053
2026	549,052	446,023
2027	566,105	425,045
2028	586,771	404,477
2029 through 2033	3,324,587	1,660,640
2034 through 2038	4,039,668	970,868
2039 through 2041	2,832,725	191,167
	$ 12,922,766	$ 5,050,870

Note 7 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 Outflow on Defined Benefit Pension Plans (See Note 12)		15,138,668
Deferred Outflow on OPEB Plan (See Note 15)		4,227,310
Total Deferred Outflows of Resources	$	19,365,978
Deferred Inflow of Resources		
Deferred Gain on Debt Refunding	$	545,042
Deferred Inflow on Defined Benefit Pension Plans (See Note 12)		1,579,821
Deferred Inflow on OPEB Plan (See Note 15)		10,501,156
Total Deferred Inflows of Resources	$	12,626,019

Deferred Loss/Gain on Debt Refunding
A deferred gain on debt refunding is the result of changes in provisions of a lease resulting from a refunding by the lessor of tax-exempt debt in which a portion of the perceived economic advantages of the refunding were passed through to the College.

In June 2021, Georgia Highlands College refinanced it's Cartersville campus Student Center resulting in a deferred gain on debt refunding of $605,602. During fiscal year 2023, Georgia Highlands College amortized $30,280 resulting in a remaining balance of Deferred Inflow on Debt refunding of $545,042 which will be amortized over the remaining years of the lease.

Note 8 Net Position

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

Net Investment in Capital Assets	$ 57,456,938
Restricted for	
Nonexpendable	
Permanent Endowment	42,084
Expendable	
Sponsored and Other Organized Activities	77,535
Unrestricted	
Auxiliary Enterprises Operations	1,653,660
Reserve for Encumbrances	5,656,763
Capital Liability Reserve Fund	89,042
Other Unrestricted	(43,862,529)
Sub-Total	(36,463,064)
Total Net Position	$ 21,113,493

Other unrestricted net position is reduced by $31,750,890 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 $17,814,165 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the College is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in Net Position for the year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Net Investments in Capital Assets	$ 53,062,556	$ 7,745,357	$ 3,350,975	$ 57,456,938
Restricted Net Position	96,784	21,798,813	21,775,978	119,619
Unrestricted Net Position	(39,884,974)	36,786,712	33,364,802	(36,463,064)
Total Net Position	$ 13,274,366	$ 66,330,882	$ 58,491,755	$ 21,113,493

Note 9 Endowments

Donor Restricted Endowments

Investments of the College's endowment funds are pooled, unless required to be separately invested by the donor. For College 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 value for the endowment accounts was $42,084 and is reflected as nonexpendable restricted net position.

For endowment funds where the donor has not provided specific instructions, investment return of the College's endowment funds is predicated under classical trust doctrines. Unless the donor has stipulated otherwise, capital gains and losses are accounted for as part of the endowment principal and are not available for expenditure.

Note 10 Significant Commitments

As of June 30, 2023, Georgia Highlands College did not have any outstanding significant unearned construction or renovation contracts.

Note 11 Leases and Subscriptions

The College leases facilities, office and computer equipment, and other assets. The College 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 College. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The College's principal and interest cash payments related to leases for fiscal year 2023 were $347,452 and $12,583 respectively. Interest rates range from 0.34% to 0.42%.

The College's principal and interest payments related to SBITAs for fiscal year 2023 were $89,604 and $12,708, respectively. The interest rate is 2.26%.

Lease Obligations

There were no residual guaranteed payment, 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 lease at June 30, 2023:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Lease Obligations at June 30, 2023	Outstanding Balance per Lease Schedules at June 30, 2023
	(+)	(-)	(=)	
Leased Equipment	$ 44,855	$ 28,492	$ 16,363	$ 16,200
Leased Buildings and Building Improvements	3,793,193	404,194	3,388,999	3,413,189
Leased Facilities and Other Improvements	142,915	5,293	137,622	135,425
Total Assets Held Under Lease	$ 3,980,963	$ 437,979	$ 3,542,984	$ 3,564,814

