

ALBANY STATE UNIVERSITY



Annual Financial Report
Fiscal Year 2023

ALBANY STATE UNIVERSITY
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2023

Financial Section	
Independent Accountant's Report	3
Management's Discussion and Analysis	5
Financial Statements (GAAP Basis)	
Statement of Net Position	19
Statement of Revenues, Expenses, and Changes in Net Position	21
Statement of Cash Flows	23
Statement of Fiduciary Net Position	25
Statement of Changes in Fiduciary Net Position	26
Notes to the Financial Statements	27
Required Supplementary Information	
Schedule of Contributions for Defined Benefit Pension Plan	55
Schedule of Proportionate Share of Net Pension Liability	56
Notes to the Required Supplemental Information for Pension Plans	57
Schedule of Contributions for OPEB Plan	58
Schedule of Proportionate Share of the Net OPEB Liability	59
Notes to the Required Supplemental Information for OPEB Plan	60
Supplementary Information	
Balance Sheet (Non-GAAP Basis)	62
Statement of Funds Available and Expenditures Compared to Budget (Non-GAAP Basis)	63
Statement of Changes to Fund Balance by Program and Funding Source (Non-GAAP Basis)	65

Financial Section



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Regents of the
University System of Georgia
and
Dr. Marion Ross Fedrick
Albany State University

We have reviewed the accompanying financial statements of the business-type activities and the fiduciary funds of Albany State University, as of and for the year ended June 30, 2023, and the related notes (financial statements), as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Albany State University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

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

Required Supplementary Information

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

Other Matters

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

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

This report is intended solely for the information and use of the management of Albany State University, 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 15, 2023

ALBANY STATE UNIVERSITY

Management's Discussion and Analysis

Introduction

Albany State University (University) an historically black institution in Southwest Georgia, has been a catalyst for change in the region from its inception as the Albany Bible and Manual Training Institute to its designation as a university. The University is one of the 26 institutions of higher education of the University System of Georgia. The University, located in Albany, Georgia, was founded in 1903 and has become known for offering a broad array of graduate, baccalaureate, associate, and certificate programs at its main campuses in Albany as well as at strategically-placed branch sites and online. Committed to excellence in teaching and learning, the University prepares students to be effective contributors to a globally diverse society, where knowledge and technology create opportunities for both personal and professional success. The University respects and builds on the historical roots of its institutional predecessors with its commitment to access and a strong liberal arts heritage that respects diversity in all its forms and gives all students the foundation they need to succeed. Through creative scholarship, research, and public service, the University's faculty, staff, students, and administrators form strategic alliances internally and externally to promote community and economic development, resulting in an improved quality of life for the citizens of southwest Georgia and beyond. This broad range of educational opportunities attracts a highly qualified faculty and a student body of more than 6,300 students each year. The institution continues to grow as shown by the comparison numbers that follow.

	STUDENT HEADCOUNT	STUDENT FTE
FY2023	6,358	5,653
FY 2022	6,328	5,588
FY 2021	6,324	5,468

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 three Business-type Activities financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2023 and fiscal year 2022.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2023 and includes all assets and liabilities, both current and noncurrent and deferred 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 outflows of resources and liabilities and deferred inflows of resources (net position) is one indicator of the University's financial health. Increase or decreases in net position provide an indicator of the improvement or decline of the University's financial health when considered in conjunction with other non-financial conditions, such as facilities and enrollment. Net Position is divided into three major categories. The first category, net investment in capital assets, provides the University's equity in property, plant and equipment owned by the University.

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

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

The following table summarizes the Statement of Net Position:

CONDENSED STATEMENT OF NET POSITION	June 30, 2023	June 30, 2022	Increase/ (Decrease)
ASSETS			
Current Assets	\$ 15,858,297	\$ 16,798,135	\$ (939,838)
Capital Assets, Net	181,206,921	186,908,136	(5,701,215)
Intangible Right-to-Use Assets, Net	264,484	48,728	215,756
Other Assets	859,654	859,654	—
TOTAL ASSETS	198,189,356	204,614,653	(6,425,297)
DEFERRED OUTFLOWS	39,348,539	23,988,682	15,359,857
LIABILITIES			
Current Liabilities	14,369,791	12,513,925	1,855,866
Non-Current Liabilities	196,762,295	169,321,702	27,440,593
TOTAL LIABILITIES	211,132,086	181,835,627	29,296,459
DEFERRED INFLOWS	29,133,738	48,515,160	(19,381,422)
NET POSITION			
Net Investment in Capital Assets	95,506,526	96,884,524	(1,377,998)
Restricted, Expendable	84,310	84,310	—
Unrestricted	(98,318,765)	(98,716,286)	397,521
TOTAL NET POSITION	\$ (2,727,929)	\$ (1,747,452)	\$ (980,477)

Total assets decreased (\$6,425,297) which was due to a decrease in current assets of (\$939,838), a decrease in net capital assets of (\$5,701,215), an increase in net intangible assets of \$215,756, and remained constant in other assets. The overall decrease in unrestricted cash and investments was mostly driven by timing differences and increases in the spending for maintenance and renovation costs. Accounts receivables decreased largely due to the University having to write-off a receivable balance, found to not be valid, of \$918,038.

Total deferred outflows of resources increased by \$15,359,857 which was primarily due to the University's proportionate share of the actuarially determined deferred loss on defined benefit pension plan administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia.

Total liabilities increased \$29,296,459 which was due to an increase in current liabilities of \$1,855,866 and an increase in non-current liabilities of \$27,440,593. Current liabilities increased due to an increase in summer semester advances and an increase in the accrual of year end expenditures. Non-current liabilities increased due to an increase in the university's net pension liability of \$45,482,667 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, and a decrease in the university's net other post employment benefits (OPEB) of (\$13,864,338).

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 a decrease in net position of (\$980,477). This change in net position is primarily in the category of Net Investment in Capital Assets, a decrease of \$1,377,998. Unrestricted Net Position increased by \$397,521 and the decrease in Net Investment in Capital Assets, in the amount of (\$1,377,998). Total deferred inflows and deferred outflows had a net decrease of (\$4,021,565) which was primarily due to the University's proportionate share of the actuarially determined deferred gain on defined benefit pension plan administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia.

Statement of Revenues, Expenses and Changes in Net Position

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

The following 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	\$ 57,221,835	\$ 54,806,409	\$ 2,415,426
Operating Expense	130,098,661	137,103,111	(7,004,450)
Operating Income/Loss	(72,876,826)	(82,296,702)	9,419,876
Non-Operating Revenue and Expense	71,896,349	91,612,551	(19,716,202)
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	(980,477)	9,315,849	(10,296,326)
Change in Net Position	(980,477)	9,315,849	(10,296,326)
Net Position at Beginning of Year	(1,747,452)	(11,063,301)	9,315,849
Net Position at End of Year	\$ (2,727,929)	\$ (1,747,452)	\$ (980,477)

The Statement of Revenues, Expenses and Changes in Net Position reflects a loss in Net Position of \$980,477. Some highlights of the information presented on this statement are as follows:

