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NORTH GEORGIA™
THE MILITARY COLLEGE OF GEORGIA®

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**ANNUAL
FINANCIAL
REPORT**
for the
**FISCAL YEAR ENDED
JUNE 30, 2023**

A Member Institution of the University System of Georgia

UNIVERSITY OF NORTH GEORGIA
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Introductory Section





August 15, 2023

Dr. Michael P. Shannon
President
University of North Georgia
Dahlonega, GA 30597

Dr. Shannon,

Enclosed is the Annual Financial Report (AFR) for year ended June 30, 2023. This report represents the financial information as a disclosure of the university's accountability and integrity to the University System of Georgia Board of Regents as well as the public. The AFR also includes the Management Discussion and Analysis for the note disclosures to further describe the financial activities of the university for the fiscal year 2023.

The management of the university carries the responsibility of accurately reporting and disclosing the financial position of the university. Business processes, procedures, and controls are developed and updated on a regular basis to reflect any changes in university financial activities. These procedures include a robust effort to reduce risk to the financial position of the university. Additionally, the internal auditor offers quality assurance of the financial standards and controls of the university.

The University will undergo a financial review by the State of Georgia Department of Audits and Accounts for fiscal year 2023. Any audit reports are shared with the university president as well as for the USG Office of Fiscal Affairs upon completion.

Respectfully submitted,

Dr. Frank J. (Mac) McConnell
Senior Vice President for Business & Finance

Blue Ridge Cumming Dahlonega Gainesville Oconee

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UNG is designated as a State Leadership Institution and The Military College of Georgia.

Financial Section





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. Michael Shannon
University of North Georgia

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

Accountant's Conclusion

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

Required Supplementary Information

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

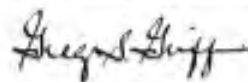
Other Matters

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

November 3, 2023

UNIVERSITY OF NORTH GEORGIA

Management's Discussion and Analysis

Introduction

The University of North Georgia (UNG), a member of the University System of Georgia (USG), enrolls more than 18,000 students across its five campuses and online, making it one of the largest public universities in Georgia. UNG's Campuses are located in Blue Ridge, Cumming, Dahlonega, Gainesville, and Oconee County. While about 80% of UNG's students come from a 30-county service area in northeast Georgia, UNG enrolls students from nearly every state, every U.S. territory and 87 countries.

As one of only six senior military colleges in the nation, UNG holds special designations as a State Leadership Institution and The Military College of Georgia. UNG's vision is to be a regional and national leader for academic excellence, engagement, educational opportunity, and leadership development.

UNG has earned numerous national accolades for academic excellence and affordability, including: Forbes' lists of Top Colleges and Best Value Colleges, U.S. News & World Report's list of Best Universities in the South (also ranked number-one in graduating students with the lowest amount of debt-load and is the top-ranked school in Georgia for Best College for Veterans), a national Top Producer of Fulbright Students for six consecutive years, and was designated by the Military Times as a Best for Vets university.

	STUDENT HEADCOUNT	STUDENT FTE
FY 2023	18,046	15,615
FY 2022	18,985	16,299
FY 2021	19,793	17,171

Overview of the Financial Statements and Financial Analysis

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

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 non-current, and deferred outflows and inflows of resources. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received, despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University and how much the University owes vendors. The difference between assets, deferred inflows of resources, liabilities and deferred outflows of resources (net position) is one indicator of the University's financial health. Increases or decreases in net position provide an indicator of the improvement or decline of the University's financial health when considered in conjunction with other non-financial conditions, such as facilities and enrollment.

Net Position is divided into three major categories. The first category, Net Investment in Capital Assets, provides the University's equity in property, plant and equipment owned by the University. The second category, Restricted Non-Expendable Net Assets, are corpus which are available only for investment purposes. The third category, Restricted Expendable Net Assets, are resources available for expenditure by the University in accordance with guidelines 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 Net Assets, which are available to the University for any lawful purpose.

CONDENSED STATEMENT OF NET POSITION				
	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	\$ 84,804,014	\$ 72,529,101	\$ 12,274,913	16.92 %
Capital Assets, Net	311,875,325	285,665,488	26,209,837	9.18 %
Intangible Right-to-Use Assets, Net	2,661,394	2,007,294	654,100	32.59 %
Other Assets	10,416,473	10,470,658	(54,185)	-0.52 %
TOTAL ASSETS	409,757,206	370,672,541	39,084,665	10.54 %
DEFERRED OUTFLOWS				
	124,280,449	\$ 86,960,174	37,320,275	42.92 %
LIABILITIES				
Current Liabilities	22,475,290	22,525,882	(50,592)	-0.22 %
Non-Current Liabilities	429,813,344	342,722,486	87,090,858	25.41 %
TOTAL LIABILITIES	452,288,634	365,248,368	87,040,266	23.83 %
DEFERRED INFLOWS				
	56,912,594	101,665,888	(44,753,294)	(44.02)%
NET POSITION				
Net Investment in Capital Assets	202,808,839	171,163,700	31,645,139	18.49 %
Restricted, Non-Expendable	2,049,018	2,039,988	9,030	0.44 %
Restricted, Expendable	4,137,957	3,229,266	908,691	28.14 %
Unrestricted	(184,159,387)	(185,714,495)	1,555,108	-0.84 %
TOTAL NET POSITION	\$ 24,836,427	\$ (9,281,541)	\$ 34,117,968	-367.59 %

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

Total Assets increased \$39,084,665, which was primarily due to an increase in Current Assets of \$12,274,913, an increase in Net Capital Assets of \$26,209,837, and a decrease in Other Assets of \$54,185. The increase in Current Assets was driven by increased State Appropriations this fiscal year compared to the prior fiscal year.

Deferred Outflows of Resources increased by \$37,320,275, which was primarily due to changes in actuarial assumptions for the University's portion of the USG pension and Other Post Employment Benefits (OPEB) plans.

Total Liabilities increased \$87,040,266, which was due to a decrease in Current Liabilities of \$50,592 and an increase in Non-Current Liabilities of \$87,090,858. Net Pension Liability increased \$126,981,081 related to the University's proportionate share of the actuarially determined liability for defined benefit plans administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia. This significant change is a result of actuary calculations for the pension and OPEB liabilities.

Total Deferred Inflows of Resources decreased by \$44,753,294, which was primarily due to changes in actuarial assumptions for the University's portion of the USG pension plans.

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 \$34,117,968. This change in Net Position is primarily caused by the addition of the Mike Cottrell College of Business building in the amount of \$34,931,058, which was part of the GSFIC J-350 completed project of \$37,611,341, which includes both capital and non-capital items.

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 reflected in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the Statement is to present the revenues received by the University, both operating and non-operating, and the expenses paid by the University, both operating and non-operating, and any other revenues, expenses, gains or losses received or spent by the University. Generally, Operating Revenue is received for providing goods and services to the various customers and constituents of the University. An Operating Expense is an expense paid to acquire or produce the goods and services provided in return for Operating Revenue, and to carry out the mission of the University. Non-Operating Revenue represents sources of funding for which goods and services are not provided. For example, State Appropriations are Non-Operating Revenue because they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services for those funds.

The following table summarizes the Statement of 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)
Operating Revenue	\$ 104,654,023	\$ 114,179,474	\$ (9,525,451)
Operating Expense	267,817,241	269,687,949	(1,870,708)
Operating Income/Loss	\$ (163,163,218)	\$ (155,508,475)	\$ (7,654,743)
Non-Operating Revenue and Expense	162,186,951	162,993,320	(806,369)
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	\$ (976,267)	\$ 7,484,845	\$ (8,461,112)
Other Revenues, Expenses, Gains, Losses and Special Items	35,094,235	4,688,293	30,405,942
Change in Net Position	\$ 34,117,968	\$ 12,173,138	\$ 21,944,830
Net Position at beginning of year	(9,281,541)	(21,454,679)	12,173,138
Net Position at End of Year	\$ 24,836,427	\$ (9,281,541)	\$ 34,117,968