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal
Ricoh Pro C5200S Print Shop	Ricoh	$ 17,085	25 months	July 2021	July 2023	$ 661
Pitney Bowes SendPro (Cartersville)	Pitney Bowes	7,150	50 months	July 2021	August 2025	3,984
Pitney Bowes SendPro P2000/500 (Rome)	Pitney Bowes	20,620	50 months	July 2021	August 2025	11,555
Marietta Building Lease	RR Northchase	3,793,193	122 months	May 2022	June 2032	3,413,189
Marietta Parking Lot	Minbro Northchase, LLC	142,915	53 Months	May 2023	September 2027	135,425
Total Leases		$ 3,980,963				$ 3,564,814

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

	Principal	Interest
Year Ending June 30:		
2024	$ 373,476	$ 11,706
2025	384,046	10,402
2026	391,028	9,064
2027	400,655	7,767
2028	386,737	6,332
2029 through 2032	1,628,872	11,686
Total Minimum Lease Payments	$ 3,564,814	$ 56,957

Subscription Obligations
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 SBITA 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)	$ 562,299	$ 86,453	$ 475,846	$ 472,695

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

	Principal	Interest
Year Ending June 30:		
2024	$ 142,970	$ 18,299
2025	152,034	12,721
2026	116,524	6,750
2027	61,167	1,382
Total Minimum Subscription Payments	$ 472,695	$ 39,152

Note 12. Retirement Plans

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

The College also provides the Regents Retirement Plan.

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

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

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2023. The College's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of the College's annual payroll. The College's contributions to TRS totaled $2,767,242 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 College's contributions to ERS totaled $44,207 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 College reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 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 College'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 College's TRS proportion was 0.095412%, which was an decrease of (0.006069)% from its proportion measured as of June 30, 2021. At June 30, 2022, the College's ERS proportion was 0.005853%, which was a increase of 0.002652% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the College recognized pension expense of $4,267,744 for TRS and $134,240 for ERS. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,286,076	$ 161,269	$ 839	$ 3,545
Changes of assumptions	4,663,798	—	69,485	—
Net difference between projected and actual earnings on pension plan investments	6,087,105	—	45,417	—
Changes in proportion and differences between contributions and proportionate share of contributions	114,775	1,415,007	59,724	—
Contributions subsequent to the measurement date	2,767,242		44,207	
Total	$ 14,918,996	$ 1,576,276	$ 219,672	$ 3,545

The College's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 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 Ending June 30:	TRS	ERS
2024	$ 2,833,823	$ 106,016
2025	$ 1,983,343	$ 29,844
2026	$ 1,467,238	$ 1,132
2027	$ 4,291,074	$ 34,928
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 Institute's proportionate share of the net pension liability to changes in the discount rate:
The following presents the College's proportionate share of the net pension liability calculated using the discount rate as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease 5.90%	Current discount rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability	$ 46,741,760	$ 30,982,121	$ 18,112,291

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	$ 520,348	$ 390,891	$ 282,027

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

B. Defined Contribution Plan:

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

Funding Policy
The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 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 College and the covered employees made the required contributions of $408,578 (9.24%) and $503,053 (6.00%), respectively.

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

Note 13 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 College’s participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the USG, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents’ Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The self-insured dental plan is administered through Delta Dental.

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

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

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

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

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

Note 14 Contingencies

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

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

Note 15 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 College's membership in the Plan consisted of the following at June 30, 2023:

Active Employees	294
Retirees or Beneficiaries Receiving Benefits	121
Retirees Receiving Life Insurance Only	36
Total	451

The contribution requirements of plan members and the employer are established and may be amended by the Board. The Plan is substantially funded on a "pay-as-you-go" basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board designation.

The College pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 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%. 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 College contributed $639,484 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 College 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 May 1, 2022. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The College's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2022. At June 30, 2022, the College's proportion was 0.643145%, which was an decrease of (0.012331)% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the College recognized OPEB expense of $(738,483). At June 30, 2023, the College 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	$ 1,176,384	$ 213,359
Changes of assumptions	2,190,520	9,174,740
Net difference between projected and actual earnings on OPEB plan investments	103,068	—
Changes in proportion and differences between contributions and proportionate share of contributions	117,854	1,113,057
Contributions subsequent to the measurement date	639,484	
Total	$ 4,227,310	$ 10,501,156

The College's contributions subsequent to the measurement date of $639,484 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 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 Ending June 30:		
2024	$	(1,896,222)
2025	$	(1,890,395)
2026	$	(1,877,231)
2027	$	(1,201,350)
2028	$	(48,132)
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 arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 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 4.36% 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 Buyer.