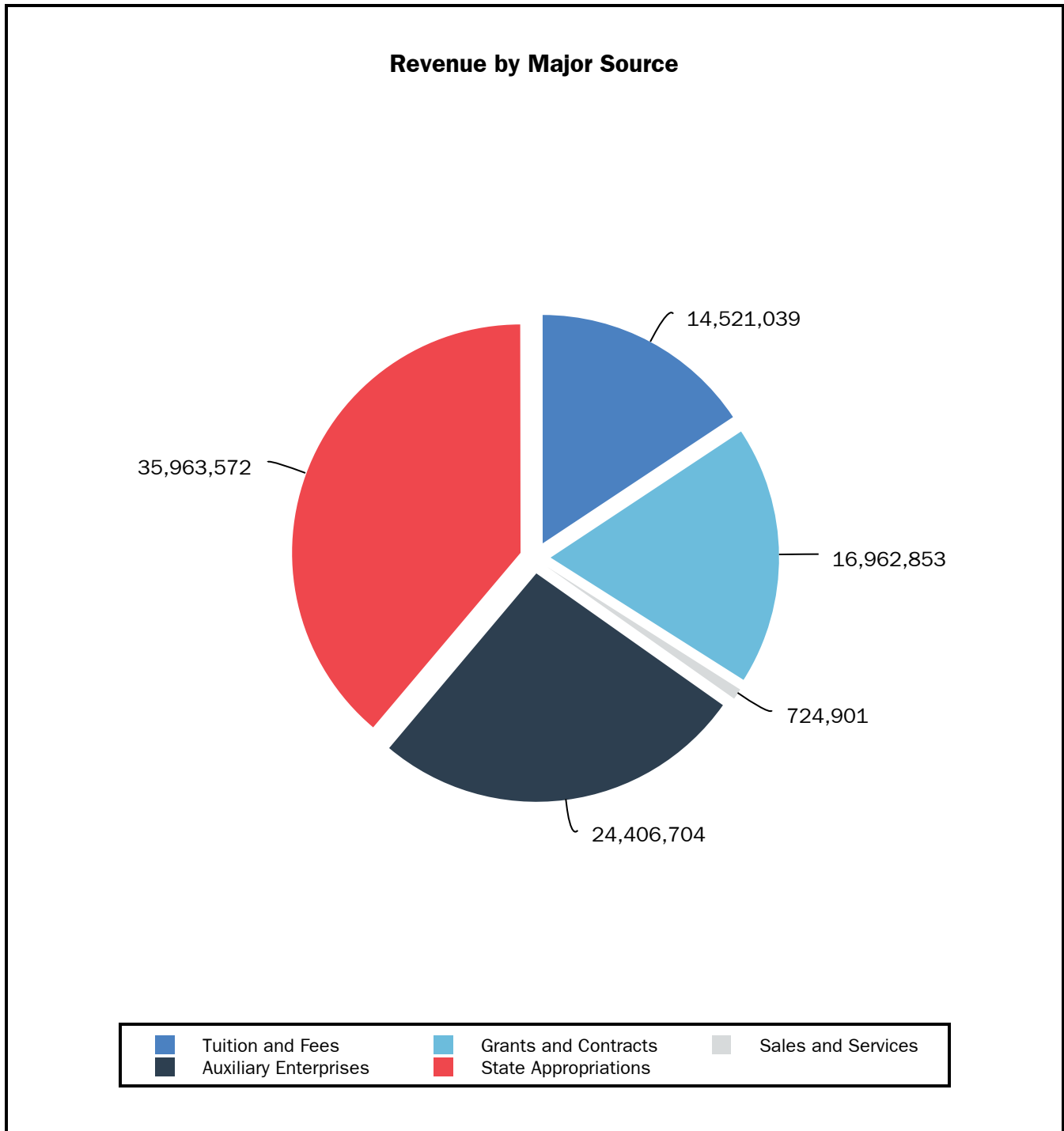
Revenues

In fiscal year 2023, state appropriations increased \$3 million (10.56%), grants and contracts operating revenue increased \$1.3 million (8.27%) in fiscal 2023 largely due to an increase in Federal Operating Grants. Grants and contracts non-operating revenue decreased by (\$21,9 million) (35.74%) largely due to the decrease in available HEERF/CARES Act funding.

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

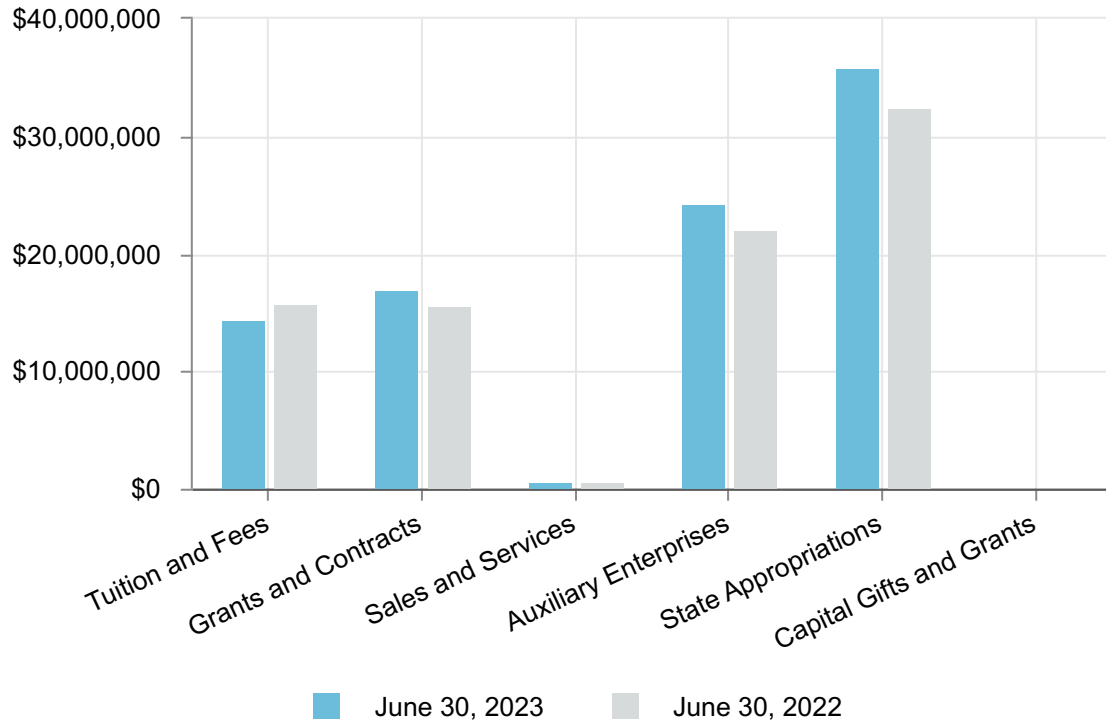
REVENUES BY SOURCE	June 30, 2023	June 30, 2022	Increase/ (Decrease)
Tuition and Fees	\$ 14,521,039	\$ 15,863,012	\$ (1,341,973)
Grants and Contracts	16,962,853	15,667,879	1,294,974
Sales and Services	724,901	707,929	16,972
Auxiliary Enterprises	24,406,704	22,082,979	2,323,725
Other Operating Revenues	606,338	484,610	121,728
Total Operating Revenues	57,221,835	54,806,409	2,415,426
State Appropriations	35,963,572	32,529,060	3,434,512
Grants and Contracts	39,244,277	61,073,306	(21,829,029)
Gifts	665,908	1,187,218	(521,310)
Investment Income	13,234	4,136	9,098
Other Nonoperating Revenues	(935,290)	23,577	(958,867)
Total Nonoperating Revenues	74,951,701	94,817,297	(19,865,596)
Total Revenues	\$ 132,173,536	\$ 149,623,706	\$ (17,450,170)

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



Revenue by major source (state appropriations, operating grants and contracts, tuition and fees, auxiliaries, gifts and other sources) for the years ended June 30, 2023 and June 30, 2022, is depicted by the following chart:

Revenue Source by Major Source (in millions)



Expenses

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

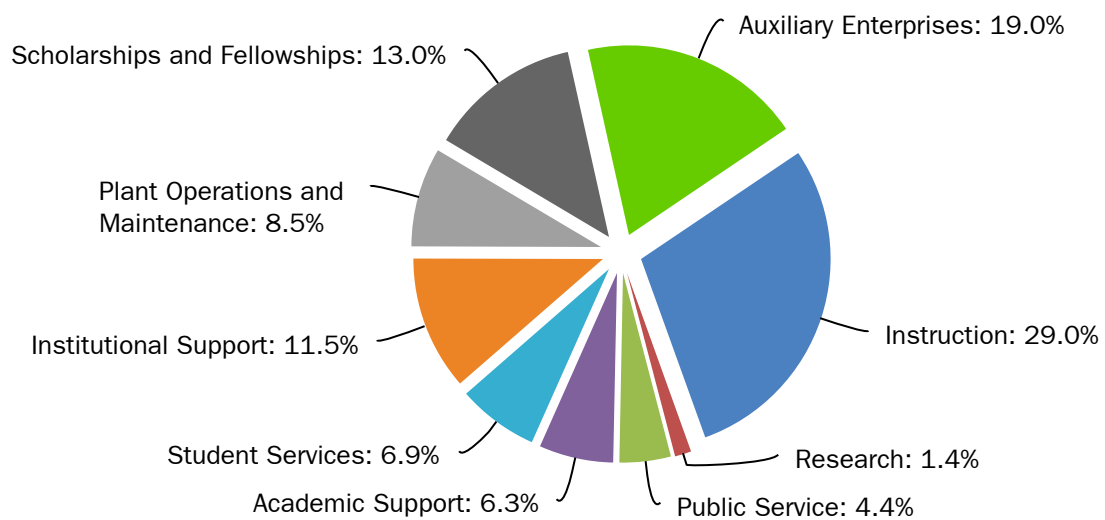
EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2023	June 30, 2022	Increase/ (Decrease)
Instruction	\$ 37,672,116	\$ 33,816,220	\$ 3,855,896
Research	1,841,813	1,332,634	509,179
Public Service	5,719,670	4,098,519	1,621,151
Academic Support	8,257,518	7,027,735	1,229,783
Student Services	8,999,362	7,234,517	1,764,845
Institutional Support	14,924,690	13,519,496	1,405,194
Plant Operations and Maintenance	11,026,820	11,125,814	(98,994)
Scholarships and Fellowships	16,892,374	37,347,786	(20,455,412)
Auxiliary Enterprises	24,764,298	21,600,390	3,163,908
Total Operating Expenses	130,098,661	137,103,111	(7,004,450)
Interest Expense	3,055,352	3,204,746	(149,394)
Total Nonoperating Expenses	3,055,352	3,204,746	(149,394)
Total Expenses	\$ 133,154,013	\$ 140,307,857	\$ (7,153,844)

Total operating expenses were \$130 million in fiscal year 2023, a decrease of (\$7.0 million) (5.11%) when compared with fiscal year 2022. The decrease is primarily attributable to the following functional classifications: Scholarships and Fellowships (\$20.5 million). Scholarships decreased in fiscal year 2023 due to the drop in available HEERF funding.