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

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

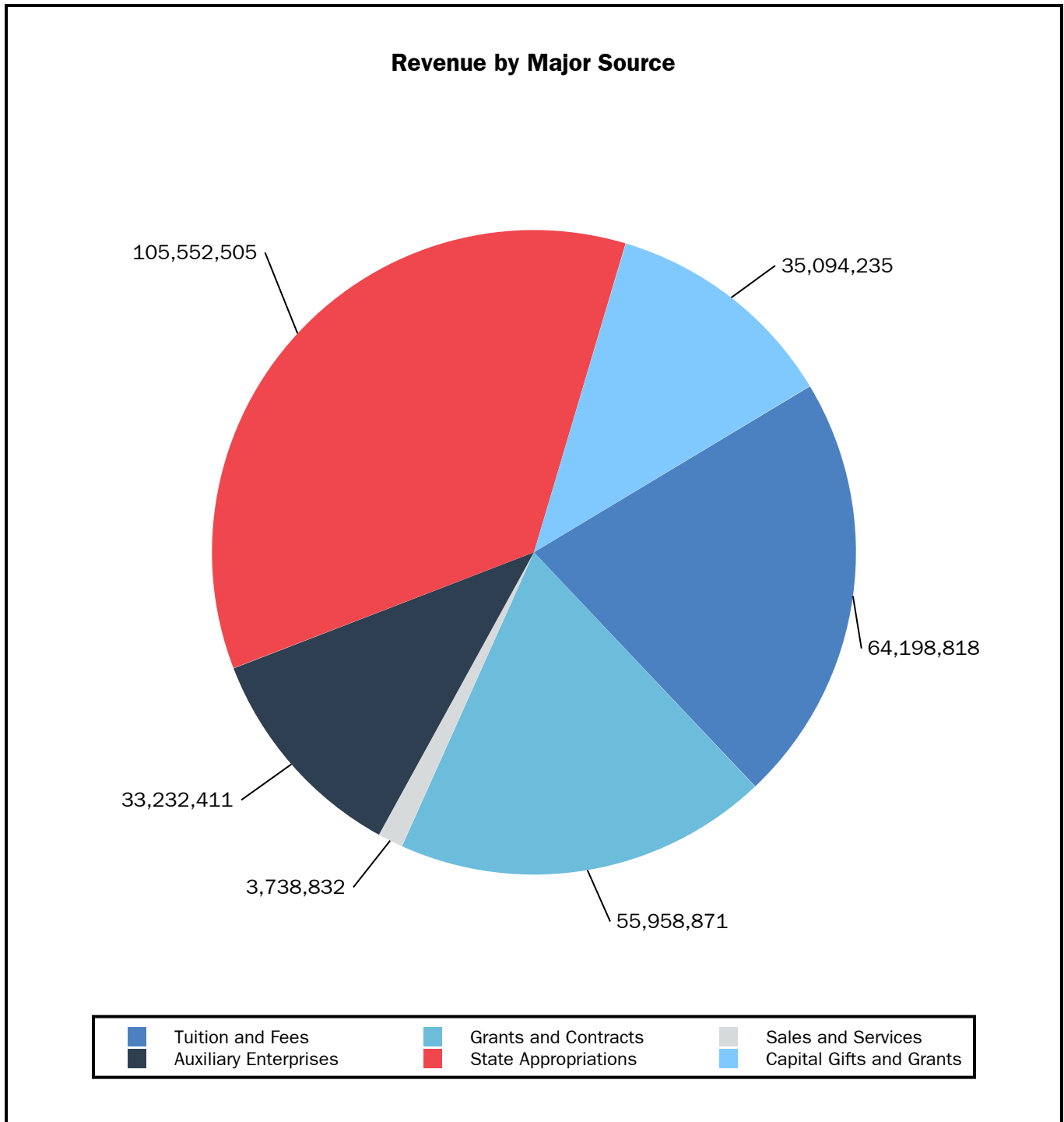
Revenues

In fiscal year 2023, Operating Revenue decreased by \$9.5 million, while Non-Operating Revenue and Expenses decreased by \$0.8 million. The decrease in Non-Operating Revenue included an increase in State Appropriations of \$11,192,216, which includes a partial restoration of prior year budget cut levels. The decrease also included a decrease in grants and contracts revenue of \$17,993,222 as a result of HEERF expenditures in fiscal year 2022.

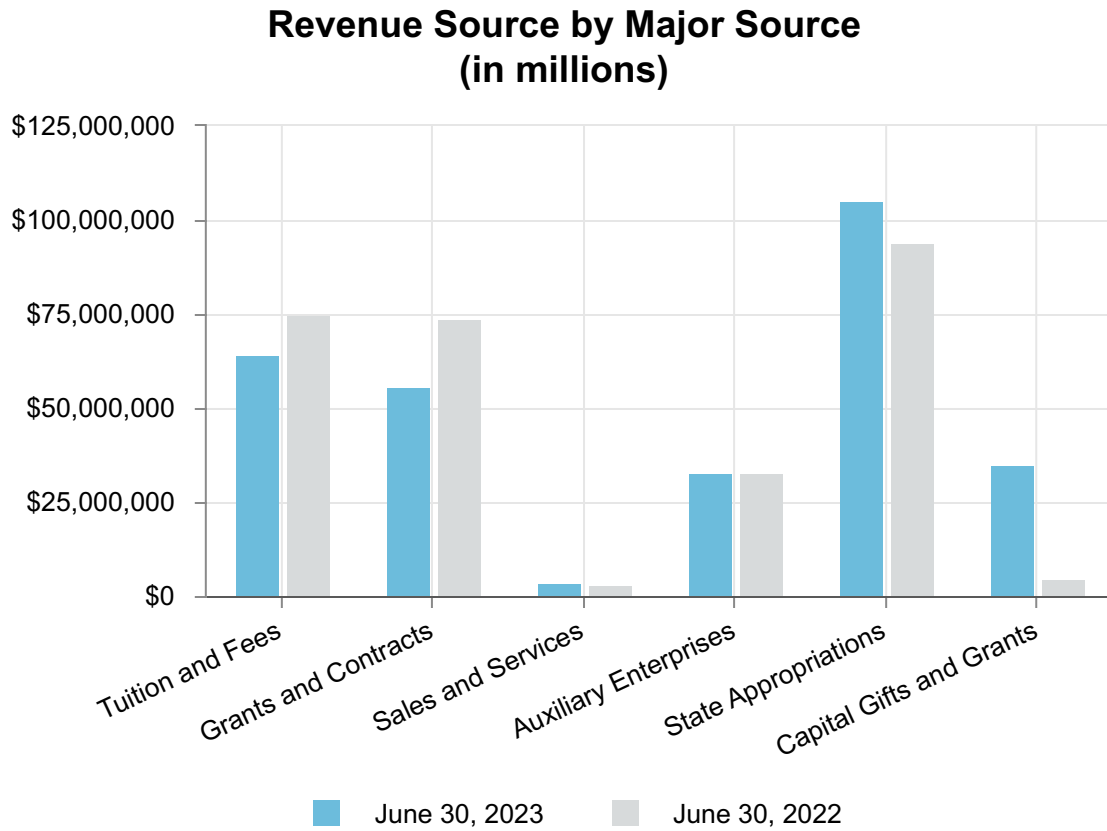
For the years ended June 30, 2023 and June 30, 2022, Revenues By Source were as follows:

REVENUES BY SOURCE	June 30, 2023	June 30, 2022	Increase/ (Decrease)
Tuition and Fees	\$ 64,198,818	75,125,969	\$ (10,927,151)
Grants and Contracts	—	710	(710)
Sales and Services	3,738,832	3,426,857	311,975
Auxiliary Enterprises	33,232,411	32,729,661	502,750
Other Operating Revenues	3,483,962	2,896,277	587,685
Total Operating Revenues	\$ 104,654,023	\$ 114,179,474	\$ (9,525,451)
State Appropriations	105,552,505	94,360,289	11,192,216
Grants and Contracts	55,958,871	73,952,093	(17,993,222)
Gifts	3,614,284	756,441	2,857,843
Investment Income	1,640,350	(975,689)	2,616,039
Other Nonoperating Revenues	190,161	(77,012)	267,173
Total Nonoperating Revenues	\$ 166,956,171	\$ 168,016,122	\$ (1,059,951)
State Capital Gifts and Grants	34,931,058	1,639,836	33,291,222
Other Capital Gifts and Grants	163,177	3,048,457	(2,885,280)
Total Capital Gifts and Grants	\$ 35,094,235	\$ 4,688,293	\$ 30,405,942
Total Revenues	\$ 306,704,429	\$ 286,883,889	\$ 19,820,540

Revenue by Major 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:

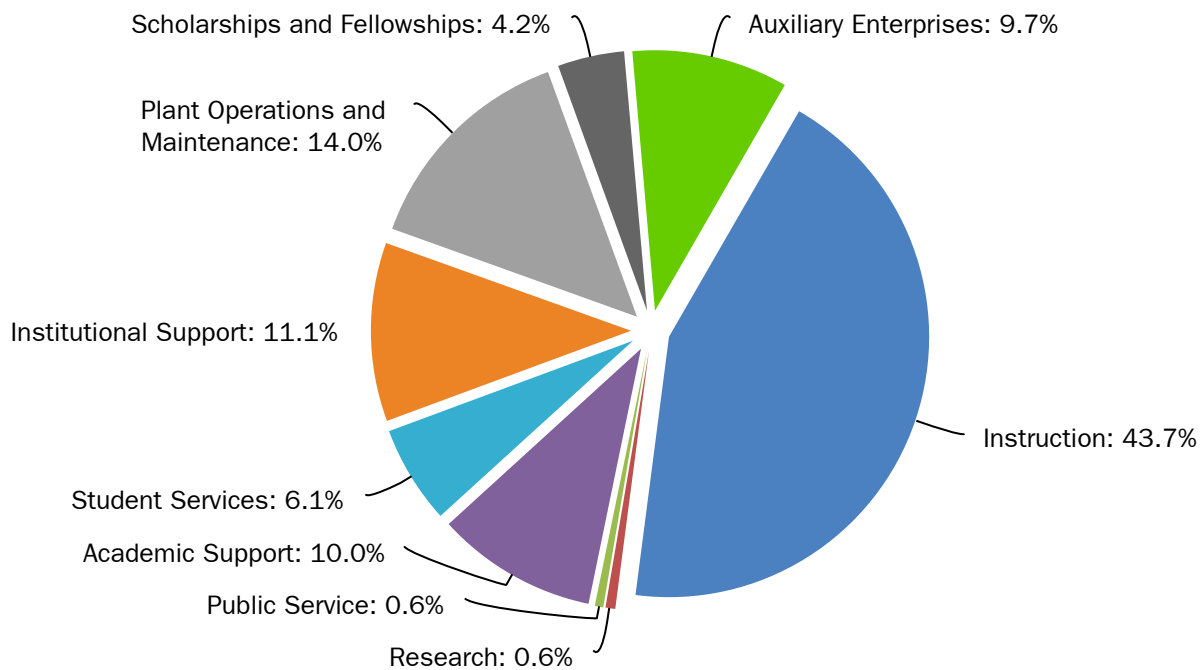
EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2023	June 30, 2022	Increase/ (Decrease)
Instruction	117,131,602	100,946,127	16,185,475
Research	1,681,810	1,633,939	47,871
Public Service	1,439,055	1,246,382	192,673
Academic Support	26,848,498	23,875,719	2,972,779
Student Services	16,376,026	14,997,505	1,378,521
Institutional Support	29,746,799	33,355,588	(3,608,789)
Plant Operations and Maintenance	37,404,780	33,196,901	4,207,879
Scholarships and Fellowships	11,134,130	35,315,107	(24,180,977)
Auxiliary Enterprises	26,054,541	25,120,681	933,860
Total Operating Expenses	267,817,241	269,687,949	(1,870,708)
Interest Expense	4,769,220	5,022,802	(253,582)
Total Nonoperating Expenses	4,769,220	5,022,802	(253,582)
Total Expenses	272,586,461	274,710,751	(2,124,290)

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

Total Operating Expenses were \$267,817,241 in fiscal year 2023, a decrease of \$1,870,708, or 0.69%, over fiscal year 2022. This decrease is due to both increases and decreases in several functional classifications. The University experienced a decrease in Scholarships and Fellowships of \$24,180,977 as a result of HEERF funding for student awards in FY22. The University's Instruction expenses increased, which included cost of living adjustments. The University's Plant Operations and Maintenance expenditures increased as a result of the overall rising cost of goods, services, and utilities.