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

The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using 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	$ 30,264,027	$ 25,477,044	$ 21,709,396

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	$ 21,861,824	$ 25,477,044	$ 30,119,554
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 16 Operating Expenses with Functional Classifications

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

Functional Classification	Natural Classification Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	$ 9,460,795	$ 1,237,493	$ 3,531,288	$ —	$ 64,701
Academic Support	813,953	1,722,845	893,219	—	16,978
Student Services	93,213	1,635,793	692,999	(55)	34,894
Institutional Support	37,313	3,514,336	2,118,495	20,030	38,959
Plant Operations and Maintenance	—	1,090,583	460,274	(19,088)	9,233
Scholarships and Fellowships	—	—	—	76,698	—
Auxiliary Enterprises	—	420,702	157,547	19,088	967
Total Operating Expenses	$ 10,405,274	$ 9,621,752	$ 7,853,822	$ 96,673	$ 165,732

Functional Classification	Natural Classification Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/ Amortization	Total Operating Expenses
Instruction	$ —	$ —	$ 944,711	$ 190,622	$ 15,429,610
Academic Support	—	—	278,894	125,099	3,850,988
Student Services	13,823	46,676	527,167	1,042,981	4,087,491
Institutional Support	—	204,086	3,832,041	738,450	10,503,710
Plant Operations and Maintenance	270	1,259,768	4,496,859	1,095,216	8,393,115
Scholarships and Fellowships	6,080,291	—	463	1,068	6,158,520
Auxiliary Enterprises	303,659	22,361	896,424	1,978	1,822,726
Total Operating Expenses	$ 6,398,043	$ 1,532,891	$ 10,976,559	$ 3,195,414	$ 50,246,160

Required Supplementary Information

GEORGIA HIGHLANDS COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLAN
FOR THE LAST TEN FISCAL YEARS

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2023	$ 44,207	$ 44,207	$ —	$ 66,760	66.22%
	June 30, 2022	$ 36,914	$ 36,914	$ —	$ 52,431	70.40%
	June 30, 2021	$ 12,621	$ 12,621	$ —	$ 51,181	24.66%
	June 30, 2020	$ 17,007	$ 17,007	$ —	$ 68,968	24.66%
	June 30, 2019	$ 26,403	$ 26,403	$ —	$ 106,681	24.75%
	June 30, 2018	$ 12,323	$ 12,323	$ —	$ 37,252	33.08%
	June 30, 2017	$ 10,850	$ 10,850	$ —	$ 44,470	24.40%
	June 30, 2016	$ 22,136	$ 22,136	$ —	$ 89,312	24.79%
	June 30, 2015	$ 33,264	$ 33,264	$ —	$ 137,012	24.28%
	June 30, 2014	$ 18,506	$ 18,506	$ —	$ 100,231	18.46%
Teachers' Retirement System	June 30, 2023	$ 2,767,242	$ 2,767,242	$ —	$ 14,042,056	19.71%
	June 30, 2022	$ 2,555,310	$ 2,555,310	$ —	$ 12,968,232	19.70%
	June 30, 2021	$ 2,513,227	$ 2,513,227	$ —	$ 12,920,000	19.45%
	June 30, 2020	$ 2,850,480	$ 2,850,480	$ —	$ 13,518,873	21.09%
	June 30, 2019	$ 2,753,015	$ 2,753,015	$ —	$ 13,225,703	20.82%
	June 30, 2018	$ 2,107,630	$ 2,107,630	$ —	$ 12,506,677	16.85%
	June 30, 2017	$ 1,655,362	$ 1,655,362	$ —	$ 11,579,617	14.30%
	June 30, 2016	$ 1,634,939	$ 1,634,939	$ —	$ 11,466,098	14.26%
	June 30, 2015	$ 1,451,392	$ 1,451,392	$ —	$ 11,049,066	13.14%
	June 30, 2014	$ 1,323,087	$ 1,323,087	$ —	$ 11,612,173	11.39%