The decreases are mostly attributable a drop in HEERF scholarship expenditures, decreases in employee benefits due to decreases in actuarially determined pension expenses, increase in actuarially determined OPEB expenses (Net) and salaries increased due to a cost of living increase approved by the Georgia State Legislature.

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

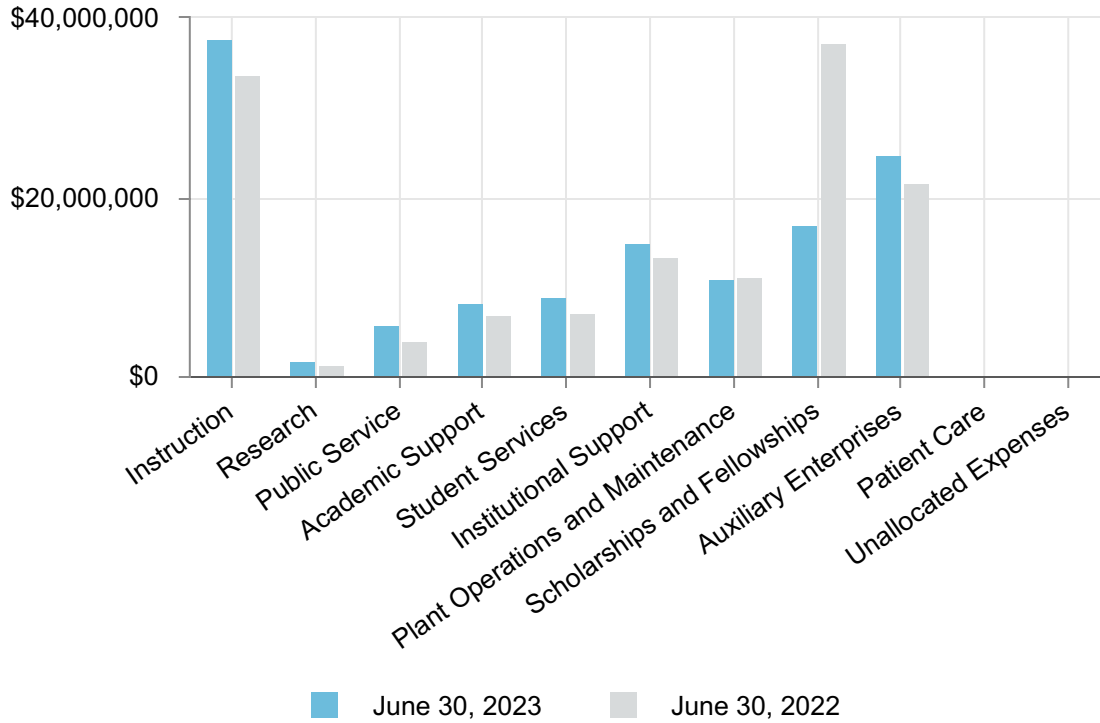
Operating Expenses by Functional Classification



- Instruction
- Public Service
- Student Services
- Plant Operations and Maintenance
- Auxiliary Enterprises
- Research
- Academic Support
- Institutional Support
- Scholarships and Fellowships

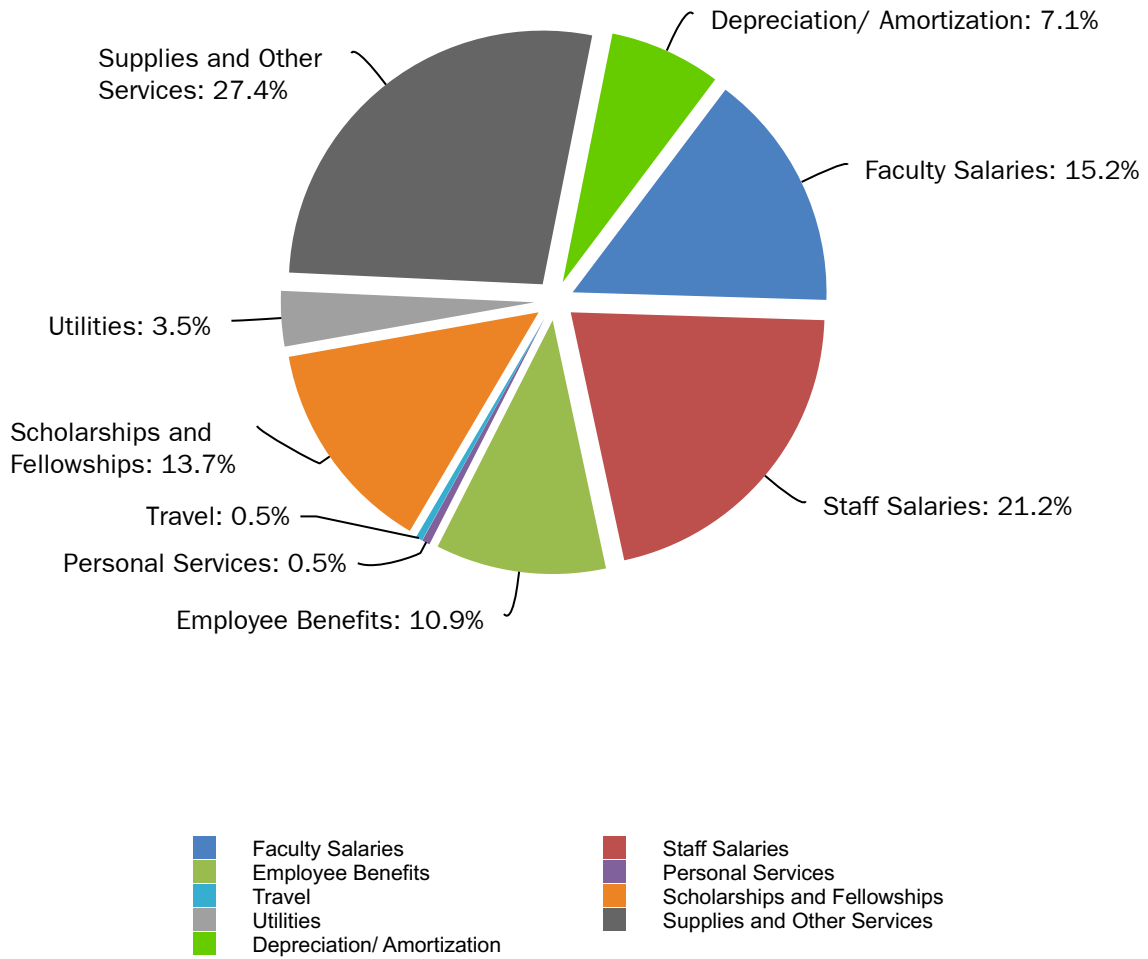
Operating expenses by functional classification for the years ended June 30, 2023 and June 30, 2022 is depicted by the following chart:

Operating Expenses by Functional Classification (in millions)