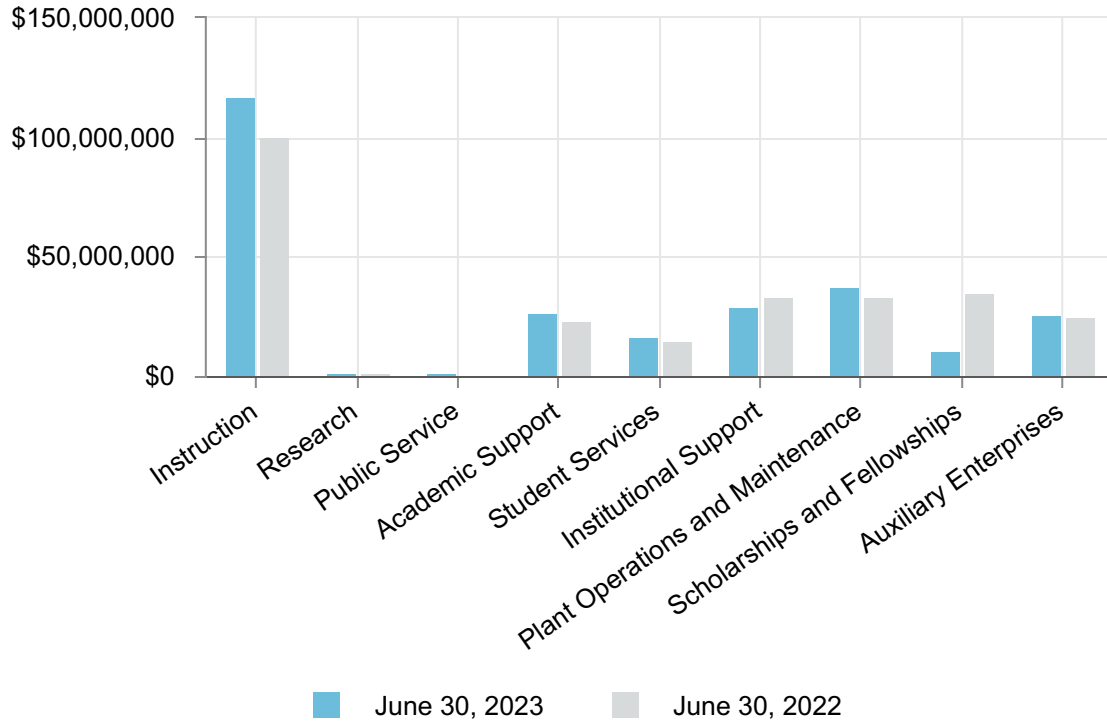
The following chart depicts the fiscal 2023 Operating Expenses By Functional Classification.

Operating Expenses by Functional Classification



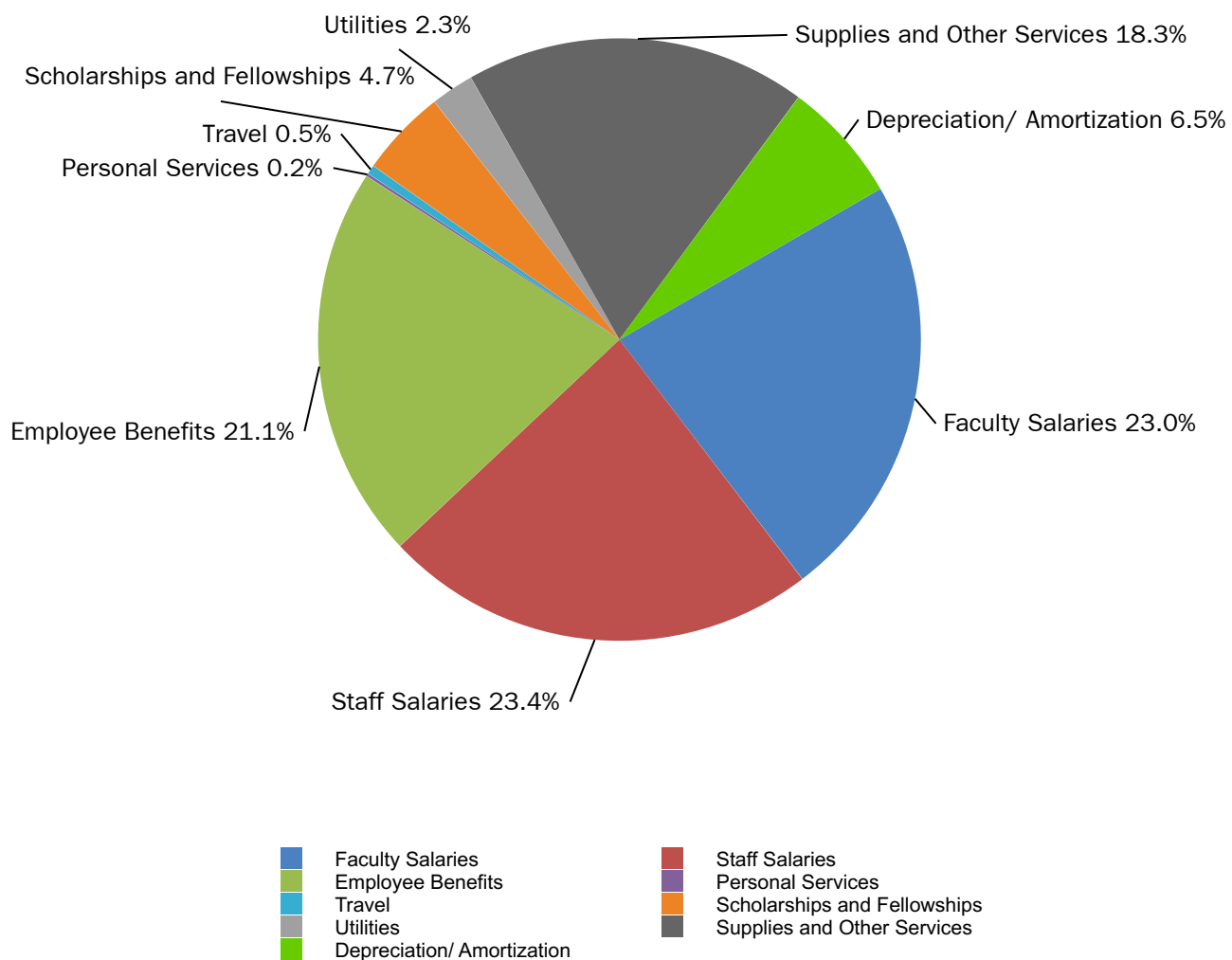
Operating Expenses By Functional Classification for the years ended June 30, 2023 and June 30, 2022 is depicted by the following chart:

Operating Expenses by Functional Classification (in millions)



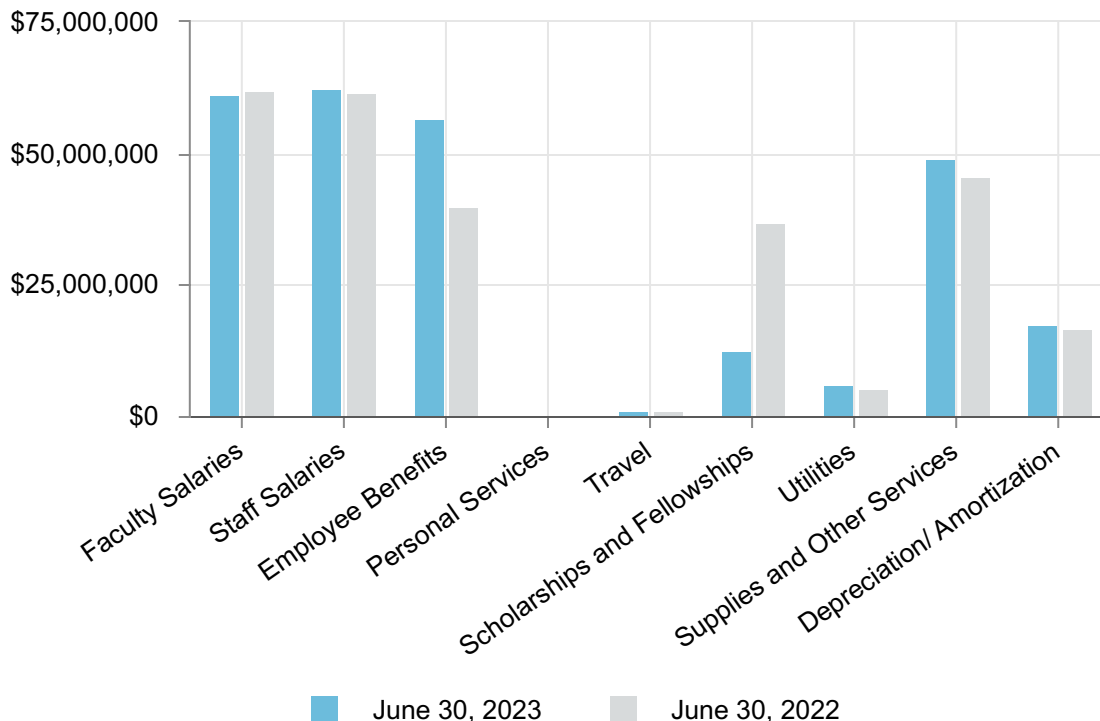
The following chart depicts the fiscal 2023 Operating Expenses by Natural Classification.

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 University during the year and is divided into five sections. The first section is concerned with operating cash flows and reflects the net cash used by the various operating activities of the University. The second section is related to cash flows from non-capital financing activities, which reflects the cash received and spent for non-capital financing purposes. The third section summarizes cash flows from the acquisition and construction of capital and financing activities. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The 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 June 30, 2022, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS		
	June 30, 2023	June 30, 2022
Cash Provided (Used) by:		
Operating Activities	\$ (131,532,745)	\$ (142,359,986)
Non-Capital Financing Activities	160,205,217	175,125,669
Capital and Related Financing Activities	(20,674,286)	(22,069,421)
Investing Activities	1,449,294	(93,404)
NET CHANGE IN CASH	\$ 9,447,480	\$ 10,602,858
Cash, beginning of year	64,089,871	53,487,013
CASH, end of year	\$ 73,537,351	\$ 64,089,871

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

Capital & Intangible Right-to-Use Assets

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

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2023	June 30, 2022	Increase (Decrease)
Land	\$ 11,597,090	11,597,090	\$ —
Capitalized Collections	182,050	182,050	—
Construction Work-in-Progress	2,212,357	2,372,300	(159,943)
Infrastructure	3,893,541	4,206,258	(312,717)
Building and Building Improvements	271,074,583	246,586,658	24,487,925
Facilities and Other Improvements	12,984,157	11,121,024	1,863,133
Equipment	9,559,314	9,083,286	476,028
Library Collections	336,704	489,822	(153,118)
Capitalized Collections	35,528	27,000	8,528
Capital Assets, net of accumulated depreciation	\$ 311,875,324	\$ 285,665,488	\$ 26,209,836

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

Net Capital Assets increased overall as a result of the addition of the Mike Cottrell College of Business. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Residual value is equal to 10% of historical costs for buildings, building improvements, infrastructure, facilities and other improvements.