GEORGIA HIGHLANDS COLLEGE
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	0.005853%	$ 390,891	$ 52,431	745.53%	67.44%
	June 30, 2022	0.003201%	$ 74,868	$ 51,181	146.28%	87.62%
	June 30, 2021	0.002735%	$ 115,279	$ 68,968	167.15%	76.21%
	June 30, 2020	0.004227%	$ 174,428	$ 106,681	163.50%	76.74%
	June 30, 2019	0.001947%	$ 80,042	$ 37,252	214.87%	76.68%
	June 30, 2018	0.001813%	$ 73,632	$ 44,470	165.58%	76.33%
	June 30, 2017	0.004000%	$ 181,695	$ 89,312	203.44%	72.34%
	June 30, 2016	0.004000%	$ 191,996	$ 137,012	140.13%	76.20%
Teachers Retirement System	June 30, 2023	0.095412%	$ 30,982,121	$ 12,968,232	238.91%	72.85%
	June 30, 2022	0.101481%	$ 8,975,318	$ 12,920,000	69.47%	92.03%
	June 30, 2021	0.104318%	$ 25,269,903	$ 13,518,873	186.93%	77.01%
	June 30, 2020	0.107778%	$ 23,175,184	$ 13,225,703	175.23%	78.56%
	June 30, 2019	0.104945%	$ 19,480,040	$ 12,506,677	155.76%	80.27%
	June 30, 2018	0.100601%	$ 18,697,006	$ 11,579,617	161.46%	79.33%
	June 30, 2017	0.104517%	$ 21,563,022	$ 11,466,098	188.06%	76.06%
	June 30, 2016	0.105000%	$ 15,922,180	$ 11,049,066	144.10%	81.44%

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

GEORGIA HIGHLANDS COLLEGE
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%.

GEORGIA HIGHLANDS COLLEGE
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	$ 639,484	$ 639,484	$ —	$ 18,566,061	3.44%
June 30, 2022	$ 941,197	$ 941,197	$ —	$ 18,622,810	5.05%
June 30, 2021	$ 769,402	$ 769,402	$ —	$ 18,614,532	4.13%
June 30, 2020	$ 694,041	$ 694,041	$ —	$ 18,765,612	3.70%
June 30, 2019	$ 1,082,531	$ 1,082,531	$ —	$ 18,611,126	5.82%
June 30, 2018	$ 1,064,532	$ 1,064,532	$ —	$ 17,318,363	6.15%
June 30, 2017	$ 664,860	$ 664,860	$ —	$ 15,677,458	4.24%

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

GEORGIA HIGHLANDS COLLEGE
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	0.643145%	$ 25,477,044	$ 18,622,810	136.81%	5.08%
June 30, 2022	0.655475%	$ 32,990,585	$ 18,614,532	177.23%	3.74%
June 30, 2021	0.675190%	$ 36,012,739	$ 18,765,612	191.91%	2.91%
June 30, 2020	0.674966%	$ 30,181,564	$ 18,611,126	162.17%	3.13%
June 30, 2019	0.671968%	$ 29,638,836	$ 17,318,863	171.14%	1.69%
June 30, 2018	0.667638%	$ 28,172,493	$ 15,677,458	179.70%	0.19%

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

GEORGIA HIGHLANDS COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
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

GEORGIA HIGHLANDS COLLEGE
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30. 2023
(UNAUDITED)

ASSETS		
Cash and Cash Equivalents	$	5,349,832.61
Accounts Receivable		
Federal Financial Assistance		1,044,540.00
Other		6,852,502.06
Margin Allocation		—
Prepaid Expenditures		38,958.56
Other Assets		110,235.88
Total Assets	$	13,396,069.11
LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued Payroll	$	48,613.25
Encumbrance Payable		5,455,622.50
Accounts Payable		208,961.38
Unearned Revenue		699,155.72
Funds Held for Others		181,941.22
Total Liabilities		6,594,294.07
Fund Balances		
Reserved		
Department Sales and Services		842,149.82
Indirect Cost Recoveries		137,926.18
Technology Fees		270,117.21
Restricted/Sponsored Funds		4,737,973.40
Uncollectible Accounts Receivable		385,454.16
Tuition Carry - Forward		290,824.95
Unreserved		
Surplus		137,329.32
Total Fund Balances		6,801,775.04
Total Liabilities and Fund Balances	$	13,396,069.11