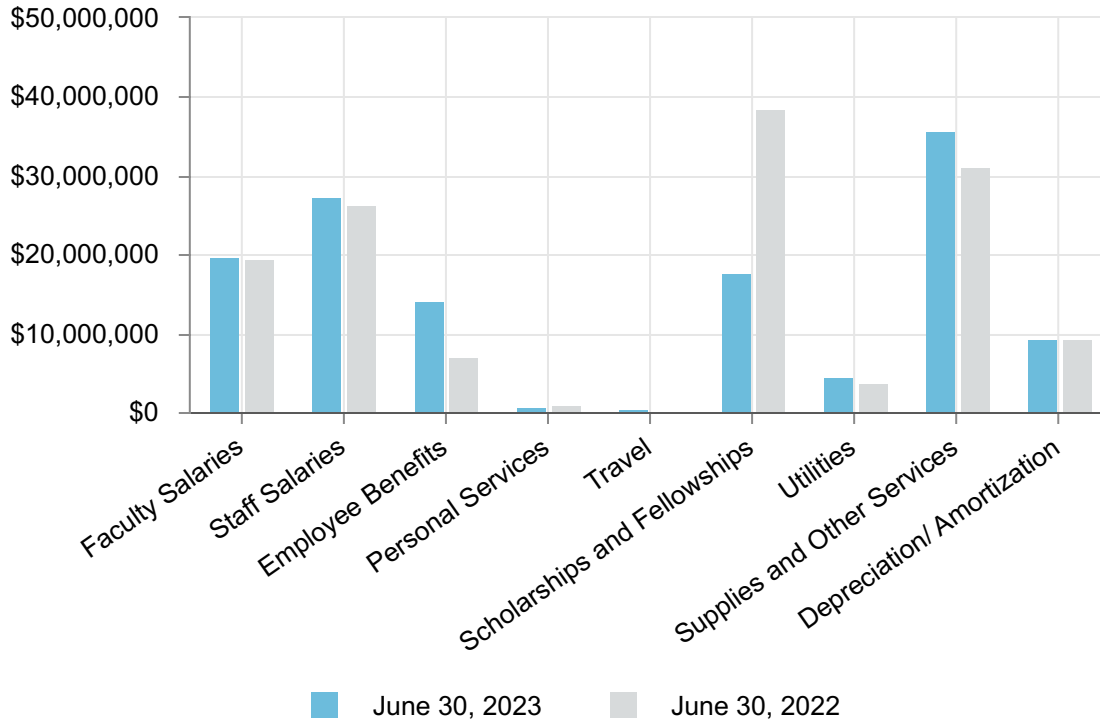
The following chart depicts the fiscal 2023 operating expenses by natural classification:

Operating Expenses by Natural Classification



Operating expenses by 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 capital and related financing activities and contains cash used for the acquisition and construction of capital and related items. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The fifth, and final, section reconciles the net cash used to the operating income or loss as reflected on the Statement of Revenues, Expenses and Changes in Net Position.

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

CONDENSED STATEMENT OF NET CASH FLOWS		
	June 30, 2023	June 30, 2022
Cash Provided (Used) by:		
Operating Activities	\$ (64,764,316)	\$ (94,241,447)
Non-Capital Financing Activities	74,910,119	94,836,467
Capital and Related Financing Activities	(10,663,754)	(8,655,370)
Investing Activities	13,234	4,136
NET CHANGE IN CASH	\$ (504,717)	\$ (8,056,214)
Cash, beginning of year (restated)	1,622,398	9,678,612
CASH, end of year	\$ 1,117,681	\$ 1,622,398

Capital Assets & 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 and depreciation	June 30, 2023	June 30, 2022	Increase (Decrease)
Land	\$ 3,911,479	\$ 3,911,479	\$ —
Capitalized Collections	50,000	50,000	
Construction Work-in-Progress	39,032	—	39,032
Infrastructure	7,264,823	7,537,224	(272,401)
Building and Building Improvements	161,790,347	168,753,161	(6,962,814)
Facilities and Other Improvements	2,786,452	2,958,935	(172,483)
Equipment	5,355,704	3,648,951	1,706,753
Library Collections	9,084	48,386	(39,302)
Capital Assets, net of accumulated depreciation and depreciation	\$ 181,206,921	\$ 186,908,136	\$ (5,701,215)

The University started the design and construction of the Nursing SIM Lab building in fiscal year 2022 with completion expected in fiscal year 2024. The SIM Lab building has an estimated cost of \$8.4 million. The majority of the funding for the project is from the Georgia State Financing and Investment Commission (GSFIC). The project expenditures are not reported on the University's ledgers until the building is complete and GSFIC has allowed the University to occupy the building.

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

INTANGIBLE RIGHT-TO-USE ASSETS, net of accumulated amortization	June 30, 2023	June 30, 2022	Increase (Decrease)	% Change
Building and Building Improvements	\$ 90,560	\$ —	\$ 90,560	100.00 %
Equipment	2,069	48,728	(46,659)	(95.75)%
Subscription Based IT Arrangements (SBITAs)	171,855	—	171,855	100.00 %
Intangible Right-to-Use Assets, net of accumulated amortization	\$ 264,484	\$ 48,728	\$ 215,756	442.78 %

For additional information concerning Capital and Intangible Right-to-Use Assets, see Notes 1, 4, 6, and 10 in the Notes to the Financial Statements.

Long Term Liabilities

Albany State University had Long-Term Liabilities of \$86,496,470 and current liabilities of \$6,258,470 at June 30, 2023.

For additional information concerning Long-Term Liabilities, see Note 6 and 10 in the Notes to the Financial Statements.

Notes to the Financial Statements

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

Economic Outlook

Albany State University has experienced tremendous growth over the years that has made a strong economic impact on the Southwest of region of the state. The economic outlook for Albany State University is stable. We are expecting the enrollment to maintain the same with a small increase over the next year or two. However, the University is experiencing an increase in the number of students that are enrolling at the associate level and a decrease in the students enrolled at the bachelor level. The hourly rate difference is having a large impact on the University's tuition revenue that will need to be addressed in the coming year. The University continues to focus on programs that should increase student retention and help to increase enrollment. As is the case for almost every university in the country, Albany State will need to address the cost increases caused by the rising inflation rates. The rising rates also impact our students so increasing tuition and fees might not be an option. The University maintains its focus on meeting the strategic goals and keeping the University strong.

Financial Statements (GAAP Basis)

**ALBANY STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Albany State University</u>	
ASSETS		
Current Assets		
Cash and Cash Equivalents (Externally Restricted)	\$	1,117,681
Accounts Receivable, net		
Federal Financial Assistance		9,212,019
Other		2,499,388
Prepaid Items		3,029,209
Total Current Assets		<u>15,858,297</u>
Non-Current Assets		
Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund		801,382
Notes Receivable, net		58,272
Capital Assets, net		181,206,921
Intangible Right-to-Use Assets, net		264,484
Total Non-Current Assets		<u>182,331,059</u>
TOTAL ASSETS		<u>198,189,356</u>
DEFERRED OUTFLOWS OF RESOURCES	\$	<u>39,348,539</u>

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

**ALBANY STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023**

Albany State University

LIABILITIES

Current Liabilities

Accounts Payable	\$	2,213,812
Salaries Payable		290,835
Benefits Payable		143,091
Contracts Payable		68,508
Advances (Including Tuition and Fees)		5,395,075
Subscription Obligations		56,346
Notes and Loans Payable		4,306,339
Lease Obligations - External		45,530
Compensated Absences		1,850,255
Total Current Liabilities		<u>14,369,791</u>

Non-Current Liabilities

Subscription Obligations		108,983
Notes and Loans Payable		79,120,844
Lease Obligations - External		44,455
Compensated Absences		963,718
Net Other Post Employment Benefits Liability		53,561,075
Net Pension Liability		62,963,220
Total Non-Current Liabilities		<u>196,762,295</u>

TOTAL LIABILITIES

211,132,086

DEFERRED INFLOWS OF RESOURCES

29,133,738

NET POSITION

Net Investment in Capital Assets		95,506,526
Restricted for:		
Expendable		84,310
Unrestricted (Deficit)		(98,318,765)

TOTAL NET POSITION

\$ (2,727,929)

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

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

	Albany State University	
OPERATING REVENUES		
Student Tuition and Fees (net)	\$	14,521,039
Grants and Contracts		
Federal		15,875,741
State		315,585
Other		771,527
Sales and Services		724,901
Auxiliary Enterprises		
Residence Halls		12,067,756
Bookstore		11,199
Food Services		8,774,687
Parking/Transportation		479,843
Health Services		395,135
Intercollegiate Athletics		2,106,213
Other Organizations		571,871
Other Operating Revenues		606,338
		606,338
Total Operating Revenues		57,221,835
OPERATING EXPENSES		
Faculty Salaries		19,795,862
Staff Salaries		27,507,091
Employee Benefits		14,138,579
Other Personal Services		683,361
Travel		576,862
Scholarships and Fellowships		17,865,883
Utilities		4,589,116
Supplies and Other Services		35,663,852
Depreciation and Amortization		9,278,055
		9,278,055
Total Operating Expenses		130,098,661
Operating (Loss)	\$	(72,876,826)