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

INTANGIBLE RIGHT-TO-USE ASSETS, net of accumulated amortization	June 30, 2023	June 30, 2022	Increase (Decrease)	% Change
Land	\$ 310,260	\$ 202,171	\$ 108,089	53.46 %
Infrastructure	21,585	41,510	(19,925)	(48.00)%
Building and Building Improvements	1,079,587	1,265,642	(186,055)	(14.70)%
Facilities and Other Improvements	—	—	—	—
Equipment	429,104	497,971	(68,867)	(13.83)%
Subscription Based IT Arrangements (SBITAs)	820,858	—	820,858	100.00 %
Subscription Based IT Arrangements (SBITAs) - Library Collections	—	—	—	—
Intangibles	—	—	—	—
Intangible Right-to-Use Assets, net of accumulated amortization	\$ 2,661,394	\$ 2,007,294	\$ 654,100	32.59 %

(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.

	Current Year		Prior Year	
	Cost	Accum Amort	Cost	Accum Amort
Intangible Right-to-use Assets				
Land	421,673	111,413	250,516	48,345
Infrastructure	59,775	38,190	59,775	18,265
Building and Building Improvements	1,950,797	871,210	1,678,957	413,315
Facilities and Other Improvements	0	0	0	0
Equipment	839,176	410,072	673,447	175,476
SBITA - Other	1,091,688	270,830	0	0
SBITA - Library Collections	0	0	0	0
Intangibles	0	0	0	0

The increase in net Intangible Right-to-Use Assets is attributed in part to the addition of Subscription-Based Information Technology Arrangements (SBITAs) with the implementation of GASB 96 in FY 2023. This GASB Statement recognizes an intangible right-to-use subscription asset and subscription liability for subscription terms in which a government entity has a noncancellable right to use the underlying IT asset.

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

Long Term Liabilities

As of June 30, 2023, the University of North Georgia had Current liabilities totaling \$22,475,290 and Non-Current Liabilities, including Net Pension and Net OPEB Liabilities, totaling \$429,813,344.

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

The Notes to the Financial Statements are an integral part of the basic financial statements, and they communicate essential information for fair presentation. For example, the notes contain 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 University is not aware of any circumstances, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the fiscal year beyond those unknown variations having a global effect on business operations. The University's overall financial position is strong, and the University anticipates the current fiscal year will be similar to the prior year. The University will maintain a close watch over resources to maintain its ability to react to unknown internal and external issues.

Michael P. Shannon, Ph. D.
President
University of North Georgia

Financial Statements (GAAP Basis)



UNIVERSITY OF NORTH GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2023

University of North Georgia

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 71,215,105
Cash and Cash Equivalents (Externally Restricted)	1,241,134
Short-term Investments	1,471,785
Accounts Receivable, net	
Federal Financial Assistance	4,053,512
Affiliated Organizations	301,373
Other	2,805,247
Inventories	370,350
Prepaid Items	3,345,508
Total Current Assets	<u>84,804,014</u>

Non-Current Assets

Due From USO - Capital Liability Reserve Fund	862,527
Investments	6,329,515
Notes Receivable, net	1,238,399
Non-current Cash (Externally Restricted)	1,081,112
Investments (Externally Restricted)	904,920
Capital Assets, net	311,875,325
Intangible Right-to-Use Assets, net	2,661,394
Total Non-Current Assets	<u>324,953,192</u>

TOTAL ASSETS

409,757,206

DEFERRED OUTFLOWS OF RESOURCES

\$ 124,280,449

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

**UNIVERSITY OF NORTH GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>University of North Georgia</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 5,192,083
Salaries Payable	390,267
Benefits Payable	501,213
Contracts Payable	20,712
Retainage Payable	223,353
Due to Affiliated Organizations	54,728
Advances (Including Tuition and Fees)	6,229,611
Deposits	352,592
Deposits Held for Other Organizations	142,996
Other Liabilities	241,251
Subscription Obligations	325,561
Notes and Loans Payable	4,296,070
Lease Purchase Obligations	721,281
Compensated Absences	3,783,572
Total Current Liabilities	<u>22,475,290</u>
Non-Current Liabilities	
Other Liabilities	
Subscription Obligations	522,899
Notes and Loans Payable	108,803,589
Lease Purchase Obligations	1,071,998
Compensated Absences	2,758,736
Net Other Post Employment Benefits Liability	140,131,291
Net Pension Liability	176,524,831
Total Non-Current Liabilities	<u>429,813,344</u>
TOTAL LIABILITIES	<u>452,288,634</u>
DEFERRED INFLOWS OF RESOURCES	<u>56,912,594</u>
NET POSITION	
Net Investment in Capital Assets	202,808,839
Restricted for:	
Nonexpendable	2,049,018
Expendable	4,137,957
Unrestricted (Deficit)	<u>(184,159,387)</u>
TOTAL NET POSITION	<u>\$ 24,836,427</u>

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

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

	<u>University of North Georgia</u>
OPERATING REVENUES	
Student Tuition and Fees (net)	\$ 64,198,818
Sales and Services	3,738,832
Rents and Royalties	240,641
Auxiliary Enterprises	
Residence Halls	12,280,322
Bookstore	1,434,908
Food Services	9,621,487
Parking/Transportation	4,672,840
Health Services	1,544,503
Intercollegiate Athletics	3,531,210
Other Organizations	147,141
Other Operating Revenues	<u>3,243,321</u>
 Total Operating Revenues	 <u>104,654,023</u>
OPERATING EXPENSES	
Faculty Salaries	61,482,720
Staff Salaries	62,588,469
Employee Benefits	56,650,373
Other Personal Services	432,545
Travel	1,289,086
Scholarships and Fellowships	12,592,799
Utilities	6,175,322
Supplies and Other Services	49,125,658
Depreciation and Amortization	<u>17,480,269</u>
 Total Operating Expenses	 <u>267,817,241</u>
 Operating Income (Loss)	 <u>\$ (163,163,218)</u>

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

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

	<u>University of North Georgia</u>
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	\$ 105,552,505
Grants and Contracts	
Federal	49,178,133
State	1,601,815
Other	5,178,923
Gifts	3,614,284
Investment Income	1,640,350
Interest Expense	(4,769,220)
Other Nonoperating Revenues (Expenses)	<u>190,161</u>
Net Nonoperating Revenues	<u>162,186,951</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>(976,267)</u>
Capital Grants and Gifts	
Federal	5,556
State	34,931,058
Other	<u>157,621</u>
Total Other Revenues, Expenses, Gains or Losses	<u>35,094,235</u>
Change in Net Position	<u>34,117,968</u>
Net Position, Beginning of Year, As Originally Reported	(9,281,541)
Prior Year Adjustments	
Net Position, Beginning of Year, Restated	<u>(9,281,541)</u>
Net Position, End of Year	<u><u>\$ 24,836,427</u></u>

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

**UNIVERSITY OF NORTH GEORGIA
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

	<u>University of North Georgia</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 103,803,664
Payments to Suppliers	(96,908,949)
Payments to Employees	(126,169,157)
Payments for Scholarships and Fellowships	(12,592,799)
Loans Issued to Students	(140,924)
Collection of Loans from Students	353,890
Other Receipts	121,530
Net Cash Used by Operating Activities	<u>(131,532,745)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	105,552,505
Gifts and Grants Received for Other Than Capital Purposes	54,652,712
Net Cash Flows Provided by Non-Capital Financing Activities	<u>160,205,217</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	73,321
Purchases of Capital Assets and Intangible Right-to-Use Assets	(9,575,814)
Principal Paid on Capital Debt and Leases	(6,403,630)
Interest Paid on Capital Debt and Leases	(4,768,163)
Net Cash Used by Capital and Related Financing Activities	<u>(20,674,286)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	1,632,033
Purchase of Investments	(182,739)
Net Cash Provided by Investing Activities	<u>1,449,294</u>
Net Increase in Cash and Cash Equivalents	9,447,480
Cash and Cash Equivalents, Beginning of Year	<u>64,089,871</u>
Cash and Cash Equivalents, End of Year	<u>\$ 73,537,351</u>

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

**UNIVERSITY OF NORTH GEORGIA
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

	University of North Georgia
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (163,163,218)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	17,480,269
Operating Expenses Related to Noncash Gifts	2,710,678
Change in Assets and Liabilities:	
Receivables, net	167,592
Inventories	(19,640)
Prepaid Items	(26,961)
Notes Receivable, Net	212,966
Accounts Payable	1,831,673
Salaries Payable	(683,332)
Benefits Payable	5,847
Contracts Payable	(21,038)
Retainage Payable	92,567
Deposits	(119,676)
Advances (Including Tuition and Fees)	(764,806)
Other Liabilities	195,588
Funds Held for Others	21,530
Compensated Absences	(96,587)
Due to Affiliated Organizations	6,206
Net Pension Liability	126,981,081
Other Post-Employment Benefit Liability	(35,657,153)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	(43,057,709)
Deferred Outflows of Resources	(37,628,622)
Net Cash Used by Operating Activities	<u>\$ (131,532,745)</u>

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

Noncapital Financing Activities Noncash Items:	
Noncapital Gifts	<u>\$ 2,710,678</u>
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	<u>\$ 4,316,388</u>
Amortization of Non-capital Financing Activities Advances and Deferred Inflows	<u>\$ 2,243,119</u>
Capital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	<u>\$ 1,417,656</u>
Gift of Capital Assets	<u>\$ 34,284,740</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ 162,280</u>
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	<u>\$ 619,052</u>
Intangible Right-to-Use Assets Acquired by Incurring SBITAs	<u>\$ 144,684</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ (1,058)</u>
Unrealized Gain (Loss) on Investments	<u>\$ 8,317</u>

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

**UNIVERSITY OF NORTH GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Custodial Funds</u>
ASSETS	
Receivables	—
Other	3,750,090
Total Assets	<u>3,750,090</u>
LIABILITIES	
Cash Overdraft	3,488,553
Total Liabilities	<u>3,488,553</u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 261,537</u>

**UNIVERSITY OF NORTH GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 28,395,494
State Financial Aid	43,723,564
Other Financial Aid	5,132,419
Clubs and Other Organizations Fund Raising	297,311
Public-Private Partnership Passthrough	6,395,058
Total Additions	<u>83,943,846</u>
DEDUCTIONS	
Scholarships and Other Student Support	77,292,167
Student Organizations Support	394,382
Public-Private Partnership Passthrough	6,437,713
Total Deductions	<u>84,124,262</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>(180,416)</u>
Net Position, Beginning of Year	
Net Position, Beginning of Year, As Originally Reported	<u>441,953</u>
Net Position, Beginning of Year	<u>441,953</u>
Net Position, End of Year	<u><u>\$ 261,537</u></u>

Notes to the Financial Statements



UNIVERSITY OF NORTH GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the University. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2023, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements should be read in conjunction with the State's ACFR. The most recent State of Georgia ACFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at sao.georgia.gov/comprehensive-annual-financial-reports.