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

GEORGIA HIGHLANDS COLLEGE
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
Public Service / Special Funding Initiatives				
State Appropriation				
State General Funds	$ —	$ 82,800.00	$ 82,800.00	$ —
Teaching				
State Appropriation				
State General Funds	23,875,470.00	25,235,010.00	25,235,010.00	—
Federal Funds				
Federal Funds Not Specifically Itemized	11,965,338.00	11,982,349.00	8,915,632.53	—
Federal Funds - COVID19				
Federal Funds Not Specifically Itemized - COVID		6,515,778.00	6,285,928.60	
State Fiscal Stabilization Fund				
Other Funds	10,714,147.00	20,605,634.00	19,226,096.32	1,439,840.98
Total Teaching	46,554,955.00	64,338,771.00	59,662,667.45	1,439,840.98
Total Operating Activity	$ 46,554,955.00	$ 64,421,571.00	$ 59,745,467.45	$ 1,439,840.98

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

GEORGIA HIGHLANDS COLLEGE
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		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Public Service / Special Funding Initiatives	—	$ —	—	$ —	—	—
State Appropriation						
State General Funds	—	82,800.00	—	82,800.00	—	—
Teaching						
State Appropriation						
State General Funds	—	25,235,010.00	—	25,222,092.94	12,917.06	12,917.06
Federal Funds						
Federal Funds Not Specifically Itemized	—	8,915,632.53	(3,066,716.47)	8,915,632.53	3,066,716.47	—
Federal Funds - COVID19						
Federal Funds Not Specifically Itemized - COVID		6,285,928.60	(229,849.40)	6,285,928.60	229,849.40	
State Fiscal Stabilization Fund						
Other Funds	—	20,665,937.30	60,303.30	14,270,188.27	6,335,445.73	6,395,749.03
Total Teaching	—	61,102,508.43 -	(3,236,262.57) -	54,693,842.34 -	9,644,928.66 -	6,408,666.09
Total Operating Activity	$ —	$ 61,185,308.43	$ (3,236,262.57)	$ 54,776,642.34	$ 9,644,928.66	$ 6,408,666.09

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

GEORGIA HIGHLANDS COLLEGE
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
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	$ —	$ —	$ —	$ —	$ —
Teaching					
State Appropriation					
State General Funds	20,745.71	—	(20,745.71)	54,055.46	—
Federal Funds - COVID19					
Federal Funds Not Itemized - Covid	—	—	—	—	—
Other Funds	1,550,444.39	(1,439,840.98)	(110,603.41)	30,918.97	(77,319.64)
Total Teaching	1,571,190.10	(1,439,840.98)	(131,349.12)	84,974.43	(77,319.64)
Total Operating Activity	1,571,190.10	(1,439,840.98)	(131,349.12)	84,974.43	(77,319.64)
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	308,134.52				77,319.64
Budget Unit Totals	$ 1,879,324.62	$ (1,439,840.98)	$ (131,349.12)	$ 84,974.43	$ —

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

GEORGIA HIGHLANDS COLLEGE
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
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	$ —	$ —	$ —	$ —	$ —	$ —
Teaching						
State Appropriation						
State General Funds	—	12,917.06	66,972.52	—	66,972.52	66,972.52
Federal Funds - COVID19						
Federal Funds Not Itemized - Covid	—	—	—	—	—	—
Other Funds	—	6,395,749.03	6,349,348.36	6,278,991.56	70,356.80	6,349,348.36
Total Teaching	—	6,408,666.09	6,416,320.88	6,278,991.56	137,329.32	6,416,320.88
Total Operating Activity	—	6,408,666.09	6,416,320.88	6,278,991.56	137,329.32	6,416,320.88
Prior Year Reserves						
Not Available for Expenditure						
Uncollectible Accounts Receivable			385,454.16	385,454.16		385,454.16
Budget Unit Totals	$ —	$ 6,408,666.09	$ 6,801,775.04	$ 6,664,445.72	$ 137,329.32	$ 6,801,775.04

	Reserved	Surplus/(Deficit)	Total
Departmental Sales and Services	842,149.82	—	842,149.82
Indirect Cost Recovery	137,926.18	—	137,926.18
Technology Fees	270,117.21	—	270,117.21
Restricted/Sponsored Funds	4,737,973.40	—	4,737,973.40
Tuition Carry-Forward	290,824.95	—	290,824.95
Uncollectible Accounts Receivable	385,454.16	—	385,454.16
Surplus	—	137,329.32	137,329.32
	6,664,445.72	137,329.32	6,801,775.04

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

GEORGIA HIGHLANDS COLLEGE

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