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

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

	<u>Albany State University</u>
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	\$ 35,963,572
Grants and Contracts	
Federal	39,244,277
Gifts	665,908
Investment Income	13,234
Interest Expense	(3,055,352)
Other Nonoperating Revenues (Expenses)	<u>(935,290)</u>
Net Nonoperating Revenues	<u>71,896,349</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>(980,477)</u>
Change in Net Position	<u>(980,477)</u>
Net Position, Beginning of Year, As Originally Reported	(1,747,452)
Prior Year Adjustments	
Net Position, Beginning of Year, Restated	<u>(1,747,452)</u>
Net Position, End of Year	<u><u>\$ (2,727,929)</u></u>

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

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

	<u>Albany State University</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 41,125,786
Federal Appropriations	
Grants and Contracts (Exchange)	17,423,938
Payments to Suppliers	(57,275,077)
Payments to Employees	(48,173,080)
Payments for Scholarships and Fellowships	(17,865,883)
Net Cash Used by Operating Activities	<u>(64,764,316)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	35,963,572
Gifts and Grants Received for Other Than Capital Purposes	39,910,185
Other Non-Capital Financing Payments	(963,638)
Net Cash Flows Provided by Non-Capital Financing Activities	<u>74,910,119</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	10,148
Purchases of Capital and Intangible Right-to-Use Assets	(3,155,392)
Principal Paid on Capital Debt and Leases	(4,287,976)
Interest Paid on Capital Debt and Leases	(3,230,534)
Net Cash Used by Capital and Related Financing Activities	<u>(10,663,754)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	13,234
Net Cash Provided by Investing Activities	<u>13,234</u>
Net Decrease in Cash and Cash Equivalents	(504,717)
Cash and Cash Equivalents, Beginning of Year	<u>1,622,398</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,117,681</u>

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

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

	Albany State University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (72,876,826)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation and Amortization	9,278,055
Change in Assets and Liabilities:	
Receivables, net	427,720
Prepaid Items	(2,746)
Accounts Payable	829,851
Salaries Payable	(287,211)
Benefits Payable	(3,194)
Advances (Including Tuition and Fees)	820,125
Compensated Absences	11
Net Pension Liability	45,482,677
Other Post-Employment Benefit Liability	(13,864,338)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	(19,208,583)
Deferred Outflows of Resources	(15,359,857)
Net Cash Used by Operating Activities	<u>\$ (64,764,316)</u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Capital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	<u>\$ 653,233</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ 261,998</u>
Accrual of Capital Asset Related Payables	<u>\$ 68,508</u>
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	<u>\$ 130,407</u>
Intangible Right-to-Use Assets Acquired by Incurring SBITAs	<u>\$ 222,947</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ 172,839</u>

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

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

	<u>Custodial Funds</u>
ASSETS	
Other	\$ 646,801
Total Assets	<u>646,801</u>
LIABILITIES	
Cash Overdraft	1,270
Advances	<u>459,876</u>
Total Liabilities	<u>461,146</u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 185,655</u>

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

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 32,962,273
State Financial Aid	5,230,868
Other Financial Aid	3,496,898
Clubs and Other Organizations Fund Raising	<u>822,016</u>
Total Additions	<u>42,512,055</u>
DEDUCTIONS	
Scholarships and Other Student Support	41,690,039
Student Organizations Support	<u>1,277,548</u>
Total Deductions	<u>42,967,587</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>(455,532)</u>
Net Position, Beginning of Year	<u>641,187</u>
Net Position, End of Year	<u>\$ 185,655</u>

Notes to the Financial Statements

ALBANY STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

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

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

Basis of Accounting and Financial Statement Presentation

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

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

The University reports the following fiduciary fund:

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

New Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for fiscal years beginning after December 15, 2020. In fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 91 to fiscal year 2023. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The adoption of this statement does not have a significant impact on the financial statements and will be applied prospectively.

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

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

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. A large majority of our prepaid balance is related to the university's SIM Lab Building. The SIM Lab is partially funded and being managed by GSFIC.

Capital Assets

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

Depreciation, which also includes amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, and copyrights, as well as software, is computed using the straight-line method

over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

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

For projects managed by GSFIC, GSFIC retains construction in progress in its accounting records throughout the construction period and transfers the entire project to the institutional unit of the USG 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 leases under which it is obligated as a lessee. Leases, as a lessee, are included in intangible right-to-use assets and lease obligations on the Statement of Net Position. Financed leases, which transfer ownership, are included in capital assets and notes payable on the Statement of Net Position.

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

An intangible right-to-use asset represents the University's right to use an underlying asset for the lease or subscription term. Lease and/or subscription obligations represent the University's liability to make lease and/or subscription payments arising from the lease and/or subscription agreement. Intangible right-to-use assets, lease obligations, and subscription obligations are recognized based on the present value of lease and/or subscription payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease and/or subscription are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease and/or subscription liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease and/or subscription term or useful life of the underlying asset. Prepayments made before the commencement of the lease and/or subscription are reported as intangible right-to-use assets in progress.

Capital Liability Reserve Fund

The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term 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.

Advances

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

Compensated Absences

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

Non-current Liabilities

Non-current liabilities include: (1) liabilities that will not be paid within the next fiscal year; (2) lease 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 and intangible right-to-use assets.. To the extent debt has been incurred but not yet expended for capital assets or intangible right-to-use assets, such amounts are not included as a component of net investment in capital assets. The term "debt obligations" as used in this definition does not include debt of the GSFIC as discussed previously in Note 1 - Capital Assets section.

Restricted - expendable net position includes resources in which the 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 \$16,953,529.

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 in the statement of fiduciary net position as follows:

Statement of Net Position

Current

Cash and Cash Equivalents (Externally Restricted)	\$	1,117,681
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Statement of Fiduciary Net Position

Cash and Cash Equivalents		(1,270)
	\$	<u>1,116,411</u>

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

Cash on Hand	\$	4,226
Deposits with Financial Institutions		898,891
Investments		213,294
	\$	<u>1,116,411</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 \$1,779,384. Of these deposits, \$0 were exposed to custodial credit risk.

B. Investments

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

The 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.

	<u>Fair Value</u>
Investment Pools	
Board of Regents	
Short-Term Fund	\$ 213,294

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.

Short-Term Fund

The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and four years, and the fund will typically have an overall average duration of ¾ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Short-Term Fund at June 30, 2023 was \$213,294, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.93 years.

Interest Rate Risk

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

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 various pooled investment funds, colleges, universities, and foundations:

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

Note 3 Accounts Receivable

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

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 2,232,650	\$ —
Auxiliary Enterprises and Other Operating Activities	2,465,752	—
Federal Financial Assistance	9,212,019	—
Georgia Student Finance Commission	—	646,801
Georgia State Financing and Investment Commission	653,233	—
Due From Other USG Institutions	801,382	—
Other	686,462	—
	<hr/> 16,051,498	<hr/> 646,801
Less: Allowance for Doubtful Accounts	3,538,709	—
	<hr/>	<hr/>
Net Accounts Receivable	<u>\$ 12,512,789</u>	<u>\$ 646,801</u>

Note 4 Capital and Intangible Right-to-Use Assets

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	\$ 3,911,479	\$ —	\$ —	\$ 3,911,479
Capitalized Collections	50,000	—	—	50,000
Construction Work-in-Progress	—	39,032	—	39,032
Total Capital Assets Not Being Depreciated	3,961,479	39,032	—	4,000,511
Capital Assets, Being Depreciated:				
Infrastructure	14,112,338	—	—	14,112,338
Building and Building Improvements	318,180,679	504,186	—	318,684,865
Facilities and Other Improvements	9,485,210	20	—	9,485,230
Equipment	21,020,138	2,629,575	27,412	23,622,301
Library Collections	10,174,630	4,432	887	10,178,175
Total Capital Assets Being Depreciated	372,972,995	3,138,213	28,299	376,082,909
Less: Accumulated Depreciation				
Infrastructure	6,575,114	272,401		6,847,515
Building and Building Improvements	149,427,518	7,467,000		156,894,518
Facilities and Other Improvements	6,526,275	172,503		6,698,778
Equipment	17,371,187	1,184,822	289,412	18,266,597
Library Collections	10,126,244	43,734	887	10,169,091
Total Accumulated Depreciation	190,026,338	9,140,460	290,299	198,876,499
Total Capital Assets, Being Depreciated, Net	182,946,657	(6,002,247)	(262,000)	177,206,410
Capital Assets, net	\$ 186,908,136	\$ (5,963,215)	\$ (262,000)	\$ 181,206,921

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. At June 30, 2023 GSFIC had construction in progress of \$2,248,608 for incomplete GSFIC -managed projects for the University.