Basis of Accounting and Financial Statement Presentation

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

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

The University reports the following fiduciary fund:

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

New Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for fiscal years beginning after December 15, 2020. In fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 91 to fiscal year

2023. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The adoption of this statement does not have a significant impact on the financial statements and will be applied prospectively.

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

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

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

Cash and Cash Equivalents

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

Short-Term Investments

Short-Term Investments consist of investments of 90 days - 13 months. These include certificates of deposits or other time-restricted investments with original maturities of six months or more when purchased. Funds are not readily available and there is a penalty for early withdrawal. Short-Term Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Short-Term Investments restricted as to use by a third party are reported as externally restricted.

Investments

Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The University accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The Board of Regents Balanced Income Fund is included as an investment.

Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Assets restricted as to use by a third party are reported as externally restricted.

Accounts Receivable

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

Inventories

Resale inventories are valued at cost using the average-cost basis.

Prepaid Items

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

Capital Assets

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

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

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

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

Intangible Right-To-Use Assets

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

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

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

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

Capital Liability Reserve Fund

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

Deferred Outflows of Resources

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

Deposits

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

Advances

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

Deposits Held for Other Organizations

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

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

Other Post-Employment Benefit (OPEB)

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

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

Pensions and Net Pension Liability

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

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

Net Position

The University's net position is classified as follows:

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

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

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

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

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$22,607,621.

Restatement of Prior Year Net Position

The University made prior period adjustments due to the adoption of GASB Statement No. 96, which required the restatement of the July 1, 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 subscription-based information technology arrangements (SBITAs).

For business-type activities, the results are an overall increase in liabilities of \$947,004 and an overall increase in assets of \$947,004 for a net impact on net position of \$0. The increase in liabilities is the result of an increase in subscription obligations, which is evidenced by the restatement noted in Note 8, Long-Term Liabilities. The increase in assets is the result of an increase in the intangible right-to-use assets, which is evidenced by the restatement noted in Note 6, 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	\$	71,215,105
Cash and Cash Equivalents (Externally Restricted)		1,241,134
Short-Term Investments		1,471,785

Noncurrent

Noncurrent - Investments		6,329,515
Noncurrent Cash (Externally Restricted)		1,081,112
Noncurrent Investments (Externally Restricted)		904,920

Statement of Fiduciary Net Position

Cash and Cash Equivalents		(3,488,553)
	\$	<u>78,755,018</u>

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

Cash on Hand	\$	10,030
Deposits with Financial Institutions		64,518,559
Investments		14,226,429
	\$	<u>78,755,018</u>

A. Deposits with Financial Institutions

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

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

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

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

At June 30, 2023, the bank balances of the University's deposits totaled \$65,687,554. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the USG. Of these deposits, \$0 were exposed to custodial credit risk.

B. Investments

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

GASB Statement No. 72, *Fair Value Measurements and Application* requires fair value measurement be classified and disclosed in one of the following three categories ("Fair Value Hierarchy"):

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies, such as matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments. Investments classified in Level 3 include guaranteed investment contracts. Guaranteed investment contracts are valued by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

Net Asset Value (NAV) – Investments whose fair value is measured at the NAV are excluded from the fair value hierarchy as a practical expedient to fair value. Investments reported at NAV include real estate funds that invest primarily in U.S. commercial real estate. The fair values of real estate investments in this category have been estimated using the net asset value of the University's ownership interest in partners' capital. Real estate investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from real estate investment funds will be received as the underlying investments of a fund are liquidated.

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

	Fair Value	Fair Value Hierarchy			NAV
		Level 1	Level 2	Level 3	
Investment type:					
Debt Securities					
Money Market Mutual Funds	\$ 5,451	\$ 5,451	\$ —	\$ —	—
Municipal Obligations	905,316	905,316	—	—	—
Other Investments					
Equity Securities - Domestic	424,532	424,532	—	—	—
	<u>1,335,299</u>	<u>\$ 1,335,299</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>
Investment Pools					
Board of Regents					
Short-Term Fund	6,836,208				
Balanced Income Fund	5,899,136				
Office of the State Treasurer					
Georgia Fund 1	155,786				
Total Investments	<u>\$ 14,226,429</u>				

For fiscal year 2023, the University did not have any Level 2 or Level 3 investments.

The University holds positions in the Georgia Fund 1 investment pool managed by the Georgia Office of the State Treasurer. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The University does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Board of Regents Pooled Investment Program

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

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

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

1. Short-Term Fund

The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and for three years, and the fund will typically have an overall average duration of $\frac{3}{4}$ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Short-Term Fund at June 30, 2023 was \$6,836,208, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.93 years.

2. **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 30% and 40%, with a target of 35% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 70%, with a target of 65% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Balanced Income Fund at June 30, 2023 was \$5,899,136, of which 66% is invested in debt securities. The Effective Duration of the Fund is 5.46 years.

Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, \$1.00 per share. The Georgia Fund 1 Investment Pool is an AAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 28 days.

Interest Rate Risk

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

	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type:						
Debt Securities						
Money Market Mutual Funds	\$ 5,451	5,451				
Municipal Obligations	905,316		39,642	469,030	245,919	150,725
	910,767	\$ 5,451	\$ 39,642	\$ 469,030	\$ 245,919	\$ 150,725
Other Investments						
Equity Securities - Domestic	424,532					
Investment Pools						
Board of Regents						
Short-Term Fund	6,836,208					
Balanced Income Fund	5,899,136					
Office of the State Treasurer						
Georgia Fund 1	155,786					
Total Investments	\$ 14,226,429					

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University's policy for managing custodial credit risk is to ensure all securities transactions are settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve.

At June 30, 2023, 910,767 was uninsured and held by the investment's counterparty's trust department or agent, but not in the University's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for managing credit quality risk is contained in the investment policy guidelines for the University.

The investments subject to credit quality risk for the University are reflected below:

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
Money Market Mutual Funds	\$ 5,451					\$ 5,451
Municipal Obligations	905,316	68,490	552,607	230,156	54,063	
	<u>\$ 910,767</u>	<u>\$ 68,490</u>	<u>\$ 552,607</u>	<u>\$ 230,156</u>	<u>\$ 54,063</u>	<u>\$ 5,451</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's policy requires diversification of investments to reduce overall portfolio risk while maintaining market rates of return.

At June 30, 2023, none of the University's investments subject to concentration of credit risk disclosure exceeded 5% of total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Exposure to foreign currency credit risk is limited to funds maintained in foreign accounts for the Study Abroad Program. The University's policy for managing foreign currency risk is to maintain a maximum balance in a foreign account of \$100,000 U.S. currency, if applicable.

Note 3 Accounts Receivable

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

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 1,186,092	\$ 24,124
Auxiliary Enterprises and Other Operating Activities	549,814	
Federal Financial Assistance	4,053,512	317,052
Georgia Student Finance Commission		3,408,914
Georgia State Financing and Investment Commission	1,348,678	
Due from Affiliated Organizations	301,373	
Due From Other USG Institutions	1,162,574	
Lease Receivable	99,539	
Other	445,308	
	<u>9,146,890</u>	<u>3,750,090</u>
Less: Allowance for Doubtful Accounts	<u>1,124,231</u>	<u>—</u>
Net Accounts Receivable	<u>\$ 8,022,659</u>	<u>\$ 3,750,090</u>

Note 4 Inventories

Inventories consisted of the following at June 30, 2023:

Merchandise for Resale	<u>370,350</u>
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Note 5 Notes and Loans Receivable

Notes receivable consists of resources made available for financial loans to students of the Institution. Allowances for uncollectible loans are reported based on management's best estimate considering type, age, collection history, and other factors considered appropriate. At June 30, 2023, the allowance for uncollectible loans was \$0.

Note 6 Capital and Intangible Right-to-Use Assets

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	\$ 11,597,090	\$ —	\$ —	\$ 11,597,090
Capitalized Collections	182,050	—	—	182,050
Construction Work-in-Progress	2,372,300	4,530,660	4,690,603	2,212,357
Total Capital Assets Not Being Depreciated	14,151,440	4,530,660	4,690,603	13,991,497
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	10,535,064	—	—	10,535,064
Building and Building Improvements	433,008,169	36,899,462	—	469,907,631
Facilities and Other Improvements	25,933,418	2,579,011	—	28,512,429
Equipment	30,907,109	3,093,811	219,680	33,781,240
Library Collections	10,858,698	21,462	42,195	10,837,965
Capitalized Collections	27,000	9,500	—	36,500
Total Capital Assets Being Depreciated/Amortized	511,269,458	42,603,246	261,875	553,610,829
Less: Accumulated Depreciation/Amortization				
Infrastructure	6,328,806	312,717	—	6,641,523
Building and Building Improvements	186,421,511	12,608,573	197,036	198,833,048
Facilities and Other Improvements	14,812,394	715,878	—	15,528,272
Equipment	21,823,823	2,611,096	212,993	24,221,926
Library Collections	10,368,876	174,580	42,195	10,501,261
Capitalized Collections	—	972	—	972
Total Accumulated Depreciation/Amortization	239,755,410	16,423,816	452,224	255,727,002
Total Capital Assets, Being Depreciated/Amortized, Net	271,514,048	26,179,430	(190,349)	297,883,827
Capital Assets, net	\$ 285,665,488	\$ 30,710,090	\$ 4,500,254	\$ 311,875,324

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2023, GSFIC transferred capital additions valued at \$34,931,058 and non-capital additions valued at \$2,680,283 from GSFIC managed projects to the University, for a total of \$37,611,341. At June 30, 2023, GSFIC had construction in progress of approximately \$1,737,659 for incomplete GSFIC managed projects for the University, including the Cumming Campus addition and Blue Ridge expansion.

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

Fiscal Year	Depreciation and Amortization Expense
2023	\$ 17,480,269
2022	\$ 16,666,373
2021	\$ 16,510,727

Intangible Right-to-Use Assets

Changes in intangible assets 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				
Land	\$ 250,516	\$ 172,607	\$ 1,450	\$ 421,673
Infrastructure	59,775	—	—	59,775
Building and Building Improvements	1,678,957	296,089	24,249	1,950,797
Equipment	673,447	178,238	12,509	839,176
Subscription Based IT Arrangements (SBITAs)	947,004	144,684	—	1,091,688
	<u>3,609,699</u>	<u>791,618</u>	<u>38,208</u>	<u>4,363,109</u>
Less: Accumulated amortization				
Land	48,345	63,068	—	111,413
Infrastructure	18,265	19,925	—	38,190
Building and Building Improvements	413,315	457,895	—	871,210
Equipment	175,476	244,735	10,139	410,072
Subscription Based IT Arrangements (SBITAs)	—	270,830	—	270,830
	<u>655,401</u>	<u>1,056,453</u>	<u>10,139</u>	<u>1,701,715</u>
Intangible Right-to-use Assets, net	<u>\$ 2,954,298</u>	<u>(264,835)</u>	<u>\$ 28,069.00</u>	<u>\$ 2,661,394</u>

Note 7 Advances (Including Tuition and Fees)

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

	<u>Current Liabilities</u>
Prepaid Tuition and Fees	\$ 4,777,184
Research	4,852
Other - Advances	<u>1,447,575</u>
Totals	<u>\$ 6,229,611</u>

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

Note 8 Long-Term Liabilities

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

	(Restated)				
	Balance			Balance	Current
	July 1, 2022	Additions	Reductions	June 30, 2023	Portion
Lease & Subscription Obligations					
Lease Obligations	\$ 1,963,935	\$ 619,052	\$ 789,708	\$ 1,793,279	\$ 721,281
Subscription Obligations	947,004	144,684	243,228	848,460	325,561
Total	<u>2,910,939</u>	<u>763,736</u>	<u>1,032,936</u>	<u>2,641,739</u>	<u>1,046,842</u>
Other Liabilities					
Compensated Absences	6,638,895	9,348,066	9,444,653	6,542,308	3,783,572
Notes and Loans Payable	118,470,354	—	5,370,695	113,099,659	4,296,070
Total	<u>125,109,249</u>	<u>9,348,066</u>	<u>14,815,348</u>	<u>119,641,967</u>	<u>8,079,642</u>
Total Long-Term Obligations	<u>\$ 128,020,188</u>	<u>\$ 10,111,802</u>	<u>\$ 15,848,284</u>	<u>\$ 122,283,706</u>	<u>\$ 9,126,484</u>

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

Notes and Loans Payable

The University of North Georgia currently has no notes or loans payable obligations for non-leases at June 30, 2023.

Financing Lease Agreements

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

In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to financing lease agreements for fiscal year 2023 were \$5,370,694 and \$4,729,190, respectively. Interest rates range from 3.600% to 6.279%.

The University has \$109,169,737 in outstanding notes and loans payable due to affiliated organizations for financing lease agreements. The University has \$3,929,919 in outstanding notes and loans payable due to the University System of Georgia Real Estate Foundation, 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
	(+)	(-)	(=)	
Financed Land and Land Improvements	\$ 1,200,673		\$ 1,200,673	\$ 642,130
Financed Infrastructure			0	
Finance Buildings and Building Improvements	138,220,647	68,647,772	69,572,875	112,103,452
Financed Facilities and Other Improvements	293,389	151,988	141,401	247,902
Financed Equipment	126,732	126,732	0	106,175
Total Assets Held Under Finance Lease Arrangement	\$ 139,841,441	\$ 68,926,492	\$ 70,914,949	\$ 113,099,659

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Recreation Center	North Georgia Parking & Recreation Center, LLC	\$ 21,446,617	20 years	April 2017	June 2037	\$ 16,249,778 (1)
Office Building/Land	North Georgia Parking & Recreation Center, LLC	2,628,383	19 years	April 2017	June 2036	1,964,685 (1)
Patriot Hall	North Georgia PHD, LLC	13,625,363	23 years	December 2017	June 2040	11,927,320 (1)
North Georgia Suites	North Georgia PHD, LLC	21,927,504	23 years	December 2017	June 2040	19,185,168 (1)
Walker Drive Parking Deck	North Georgia PHD, LLC	15,230,854	23 years	December 2017	June 2040	13,332,447 (1)
Dining Hall	North Georgia PHD, LLC	20,786,137	23 years	December 2017	June 2040	18,180,715 (1)
Military Dorm / Liberty Hall	North Georgia MBA, LLC	9,599,259	23 years	December 2017	June 2040	8,048,776 (1)
Chestatee Building	North Georgia MBA, LLC	9,142,845	23 years	December 2017	June 2040	7,720,722 (1)
Gaillard Hall Renovation	North Georgia MBA, LLC	7,598,807	23 years	December 2017	June 2040	6,373,878 (1)
Pilgrim Mill	Pilgrim Mill Center, LLC	4,050,000	11 years	August 2012	June 2023	— (1)
Gainesville Parking Structure	USG Real Estate Foundation I, LLC	4,747,449	25 years	December 2015	June 2040	3,929,919 (1)
Gainesville - Oconee Campus	GSC Foundation Real Estate Holding Company, LLC	4,325,809	9 years	July 2015	December 2023	— (1)
Hurricane Creek (Outdoor Lab Research Property)	Real Estate Foundation, Inc	385,230	7 years	January 2017	June 2023	— (1)
South Parking Deck	North Georgia Parking & Recreation Center, LLC	9,125,349	29 years	September 2017	June 2046	6,186,251 (1)
Total Leases		\$144,619,606				\$ 113,099,659

(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.

Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,296,072	\$ 4,534,921
2025	4,566,626	4,344,669
2026	4,852,319	4,154,852
2027	5,131,495	3,953,540
2028	5,428,144	3,750,344
2029 through 2033	32,071,735	15,072,276
2034 through 2038	39,244,971	7,747,654
2039 through 2043	16,492,196	1,111,291
2044 through 2048	<u>1,016,101</u>	<u>75,341</u>
 Total Minimum Lease Payments	 <u>\$ 113,099,659</u>	 <u>\$ 44,744,888</u>

Pollution Remediation

The University of North Georgia currently had no pollution remediation obligations at June 30, 2023.

Note 9 Deferred Outflows and Inflows of Resources

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

Deferred Outflow of Resources

Deferred Outflow on Debt Refunding	\$ 5,152,827
Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	85,941,791
Deferred Outflow on OPEB Plan (See Note 17)	33,185,831
Total Deferred Outflows of Resources	<u>\$ 124,280,449</u>

Deferred Inflow of Resources

Deferred Inflow on Debt Refunding	\$ 1,056,017
Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	4,119,711
Deferred Inflow on OPEB Plan (See Note 17)	51,637,327
Deferred Inflow of Resources - Leases	99,539
Total Deferred Inflows of Resources	<u>\$ 56,912,594</u>

Deferred Loss/Gain on Debt Refunding

In June 2015, the USG Real Estate Foundation refunded the bonds associated with the Gainesville Parking Deck lease and passed the perceived economic advantages of the refund to the Institution. The institution recognized a Deferred Inflow on Debt refunding in the amount of \$542,425. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$367,041.

In June 2015, the UNG Real Estate Foundation refunded the bonds associated with the Oconee Campus lease and passed the perceived economic advantages of the refund to the Institution. The institution recognized a Deferred Inflow on Debt refunding in the amount of \$1,334,417. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$0 as the debt was paid off in FY 2023.

In November 2016, the UNG Real Estate Foundation refunded the bonds associated with the Downtown Office Building, the Church Street Parking Deck, and the Recreation Center in Dahlonega and passed the perceived economic advantages of the refund to the institution. The institution recognized a Deferred Inflow and a Deferred Outflow on Debt refunding in the amount of \$1,002,147 and \$548,112, respectively. The unamortized Deferred Inflow and Deferred Outflow on Debt Refunding at year end related to this transaction is \$688,976 and \$376,827, respectively.

In July 2017, the UNG Real Estate Foundation refunded the bonds associated with the Chestatee Building, Gaillard Hall, Liberty Hall, Patriot Hall, the North Georgia Suites, the Dining Hall and the Walker Drive Deck and passed the perceived economic advantages of the refund to the Institution. The net savings to the institution from this refund is \$34,417,545 for the difference in the cash flow requirements between the original lease and the revised lease. However, the institution recognized a Deferred Outflow on Debt Refunding in the amount of \$6,321,176. This Deferred Outflow on Debt Refunding is the result of an increase in principal balance of the leases, which is more than offset by interest savings over the life of the lease. The unamortized Deferred Outflow on Debt Refunding at year end related to this transaction is \$4,775,999.

Deferred Inflow of Resources - Leases

In May 2023, UNG, for the Board of Regents of the University System of Georgia, entered into a second lease extension agreement with NGMC Lumpkin, LLC for the building space located at 227 Mountain Dr, Dahlonega, GA. The agreement extends the lease term on said property for a period of eight months, commencing 11/1/2023 and expiring 6/30/2024, for a base rent of \$8,333.33 per month. The amortized revenue recorded in fiscal year 2023 was \$99,699 and the remaining deferred inflow of resources was \$99,539.

Note 10 Net Position

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

Net Investment in Capital Assets	\$ 202,808,839
Restricted for	
Nonexpendable	
Permanent Endowment	<u>2,049,018</u>
Expendable	
Sponsored and Other Organized Activities	1,721,799
Federal Loans	170,341
Institutional Loans	<u>2,245,817</u>
Sub-Total	4,137,957
Unrestricted	
Auxiliary Enterprises Operations	41,311,350
Reserve for Encumbrances	14,872,636
Capital Liability Reserve Fund	862,527
Other Unrestricted	<u>(241,205,900)</u>
Sub-Total	<u>(184,159,387)</u>
Total Net Position	<u>\$ 24,836,427</u>

In fiscal year 2023, the University's other unrestricted net position is reduced by \$158,582,787 related to the recording of net OPEB liability, deferred inflow on OPEB plan, and deferred outflow on OPEB plan. Other unrestricted net position is also reduced by \$94,702,751 related to the recording of net pension liability, deferred gain on defined benefit pension plans, and deferred outflow on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Net Investments in Capital Assets	\$ 171,163,700	\$ 49,638,552	\$ 17,993,413	\$ 202,808,839
Restricted Net Position	5,269,254	91,053,106	90,135,385	6,186,975
Unrestricted Net Position	<u>(185,714,495)</u>	<u>215,461,162</u>	<u>213,906,054</u>	<u>(184,159,387)</u>
Total Net Position	<u>\$ (9,281,541)</u>	<u>\$ 356,152,820</u>	<u>\$ 322,034,852</u>	<u>\$ 24,836,427</u>

Note 11 Endowments

Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation on endowment investments available for authorization for expenditure was \$9,030 and is reflected within nonexpendable restricted net position.