Intangible Right-to-Use Assets

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

	Beginning			Ending
	Balances			Balance
	July 1, 2022	Additions	Reductions	June 30, 2023
Intangible Right-to-use Assets				
Building and Building Improvements	\$ —	\$ 130,406	\$ —	\$ 130,406
Facilities and Other Improvements	—	—	—	—
Equipment	\$ 142,712	\$ —	\$ 16,173	\$ 126,539
Subscription Based IT Arrangements (SBITAs)	—	222,947	—	222,947
Total Leased Assets Being Amortized	142,712	353,353	16,173	479,892
Less: Accumulated amortization				
Building and Building Improvements	—	39,846	—	39,846
Equipment	93,984	46,657	16,171	124,470
Subscription Based IT Arrangements (SBITAs)	—	51,092	—	51,092
Total Accumulated Amortization	93,984	137,595	16,171	215,408
Intangible Right-to-use Assets, net	\$ 48,728	\$ 215,758	\$ 2	\$ 264,484

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

Fiscal Year	Depreciation & Amortization Expense
2023	\$ 9,278,055
2022	\$ 9,477,109
2021	\$ 9,614,149

Note 5 Advances (Including Tuition and Fees)

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

	Current Liabilities
Prepaid Tuition and Fees	\$ 1,479,131
Research	3,312,747
Other - Advances	603,197
Totals	\$ 5,395,075

Fiduciary fund advances in the amount of \$459,876 consists of student support received prior to eligibility requirements being met.

Note 6 Long-Term Liabilities

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Lease & Subscription Obligations					
Lease Obligations	\$ 48,725	\$ 130,407	\$ 89,147	\$ 89,985	\$ 45,530
Subscription Obligations	—	222,947	57,618	165,329	56,346
Total	48,725	353,354	146,765	255,314	101,876
Other Liabilities					
Compensated Absences	2,813,961	2,078,006	2,077,994	2,813,973	1,850,255
Notes and Loans Payable	87,568,394	—	4,141,211	83,427,183	4,306,339
Total	90,382,355	2,078,006	6,219,205	86,241,156	6,156,594
Total Long-Term Obligations	\$ 90,431,080	\$ 2,431,360	\$ 6,365,970	\$ 86,496,470	\$ 6,258,470

See Note 11, Retirement Plans, for information related to net pension liability. See Note 13, Post-Employment Benefits Other Than Pension Benefits, for information related to net other post employment benefits liability.

Notes and Loans Payable

Financing Lease Agreements

The 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 \$4,141,211 and \$3,228,195, respectively. Interest rates range from 3.067% to 5.867%.

The University has \$83,427,183 in outstanding notes and loans payable due to affiliated organizations for financing lease agreements.

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

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Financing Lease Arrangements at June 30, 2023	Outstanding Balances per Lease Schedules at June 30, 2023
	(+)	(-)	(=)	
Finance Buildings and Building Improvements	\$ 122,648,173	\$ 50,907,539	\$ 71,740,634	\$ 83,427,183

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
Student Housing H5-H6	USG Foundation	\$ 24,361,718	15 years	June 2019	May 2034	\$ 19,089,011 (1)
Student Housing H1-H4	USG Foundation	20,588,970	18 years	October 2020	June 2039	17,841,938 (1)
Student Recreation CTR	USG Foundation	13,725,980	18 Years	October 2020	June 2039	11,903,774 (1)
Darton Student Center	USG Foundation	20,173,433	25 years	July 2015	June 2040	16,950,752 (1)
Darton Commons	USG Foundation	8,854,463	20 years	October 2020	June 2041	7,769,577 (1)
Darton Village South	USG Foundation	11,269,317	20 years	October 2020	June 2041	9,872,131 (1)
Total Leases		<u>\$ 98,973,881</u>				<u>\$ 83,427,183</u>

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

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

Year Ending June 30:	Principal	Interest
2024	\$ 4,306,339	\$ 3,083,791
2025	4,459,343	2,921,836
2026	4,629,553	2,759,495
2027	4,793,518	2,590,672
2028	4,970,186	2,419,585
2029 through 2033	27,820,498	9,189,627
2034 through 2038	24,752,461	4,074,056
2039 through 2043	7,695,285	326,353
Total Minimum Lease Payments	<u>\$ 83,427,183</u>	<u>\$ 27,365,415</u>

Note 7 Deferred Outflows and Inflows of Resources

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

Deferred Outflows of Resources

Deferred Outflow on Defined Benefit Pension Plans (See Note 11)	\$ 30,172,849
Deferred Outflows on OPEB Plan (See Note 14)	9,175,690
Total Deferred Outflows of Resources	<u>\$ 39,348,539</u>

Deferred Inflows of Resources

Deferred Gain on Debt Refunding	\$ 2,282,379
Deferred Inflow on Defined Benefit Pension Plans (See Note 11)	2,756,714
Deferred Inflow on OPEB Plan (See Note 14)	24,094,645
Total Deferred Inflows of Resources	<u>\$ 29,133,738</u>

Deferred Loss/Gain on Debt Refunding

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

Note 8 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	\$ 95,506,526
Restricted for	
Expendable	
Federal Loans	84,310
Sub-Total	<u>84,310</u>
Unrestricted	
Auxiliary Enterprises Operations	(705,230)
Reserve for Encumbrances	4,692,142
Capital Liability Reserve Fund	801,382
Other Unrestricted	(103,107,059)
Sub-Total	<u>(98,318,765)</u>
Total Net Position	<u>\$ (2,727,929)</u>

Other unrestricted net position is reduced by \$68,480,030 related to the recording of net OPEB liability, deferred inflow of resources, and deferred outflow of resources related to the OPEB plan. Other unrestricted net position is also reduced by \$35,547,085 related to the recording of net pension liability, deferred outflow of resources, and deferred outflow of resources related to the defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation, student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the 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	\$ 96,884,524	\$ 7,818,574	\$ 9,196,572	\$ 95,506,526
Restricted Net Position	84,310	56,207,130	56,207,130	84,310
Unrestricted Net Position	<u>(98,716,286)</u>	<u>76,901,696</u>	<u>76,504,175</u>	<u>(98,318,765)</u>
Total Net Position	<u>\$ (1,747,452)</u>	<u>\$ 140,927,400</u>	<u>\$ 141,907,877</u>	<u>\$ (2,727,929)</u>

Note 9 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2023.

Note 10 Leases and Subscriptions

Lease Obligations

The University leases equipment, and other assets. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was

executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest cash payments related to leases for fiscal year 2023 were \$89,147 and \$1,037, respectively. Interest rates range from 3.067% to 5.867%.

The University's principal and interest payments related to SBITAs for fiscal year 2023 were \$57,619 and \$1,302, respectively. Interest rate is 2.26%.

There were no residual guaranteed payment, variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2023.

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

Description	Gross Amount (+)	Less: Accumulated Amortization (-)	Net, Assets Held Under Lease at June 30, 2023 (=)	Outstanding Balance per Lease Schedules at June 30, 2023
Leased Equipment	\$ 126,539	\$ 124,470	\$ 2,069	\$ 2,068
Leased Buildings and Building Improvements	130,406	39,846	90,560	87,917
Total Assets Held Under Lease	\$ 256,945	\$ 164,316	\$ 92,629	\$ 89,985

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
Vehicles	Enterprise FM	\$ 83,053	1 year	July 2021	September 2023	\$ 2,068
125 Pine St Office Rental	Trinicap Properties 8, LLC	130,407	3 years	July 2022	June 2025	87,917
Total Leases		\$ 213,460				\$ 89,985

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

Year Ending June 30:	Principal	Interest
2024	\$ 45,530	\$ 566
2025	44,455	1,538
Total Minimum Lease Payments	\$ 89,985	\$ 2,104

Subscription Obligations

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

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

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Subscription Obligations at June 30, 2023	Outstanding Balance per Subscription Schedules at June 30, 2023
Subscription Based IT Arrangements (SBITAs)	\$ 222,947	\$ 51,092	\$ 171,855	\$ 165,329

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

Year Ending June 30:	Principal	Interest
2024	\$ 56,346	\$ 2,566
2025	55,100	3,821
2026	53,883	5,038
Total Minimum Subscription Payments	<u>\$ 165,329</u>	<u>\$ 11,425</u>

Note 11. Retirement Plans

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

The University also provides the Regents Retirement Plan.