For endowment funds where the donor has not provided specific instructions, investment return of the University's endowment funds is predicated on the total return concept. Annual payouts from the University's endowment funds are based on a spending policy which limits spending between 3.0% and 6.0% of endowment principal market value. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the University uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

For endowment funds where the donor has not provided specific instructions and the University has determined not to utilize the total return concept, investment return of the University'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.

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

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2023. In addition to these encumbrances, the University had other significant unearned outstanding construction or renovation contracts in the amount of \$0 executed as of June 30, 2023.

Note 13 Leases and Subscriptions

The University leases land, facilities, office and computer equipment, and other assets. The University also enters into certain subscription-based contracts to use vendor-provided information technology (IT). Although lease and/or subscription terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to leases for fiscal year 2023 were \$789,708 and \$18,111, respectively. Interest rates range from 0.3449% to 4.15% . The University's principal and interest payments related to SBITAs for fiscal year 2023 were \$243,229 and \$20,862, respectively. Interest rates were equal to 2.26% .

Lease Obligations

The University has \$946,931 in outstanding lease obligations due to affiliated organizations.

There were no residual guaranteed payment, variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2023. In addition, the University paid \$0 related to leased facilities where these funds will be used for future improvements. If these funds are not used, the funds will be returned to the institution at the end of the lease.

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, Intangible Right-to-Use Assets Held Under Lease Obligations at June 30, 2023	Outstanding Balance per Lease Schedules at June 30, 2023
	(+)	(-)	(=)	
Leased Land and Land Improvements	\$ 421,672	\$ 111,414	\$ 310,258	\$ 310,498
Leased Infrastructure	59,775	38,190	21,585	20,419
Leased Equipment	839,177	410,073	429,104	175,030
Leased Buildings and Building Improvements	1,950,797	871,210	1,079,587	1,287,332
Total Assets Held Under Lease	<u>\$ 3,271,421</u>	<u>\$ 1,430,887</u>	<u>\$ 1,840,534</u>	<u>\$ 1,793,279</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Yahoola Creek Athletic Complex	UNG Real Estate Foundation	\$ 250,516	5 years	Jul 2021	March 2026	\$ 151,009 (1)
Barlow Road Parking Lot	UNG Real Estate Foundation	59,775	3 years	Jul 2021	June 2024	20,419 (1)
College Square Oakwood Testing	UNG Real Estate Foundation	189,296	4 years	Jul 2021	June 2025	82,932 (1)
Cumming City Hall	UNG Real Estate Foundation	538,892	4 years	Jul 2021	June 2025	272,766 (1)
S Chestatee Parking Services	UNG Real Estate Foundation	135,548	2 years	Jul 2021	June 2023	260,316 (1)
Fine Arts Annex Warehouse	Cofield Pruitt Properties	222,649	6 years	Jul 2021	June 2027	149,555
Alicia Lane Post Office	Post Office Square, Inc.	119,999	6 years	Jul 2021	June 2027	235,012
Oconee Testing	K&B Management Company	224,007	6 years	Jul 2021	June 2026	137,634
CAMP Housing Units	TCP Owner I	218,031	4 years	Jul 2021	June 2025	133,186
OCAF Ceramics Studio Usage	Oconee Cultural Arts Foundation	30,536	4 years	Jul 2021	July 2025	15,931
Tumbling Creek	UNG Real Estate Foundation	169,656	9 years 8 months	Nov 2022	June 2032	159,489 (1)
Copiers	Canon	703,655	Varies	Jul 2022	April 2026	175,030
Total Leases		<u>\$ 2,862,560</u>				<u>\$ 1,793,279</u>

(1) These leases are related party transactions.

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

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

Year Ending June 30:	Principal	Interest
2024	\$ 721,281	\$ 20,251
2025	535,976	12,825
2026	268,130	6,347
2027	178,676	1,650
2028	17,720	240
2029 through 2033	71,496	—
Total Minimum Lease Payments	<u>1,793,279</u>	<u>\$ 41,313</u>

Subscription Obligations

The University has \$0 in outstanding subscription obligations due to affiliated organizations. The University has \$0 in outstanding lease obligations due to other related party organizations.

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)	<u>\$ 1,091,688</u>	<u>\$ 270,830</u>	<u>\$ 820,858</u>	<u>\$ 848,460</u>

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

Year Ending June 30:	Principal	Interest
2024	\$ 325,562	\$ 18,231
2025	172,517	11,817
2026	192,260	7,919
2027	<u>158,121</u>	<u>3,574</u>
Total Minimum Subscription Payments	<u>\$ 848,460</u>	<u>\$ 41,541</u>

Note 14. Retirement Plans

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

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

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

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2023. The University's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of the University's annual payroll. The University's contributions to TRS totaled \$15,820,503 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/formspubs/formspubs.html.

Benefits provided

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

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

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

Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2023 was 31.01% of annual covered payroll for old and new plan members and 27.47% for GSEPS members. The rates include the annual actuarially determined contribution rate of 24.67% of annual covered payroll for old and new plan members and 21.59% for GSEPS members, plus a 6.34% adjustment to the old and new plan and a 5.88% adjustment to the GSEPS plan for the commencement of COLA prefunding for certain retired ERS members. The University's contributions to ERS totaled \$83,713 for the year ended June 30, 2023. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

At June 30, 2023, the University reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The University's proportion of the net

pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2022. At June 30, 2022, the University's TRS proportion was 0.53969%, which was an decrease of (0.016371)% from its proportion measured as of June 30, 2021. At June 30, 2022, the University's ERS proportion was 0.019122%, which was an increase of 0.003565% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the University recognized pension expense of \$27,162,224 for TRS and \$353,067 for ERS. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,274,579	\$ 912,206	\$ 2,743	\$ 11,583
Changes of assumptions	26,380,382	—	227,009	—
Net difference between projected and actual earnings on pension plan investments	34,431,202	—	148,381	—
Changes in proportion and differences between contributions and proportionate share of contributions	1,485,090	3,195,922	88,189	—
Contributions subsequent to the measurement date	15,820,503	—	83,713	—
Total	<u>\$ 85,391,756</u>	<u>\$ 4,108,128</u>	<u>\$ 550,035</u>	<u>\$ 11,583</u>

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

Year Ending June 30:	TRS	ERS
2024	\$ 18,476,977	\$ 264,511
2025	\$ 13,044,864	\$ 72,416
2026	\$ 9,248,518	\$ 3,700
2027	\$ 24,692,766	\$ 114,112

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	<u>100.00 %</u>		<u>100.00 %</u>	

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

Teachers Retirement System:

	1% Decrease 5.90%	Current discount rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability	\$ 264,390,855	\$ 175,247,775	\$ 102,450,659

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 1,699,998	\$ 1,277,056	\$ 921,395

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/formspubs/formspubs.html, respectively.

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2023, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University and the covered employees made the required contributions of \$3,419,785 (9.24%) and \$2,220,641 (6.00%), respectively.

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

Note 15 Risk Management

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

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

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

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

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

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

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

Note 16 Contingencies

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

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

Note 17 Post-Employment Benefits Other Than Pension Benefits

Board of Regents Retiree Health Benefit Plan

Plan Description and Funding Policy

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

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2023, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

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

The University's membership in the Plan consisted of the following at June 30, 2023:

Active Employees	1,712
Retirees or Beneficiaries Receiving Benefits	466
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	<u>84</u>
Total	<u><u>2,262</u></u>

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

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

For fiscal year 2023, the University contributed \$3,587,071 to the plan for current premiums or claims.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2022. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The University's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2022. At June 30, 2022, the University's proportion was 3.537488%, which was an increase of 0.044826% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the University recognized OPEB expense of \$2,647,061. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,470,461	\$ 1,173,538
Changes of assumptions	12,048,508	50,463,789
Net difference between projected and actual earnings on OPEB plan investments	566,905	—
Changes in proportion and differences between contributions and proportionate share of contributions	10,512,887	—
Contributions subsequent to the measurement date	3,587,071	—
Total	<u>\$ 33,185,832</u>	<u>\$ 51,637,327</u>

The University's contributions subsequent to the measurement date of \$3,587,071 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	\$	(5,795,001)
2025	\$	(5,877,584)
2026	\$	(6,293,945)
2027	\$	(4,395,511)
2028	\$	323,475

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.
	Entry Age Normal

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

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

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

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	0.34 %	70 %
Equity Allocation	4.03 %	30 %

Discount rate

The Plan's projected fiduciary net position at the end of 2025 is \$0, based on the valuation completed for the fiscal year ending June 30, 2022. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits

are not covered by projected assets is 2026. Therefore, the long-term expected rate of return on Plan investments of 4.36% 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 Buyers GO 20-Bond Municipal Bond Index.

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

The following presents the the University’s proportionate share of the net OPEB liability, as well as what the University’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (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	166,461,113	140,131,291	119,408,110

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 120,246,510	\$ 140,131,291	\$ 165,666,469
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 Consolidated Annual Financial Report which is publicly available at usg.edu/fiscal_affairs/financial_reporting/.

Note 18 Operating Expenses with Functional Classifications

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

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 59,404,914	\$ 12,843,902	\$ 34,506,935	\$ 37,564	\$ 556,652
Research	329,516	365,238	178,386	—	76,679
Public Service	13,691	627,798	197,299	—	38,456
Academic Support	1,597,284	12,013,278	4,699,782	3,785	202,385
Student Services	16,000	9,078,621	3,255,788	1,943	138,801
Institutional Support	111,692	13,044,696	7,880,805	388,861	125,916
Plant Operations and Maintenance	450	10,517,750	2,153,200	—	31,018
Scholarships and Fellowships	—	—	30	392	—
Auxiliary Enterprises	9,173	4,097,186	3,778,148	—	119,179
Total Operating Expenses	\$ 61,482,720	\$ 62,588,469	\$ 56,650,373	\$ 432,545	\$ 1,289,086

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ —	\$ 68,356	\$ 7,793,427	\$ 1,919,852	\$ 117,131,602
Research	6,500	—	686,987	38,504	1,681,810
Public Service	—	3,394	558,417	—	1,439,055
Academic Support	—	25,705	7,203,529	1,102,750	26,848,498
Student Services	122,935	15,530	2,918,870	827,538	16,376,026
Institutional Support	—	173,973	6,576,345	1,444,511	29,746,799
Plant Operations and Maintenance	—	5,554,305	11,194,003	7,954,054	37,404,780
Scholarships and Fellowships	11,133,708	—	—	—	11,134,130
Auxiliary Enterprises	1,329,656	334,059	12,194,080	4,193,060	26,054,541
Total Operating Expenses	\$ 12,592,799	\$ 6,175,322	\$ 49,125,658	\$ 17,480,269	\$ 267,817,241

Note 19 Subsequent Event

As of August 15, 2023, the University had no reportable subsequent events.

Required Supplementary Information



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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2023	\$ 83,713	\$ 83,713	\$ —	\$ 269,955	31.01%
	June 30, 2022	\$ 71,391	\$ 71,391	\$ —	\$ 230,219	31.01%
	June 30, 2021	\$ 70,238	\$ 70,238	\$ —	\$ 284,828	24.66%
	June 30, 2020	\$ 85,753	\$ 85,753	\$ —	\$ 333,227	25.73%
	June 30, 2019	\$ 83,374	\$ 83,374	\$ —	\$ 338,145	24.66%
	June 30, 2018	\$ 79,536	\$ 79,536	\$ —	\$ 322,242	24.68%
	June 30, 2017	\$ 72,830	\$ 72,830	\$ —	\$ 292,893	24.87%
	June 30, 2016	\$ 69,115	\$ 69,115	\$ —	\$ 279,648	24.71%
	June 30, 2015	\$ 72,433	\$ 72,433	\$ —	\$ 176,366	41.07%
	June 30, 2014	\$ 152,637	\$ 152,637	\$ —	\$ 197,828	77.16%
Teachers Retirement System	June 30, 2023	\$ 15,820,503	\$ 15,820,503	\$ —	\$ 79,181,697	19.98%
	June 30, 2022	\$ 14,454,393	\$ 14,454,393	\$ —	\$ 72,965,136	19.81%
	June 30, 2021	\$ 13,601,723	\$ 13,601,723	\$ —	\$ 71,362,660	19.06%
	June 30, 2020	\$ 15,423,832	\$ 15,423,832	\$ —	\$ 73,287,286	21.05%
	June 30, 2019	\$ 14,200,638	\$ 14,200,638	\$ —	\$ 67,937,636	20.90%
	June 30, 2018	\$ 10,695,297	\$ 10,695,297	\$ —	\$ 63,801,246	16.76%
	June 30, 2017	\$ 8,144,315	\$ 8,144,315	\$ —	\$ 56,470,182	14.42%
	June 30, 2016	\$ 7,424,138	\$ 7,424,138	\$ —	\$ 51,469,608	14.42%
	June 30, 2015	\$ 6,059,396	\$ 6,059,396	\$ —	\$ 45,597,622	13.29%
	June 30, 2014	\$ 5,039,139	\$ 5,039,139	\$ —	\$ 40,943,928	12.31%

**UNIVERSITY OF NORTH GEORGIA
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	0.019122%	\$ 1,277,056	\$ 230,219	554.71%	67.44%
	June 30, 2022	0.015557%	\$ 363,863	\$ 284,828	127.75%	87.62%
	June 30, 2021	0.013775%	\$ 580,610	\$ 333,227	174.24%	76.21%
	June 30, 2020	0.013347%	\$ 550,769	\$ 338,145	162.88%	76.74%
	June 30, 2019	0.012576%	\$ 517,004	\$ 322,242	160.44%	76.68%
	June 30, 2018	0.011941%	\$ 484,964	\$ 292,893	165.58%	76.33%
	June 30, 2017	0.011981%	\$ 566,752	\$ 279,648	202.67%	72.34%
	June 30, 2016	0.007689%	\$ 311,512	\$ 176,366	176.63%	76.20%
	June 30, 2015	0.008371%	\$ 313,964	\$ 197,828	158.71%	77.99%
Teachers Retirement System	June 30, 2023	0.539690%	\$ 175,247,775	\$ 72,965,136	240.18%	72.85%
	June 30, 2022	0.556061%	\$ 49,179,887	\$ 71,362,660	68.92%	92.03%
	June 30, 2021	0.563816%	\$ 136,578,303	\$ 73,287,286	186.36%	77.01%
	June 30, 2020	0.555782%	\$ 119,508,158	\$ 67,937,636	175.91%	78.56%
	June 30, 2019	0.532823%	\$ 98,903,362	\$ 63,801,246	155.02%	80.27%
	June 30, 2018	0.494677%	\$ 91,937,244	\$ 56,470,182	162.81%	79.33%
	June 30, 2017	0.472455%	\$ 97,472,734	\$ 51,469,608	189.38%	76.06%
	June 30, 2016	0.435852%	\$ 66,354,139	\$ 45,597,622	145.52%	81.44%
	June 30, 2015	0.401250%	\$ 50,692,645	\$ 40,943,928	123.81%	84.03%

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

**UNIVERSITY OF NORTH GEORGIA
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%.

**UNIVERSITY OF NORTH GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST SEVEN 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	\$ 3,587,071	\$ 3,587,071	\$ —	\$ 117,683,239	3.05%
June 30, 2022	\$ 5,176,863	\$ 5,176,863	\$ —	\$ 116,131,397	4.46%
June 30, 2021	\$ 4,099,712	\$ 4,099,712	\$ —	\$ 110,309,417	3.72%
June 30, 2020	\$ 3,510,111	\$ 3,510,111	\$ —	\$ 108,355,235	3.24%
June 30, 2019	\$ 5,323,690	\$ 5,323,690	\$ —	\$ 101,751,488	5.23%
June 30, 2018	\$ 5,089,090	\$ 5,089,090	\$ —	\$ 93,724,684	5.43%
June 30, 2017	\$ 3,082,449	\$ 3,082,449	\$ —	\$ 83,256,736	3.70%

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

**UNIVERSITY OF NORTH GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST SIX 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	3.537488%	\$140,131,291	\$ 116,131,397	120.67%	5.08%
June 30, 2022	3.492661%	\$175,788,444	\$ 110,309,417	159.36%	3.74%
June 30, 2021	3.414771%	\$182,134,299	\$ 108,355,235	168.09%	2.91%
June 30, 2020	3.319361%	\$148,427,484	\$ 101,751,488	145.87%	3.13%
June 30, 2019	3.212405%	\$141,691,189	\$ 93,724,684	151.18%	1.69%
June 30, 2018	3.095329%	\$130,614,399	\$ 83,256,736	156.88%	0.19%

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

**UNIVERSITY OF NORTH GEORGIA
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



**UNIVERSITY OF NORTH GEORGIA
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30. 2023**

ASSETS

Cash and Cash Equivalents	\$ 22,395,788.34
Investments	1,072,785.27
Accounts Receivable	
Federal Financial Assistance	4,053,511.87
Other	2,487,429.31
Prepaid Expenditures	44,671.54
Other Assets	300,047.00
	<hr/>
Total Assets	<u>\$ 30,354,233.33</u>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	360,599.65
Encumbrance Payable	13,114,932.46
Accounts Payable	539,503.26
Unearned Revenue	5,839,794.69
Funds Held for Others	115,550.33
Other Liabilities	71.00
	<hr/>
Total Liabilities	<u>\$ 19,970,451.39</u>

Fund Balances

Reserved	
Department Sales and Services	2,505,172.79
Indirect Cost Recoveries	2,297,160.99
Technology Fees	535,782.16
Restricted/Sponsored Funds	1,942,833.02
Uncollectible Accounts Receivable	775,364.50
Tuition Carry - Forward	2,214,814.41
Unreserved	
Surplus	112,654.07
	<hr/>
Total Fund Balances	<u>10,383,781.94</u>
	<hr/>
Total Liabilities and Fund Balances	<u>\$ 30,354,233.33</u>

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

**UNIVERSITY OF NORTH GEORGIA
 STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
 BY PROGRAM AND FUNDING SOURCE
 BUDGET FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over
Teaching				
State Appropriation				
State General Funds	\$ 102,841,935.00	\$ 105,688,855.00	\$ 105,688,855.00	\$ —
Federal Funds				
Federal Funds Not Specifically Identified	38,898,718.00	42,333,603.00	30,876,449.00	—
Federal Funds - COVID19				
Federal Funds Not Specifically Identified - COVID	5,503,440.00	17,784,205.00	17,557,956.32	—
Other Funds	88,436,693.00	99,450,116.00	95,221,304.23	8,620,420.99
Total Teaching	<u>235,680,786.00</u>	<u>265,256,779.00</u>	<u>249,344,564.55</u>	<u>8,620,420.99</u>
Total Operating Activity	<u>\$ 235,680,786.00</u>	<u>\$ 265,256,779.00</u>	<u>\$ 249,344,564.55</u>	<u>\$ 8,620,420.99</u>

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

**UNIVERSITY OF NORTH GEORGIA
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)	
Teaching						
State Appropriation						
State General Funds	\$ —	\$ 105,688,855.00	\$ —	\$ 105,669,635.94	\$ 19,219.06	\$ 19,219.06
Federal Funds						
Federal Funds Not Specifically Identified	—	30,876,449.00	(11,457,154.00)	30,876,449.00	11,457,154.00	—
Federal Funds - COVID19						
Federal Funds Not Specifically Identified - COVID	—	17,557,956.32	(226,248.68)	17,557,956.32	226,248.68	—
Other Funds	—	103,841,725.22	4,391,609.22	94,139,936.92	5,310,179.08	9,701,788.30
Total Teaching	—	257,964,985.54	(7,291,793.46)	248,243,978.18	17,012,800.82	9,721,007.36
Total Operating Activity	\$ —	\$ 257,964,985.54	\$ (7,291,793.46)	\$ 248,243,978.18	\$ 17,012,800.82	\$ 9,721,007.36

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

**UNIVERSITY OF NORTH GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2022 Surplus	Prior Year Adjustments	Other Adjustments
Teaching					
State Appropriation					
State General Funds	\$ 22,079.97	\$ —	\$ (22,079.97)	\$ 4,394.71	\$ —
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Federal Funds - COVID19					
Federal Funds Not Specifically Identified - COVID	—	—	—	—	—
Other Funds	8,734,691.40	(8,620,420.99)	(114,270.41)	47,034.43	(164,019.06)
Total Teaching	<u>8,756,771.37</u>	<u>(8,620,420.99)</u>	<u>(136,350.38)</u>	<u>51,429.14</u>	<u>(164,019.06)</u>
Total Operating Activity	8,756,771.37	(8,620,420.99)	(136,350.38)	51,429.14	(164,019.06)
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	611,345.44				164,019.06
Budget Unit Totals	<u>\$ 9,368,116.81</u>	<u>\$ (8,620,420.99)</u>	<u>\$ (136,350.38)</u>	<u>\$ 51,429.14</u>	<u>\$ —</u>

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



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