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

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

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2023. The University's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual the University payroll. The University's contributions to TRS totaled \$5,704,101 for the year ended June 30, 2023.

General Information about the Employees' Retirement System

Plan description

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

Benefits provided

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

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

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

Contributions

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

totalled \$60,648 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 0.191323%, which was an decrease of (0.003166)% from its proportion measured as of June 30, 2021. At June 30, 2022, the University's ERS proportion was 0.012532%, which was a increase of 0.000591% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the University recognized pension expense of \$6,999,740 for TRS and \$256,709 for ERS. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,578,877	\$ 323,382	\$ 1,797	\$ 7,591
Changes of assumptions	9,351,987	—	148,775	—
Net difference between projected and actual earnings on pension plan investments	12,206,046	—	97,244	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	2,425,741	23,373	—
Contributions subsequent to the measurement date	5,704,101		60,648	
Total	\$ 29,841,011	2,749,123	\$ 331,837	\$ 7,591

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 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	\$ 5,129,428	\$ 147,516
2025	\$ 4,196,384	\$ 38,873
2026	\$ 3,246,474	\$ 2,425
2027	\$ 8,815,501	\$ 74,784

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 of 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 rates used to measure the total TRS and ERS pension liabilities were 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	\$ 93,727,976	\$ 62,126,276	\$ 36,319,308

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 1,114,129	\$ 836,945	\$ 603,855

Pension plan fiduciary net position

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

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

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

The University and the covered employees made the required contributions of \$983,029 (9.24%) and \$638,330 (6.00%), respectively.

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

Note 12 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 13 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 14 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	628
Retirees or Beneficiaries Receiving Benefits	317
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	<u>111</u>
Total	<u><u>1,056</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%. With regard to life insurance, the employer covers the total premium cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2023, the University contributed \$1,369,819 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 1.352101%, which was an increase of 0.012456% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the University recognized OPEB expense of \$(3,071,977). At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,473,144	\$ 448,551
Changes of assumptions	4,605,189	19,288,303
Net difference between projected and actual earnings on OPEB plan investments	216,683	—
Changes in proportion and differences between contributions and proportionate share of contributions	510,855	4,357,791
Contributions subsequent to the measurement date	<u>1,369,819</u>	<u>—</u>
Total	<u><u>\$ 9,175,690</u></u>	<u><u>\$ 24,094,645</u></u>

The University's contributions subsequent to the measurement date of \$1,369,819 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	\$	(4,973,826)
2025	\$	(4,792,364)
2026	\$	(4,043,353)
2027	\$	(2,353,946)
2028	\$	(125,285)

Actuarial assumptions

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

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2022 3.54% GO 20-Municipal Bond Index Rate Interest Rate as of 6/30/2021 2.16% from Bond Buyers GO 20- Municipal Bond Index; Discount Rate 2.18%
	Long-term Rate of Return 4.36% General Inflation 2.40% Salary Increase 3.75%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2021
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7%
Medicare Eligible	4%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4%
Year Ultimate Trend is Reached	Fiscal Year 2034 for Pre-Medicare Eligible, Fiscal Year 2022 for Medicare Eligible
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019 with the exception of the disability and salary increase assumptions. These assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which covered the five year period ending June 30, 2018.

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

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

Discount rate

The Plan's projected fiduciary net position at the end of 2025 is \$0, based on the valuation completed for the fiscal year ending June 30, 2022. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2026. Therefore, the long-term expected rate of return on Plan investments of 4.36% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2022. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.54% from the Bond 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	\$ 63,624,877	\$ 53,561,075	\$ 45,640,247

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	\$ 45,960,700	\$ 53,561,075	\$ 63,321,147
Pre-Medicare Eligible	6.0% decreasing to 3.5%	7.0% decreasing to 4.5%	8.0% decreasing to 5.5%
Medicare Eligible	3.0%	4.0%	5.0%

OPEB plan fiduciary net position:

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

Note 15 Operating Expenses with Functional Classifications

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

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 18,500,819	\$ 3,843,329	\$ 6,823,965	\$ 7,232	\$ 133,111
Research	184,766	292,009	102,103	—	31,492
Public Service	201,612	2,030,586	703,510	—	122,280
Academic Support	590,267	3,484,784	1,389,281	—	41,426
Student Services	18,103	3,565,769	1,343,460	—	94,773
Institutional Support	296,285	6,710,329	1,603,975	34,997	73,817
Plant Operations and Maintenance	—	3,402,602	1,327,458	—	16,808
Scholarships and Fellowships	—	8,949	1,344	636,132	—
Auxiliary Enterprises	4,010	4,168,734	843,483	5,000	63,155
Total Operating Expenses	\$ 19,795,862	\$ 27,507,091	\$ 14,138,579	\$ 683,361	\$ 576,862

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 626,321	\$ 187,029	\$ 5,522,748	\$ 2,027,562	\$ 37,672,116
Research	231,308	—	960,204	39,931	1,841,813
Public Service	5,000	32,414	2,623,854	414	5,719,670
Academic Support	400	32,552	2,527,793	191,015	8,257,518
Student Services	79,226	22,479	2,462,602	1,412,950	8,999,362
Institutional Support	—	482,569	4,910,019	812,699	14,924,690
Plant Operations and Maintenance	—	3,005,227	2,116,005	1,158,720	11,026,820
Scholarships and Fellowships	16,245,949	—	—	—	16,892,374
Auxiliary Enterprises	677,679	826,846	14,540,627	3,634,764	24,764,298
Total Operating Expenses	\$ 17,865,883	\$ 4,589,116	\$ 35,663,852	\$ 9,278,055	\$ 130,098,661

Required Supplementary Information

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2023	\$ 60,648	\$ 60,648	\$ —	\$ 195,577	31.01%
	June 30, 2022	\$ 75,569	\$ 75,569	\$ —	\$ 306,817	24.63%
	June 30, 2021	\$ 64,733	\$ 64,733	\$ —	\$ 262,500	24.66%
	June 30, 2020	\$ 64,145	\$ 64,145	\$ —	\$ 260,118	24.66%
	June 30, 2019	\$ 48,946	\$ 48,946	\$ —	\$ 197,521	24.78%
	June 30, 2018	\$ 45,619	\$ 45,619	\$ —	\$ 187,500	24.33%
	June 30, 2017	\$ 46,405	\$ 46,405	\$ —	\$ 187,042	24.81%
	June 30, 2016	\$ 16,109	\$ 16,109	\$ —	\$ 65,166	24.72%
	June 30, 2015	\$ 9,150	\$ 9,150	\$ —	\$ 44,526	20.55%
	June 30, 2014	\$ 7,606	\$ 7,606	\$ —	\$ 41,202	18.46%
Teachers' Retirement System	June 30, 2023	\$ 5,704,101	\$ 5,704,101	\$ —	\$ 28,809,997	19.80%
	June 30, 2022	\$ 5,163,909	\$ 5,163,909	\$ —	\$ 26,067,183	19.81%
	June 30, 2021	\$ 4,810,110	\$ 4,810,110	\$ —	\$ 25,305,220	19.01%
	June 30, 2020	\$ 5,519,922	\$ 5,519,922	\$ —	\$ 25,788,474	21.40%
	June 30, 2019	\$ 5,390,422	\$ 5,390,422	\$ —	\$ 26,622,150	20.25%
	June 30, 2018	\$ 4,483,588	\$ 4,483,588	\$ —	\$ 28,217,717	15.89%
	June 30, 2017	\$ 4,040,398	\$ 4,040,398	\$ —	\$ 30,656,121	13.18%
	June 30, 2016	\$ 4,379,630	\$ 4,379,630	\$ —	\$ 31,877,853	13.74%
	June 30, 2015	\$ 4,191,939	\$ 4,191,939	\$ —	\$ 31,601,176	13.27%
	June 30, 2014	\$ 3,880,177	\$ 3,880,177	\$ —	\$ 31,230,435	12.42%

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

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	June 30, 2023	0.012532%	\$ 836,945	\$ 306,817	272.78%	67.44%
	June 30, 2022	0.011941%	\$ 279,289	\$ 262,500	106.40%	87.62%
	June 30, 2021	0.010366%	\$ 436,922	\$ 260,118	167.97%	76.21%
	June 30, 2020	0.007836%	\$ 323,355	\$ 197,521	163.71%	76.74%
	June 30, 2019	0.007351%	\$ 302,202	\$ 187,500	161.17%	76.68%
	June 30, 2018	0.007625%	\$ 309,677	\$ 187,042	165.57%	76.33%
	June 30, 2017	0.008670%	\$ 132,546	\$ 65,166	203.40%	72.34%
	June 30, 2016	0.180000%	\$ 73,816	\$ 44,526	165.78%	76.20%
	June 30, 2015	0.183000%	\$ 68,636	\$ 41,202	166.58%	77.99%
Teachers Retirement System	June 30, 2023	0.191323%	\$ 62,126,276	\$ 26,067,183	238.33%	72.85%
	June 30, 2022	0.194489%	\$ 17,201,255	\$ 25,305,220	67.98%	92.03%
	June 30, 2021	0.201755%	\$ 48,872,958	\$ 25,788,474	189.51%	77.01%
	June 30, 2020	0.211013%	\$ 45,373,501	\$ 26,622,150	170.44%	78.56%
	June 30, 2019	0.223471%	\$ 41,481,004	\$ 28,217,717	147.00%	80.27%
	June 30, 2018	0.245381%	\$ 45,604,814	\$ 30,656,121	148.76%	79.33%
	June 30, 2017	0.279702%	\$ 57,696,976	\$ 31,877,853	180.99%	76.06%
	June 30, 2016	0.302005%	\$ 45,981,677	\$ 31,601,176	145.51%	81.44%
	June 30, 2015	0.309464%	\$ 39,129,036	\$ 31,230,435	125.29%	84.03%

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

**ALBANY STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLAN
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%.

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

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
June 30, 2023	\$ 1,369,819	\$ 1,369,819	\$ —	\$ 42,624,301	3.21%
June 30, 2022	\$ 1,978,704	\$ 1,978,704	\$ —	\$ 41,903,933	4.72%
June 30, 2021	\$ 1,572,485	\$ 1,572,485	\$ —	\$ 38,747,891	4.06%
June 30, 2020	\$ 1,383,362	\$ 1,383,362	\$ —	\$ 38,442,428	3.60%
June 30, 2019	\$ 2,206,814	\$ 2,206,814	\$ —	\$ 37,921,291	5.82%
June 30, 2018	\$ 2,320,391	\$ 2,320,391	\$ —	\$ 37,448,992	6.20%
June 30, 2017	\$ 1,586,617	\$ 1,586,617	\$ —	\$ 37,796,205	4.20%

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

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

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2023	1.352101%	\$ 53,561,075	\$ 41,903,933	127.82%	5.08%
June 30, 2022	1.339645%	\$ 67,425,413	\$ 38,747,891	174.01%	3.74%
June 30, 2021	1.345788%	\$ 71,780,554	\$ 38,442,428	186.72%	2.91%
June 30, 2020	1.375965%	\$ 61,527,211	\$ 37,921,291	162.25%	3.13%
June 30, 2019	1.464709%	\$ 64,604,668	\$ 37,448,992	172.51%	1.69%
June 30, 2018	1.593246%	\$ 67,230,614	\$ 37,796,205	177.88%	0.19%

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

**ALBANY STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

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

Supplementary Information

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

ASSETS

Accounts Receivable		
Federal Financial Assistance	\$	9,212,019.36
Other		4,843,795.47
Prepaid Expenditures		30,864.27
		<hr/>
Total Assets	\$	<u>14,086,679.10</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Cash Overdraft	\$	1,093,711.52
Accrued Payroll		270,316.04
Encumbrance Payable		3,777,864.36
Accounts Payable		543,458.15
Unearned Revenue		4,673,342.42
		<hr/>
Total Liabilities		<u>10,358,692.49</u>
Fund Balances		
Reserved		
Department Sales and Services	\$	378,590.58
Indirect Cost Recoveries		155,616.37
Technology Fees		1,108,327.02
Uncollectible Accounts Receivable		2,014,414.42
Unreserved		
Surplus		71,038.22
		<hr/>
Total Fund Balances		<u>3,727,986.61</u>
		<hr/>
Total Liabilities and Fund Balances	\$	<u>14,086,679.10</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.

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

	Original Appropriation	Final Budget	Funds Available Compared to Budget	
			Current Year Revenues	Prior Year Reserve Carry-Over
Teaching				
State Appropriation				
State General Funds	\$ 33,666,253.00	\$ 35,986,153.00	\$ 35,986,153.00	\$ —
Federal Funds				
Federal Funds Not Specifically Identified	43,000,000.00	55,917,938.00	38,849,322.43	
Federal Funds COVID19				
Federal Funds Not Itemized-Covid		33,744,224.00	15,331,449.79	—
Other Funds	55,611,940.00	36,055,834.00	28,679,265.65	3,376,905.16
Total Teaching	<u>132,278,193.00</u>	<u>161,704,149.00</u>	<u>118,846,190.87</u>	<u>3,376,905.16</u>
Total Operating Activity	<u>\$ 132,278,193.00</u>	<u>\$ 161,704,149.00</u>	<u>\$ 118,846,190.87</u>	<u>\$ 3,376,905.16</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.

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

	Funds Available Compared to Budget			Expenditures Compared to Budget		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	\$ —	\$ 35,986,153.00	\$ —	\$ 35,986,153.00	\$ —	\$ —
Federal Funds						
Federal Funds Not Specifically Identified		38,849,322.43	(17,068,615.57)	38,849,322.43	17,068,615.57	—
Federal Funds COVID19						
Federal Funds Not Itemized- Covid	—	15,331,449.79	(18,412,774.21)	15,331,449.79	18,412,774.21	—
Other Funds	—	32,056,170.81	(3,999,663.19)	29,870,974.79	6,184,859.21	2,185,196.02
Total Teaching	—	122,223,096.03	(39,481,052.97)	120,037,900.01	41,666,248.99	2,185,196.02
Total Operating Activity	\$ —	\$ 122,223,096.03	\$ (39,481,052.97)	\$ 120,037,900.01	\$ 41,666,248.99	\$ 2,185,196.02

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.

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

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2022 Surplus	Prior Year Adjustments	Other Adjustments
Teaching					
State Appropriation					
State General Funds	\$ 22,445.00	\$ —	\$ (22,445.00)	\$ 71,038.22	\$ —
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Federal Funds - COVID					
Federal Funds Not Specifically Identified - COVID	—	—	—	—	—
Other Funds	3,377,041.16	(3,376,905.16)	(136.00)	(127,803.08)	(414,858.97)
Total Teaching	<u>3,399,486.16</u>	<u>(3,376,905.16)</u>	<u>(22,581.00)</u>	<u>(56,764.86)</u>	<u>(414,858.97)</u>
Total Operating Activity	<u>3,399,486.16</u>	<u>(3,376,905.16)</u>	<u>(22,581.00)</u>	<u>(56,764.86)</u>	<u>(414,858.97)</u>
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	1,599,555.45				414,858.97
Budget Unit Totals	<u>\$ 4,999,041.61</u>	<u>\$ (3,376,905.16)</u>	<u>\$ (22,581.00)</u>	<u>\$ (56,764.86)</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.

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

	Early Return of Fiscal Year 2022 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Teaching						
State Appropriation						
State General Funds	\$ —	\$ —	\$ 71,038.22	\$ —	\$ 71,038.22	\$ 71,038.22
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Federal Funds - COVID						
Federal Funds Not Specifically Identified - COVID	—	—	—	—	—	—
Other Funds	—	2,185,196.02	1,642,533.97	1,642,533.97	—	1,642,533.97
Total Teaching	—	2,185,196.02	1,713,572.19	1,642,533.97	71,038.22	1,713,572.19
Total Operating Activity	—	2,185,196.02	1,713,572.19	1,642,533.97	71,038.22	1,713,572.19
Prior Year Reserves						
Not Available for Expenditure						
Uncollectible Accounts Receivable			2,014,414.42	2,014,414.42		2,014,414.42
Budget Unit Totals	\$ —	\$ 2,185,196.02	\$ 3,727,986.61	\$ 3,656,948.39	\$ 71,038.22	\$ 3,727,986.61
			Departmental Sales and Services	\$ 378,590.58	\$ —	\$ 378,590.58
			Indirect Cost Recovery	155,616.37	—	155,616.37
			Technology Fees	1,108,327.02	—	1,108,327.02
			Uncollectible Accounts Receivable	2,014,414.42	—	2,014,414.42
			Surplus	—	71,038.22	71,038.22
				\$ 3,656,948.39	\$ 71,038.22	\$ 3,727,986.61

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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