VALDOSTA STATE UNIVERSITY ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2023

Valdosta, Georgia

VALDOSTA STATE UNIVERSITY
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INTRODUCTORY SECTION

Valdosta State University

Letter of Transmittal

August 15, 2023

To: Dr. Richard Carvajal, Valdosta State University

The Annual Financial Report (AFR) for Valdosta State University includes the financial statements for the year ended June 30, 2023, as well as other useful information to help ensure the University's accountability and integrity to the public. The AFR also includes the Management Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the Institution's financial position as a result of operations for the fiscal year ended June 30, 2023.

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

The University's financial records are included in the University System of Georgia's financial report, which is audited by the State of Georgia Department of Audits and Accounts (DOAA) on an annual basis. The University's internal auditors also perform fiscal compliance and performance reviews, sharing the results with the Institution's management. The financial review of the University's financial assistance programs is performed by the DOAA in conjunction with the statewide Single Audit.

Respectfully submitted,

Traycee Martin, CPA

Vice President for Finance and Administration

FINANCIAL SECTION

Valdosta State University

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. Richard A. Carvajal
Valdosta State University

We have reviewed the accompanying financial statements of the business-type activities and the fiduciary funds of Valdosta 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 Valdosta 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.

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

Required Supplementary Information

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

Other Matters

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

Included in a separate Report on Review dated December 8, 2023 is a section on findings and other items for any matters that came to our attention during our engagement.

Additionally, we have performed certain procedures at Valdosta 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 Valdosta State University and 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

Greg S. Griffin
State Auditor

December 8, 2023

VALDOSTA STATE UNIVERSITY
Management's Discussion and Analysis

Introduction
Valdosta State University is one of the 26 institutions of higher education of the University System of Georgia. The University, located in Valdosta, Georgia, was founded in 1906 and offers nationally accredited programs in Art, Business, Music, Nursing, Speech Pathology, School Counseling and Teacher Education as well as baccalaureate and master's degrees in a wide variety of other subjects. This broad range of educational opportunities attracts a highly qualified faculty and a student body of more than 10,000 students each year. The university's enrollment is shown by the comparison numbers that follow.

	STUDENT HEADCOUNT	STUDENT FTE
FY 2023	10,225	8,656
FY 2022	11,573	9,854
FY 2021	12,304	10,632

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 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 University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2023 and fiscal year 2022 for the business-type activities only.

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. Increases or decreases in net position provide an indicator of the improvement or decline of the University's financial health when considered in conjunction with other non-financial conditions, such as facilities and enrollment. Net Position is divided into three major categories. The first category, net investment in capital assets, provides the University's equity in property, plant and equipment owned by the University.

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

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

CONDENSED STATEMENT OF NET POSITION	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	$ 73,800,567	$ 63,297,401	$ 10,503,166	16.59 %
Capital Assets, Net	248,171,828	260,306,429	(12,134,601)	(4.66)%
Intangible Right-to Use Assets, net	566,484	427,749	138,735	32.43 %
Other Assets	11,459,094	10,905,325	553,769	5.08 %
TOTAL ASSETS	$ 333,997,973	$ 334,936,904	$ (938,931)	(0.28)%
DEFERRED OUTFLOWS	$ 58,206,771	$ 38,969,458	$ 19,237,313	49.37 %
LIABILITIES				
Current Liabilities	19,881,979	19,290,386	591,593	3.07 %
Non-Current Liabilities	314,168,374	283,783,330	30,385,044	10.71 %
TOTAL LIABILITIES	$ 334,050,353	$ 303,073,716	$ 30,976,637	10.22 %
DEFERRED INFLOWS	$ 45,478,907	$ 64,524,752	$ (19,045,845)	(29.52)%
NET POSITION				
Net Investment in Capital Assets	108,995,698	113,909,523	(4,913,825)	(4.31)%
Restricted, Non-Expendable	5,619,600	6,363,695	(744,095)	(11.69)%
Restricted, Expendable	2,455,766	5,361,787	(2,906,021)	(54.20)%
Unrestricted	(104,395,580)	(119,327,111)	14,931,531	12.51 %
TOTAL NET POSITION	$ 12,675,484	$ 6,307,894	$ 6,367,590	100.95 %

Total assets decreased $-938,931 which was due to the net effect of an increase in current assets of $10,503,166, a decrease in net capital assets of $-12,134,601, an increase in Intangible Right-to Use Asset of $138,735, and an increase in other assets of $553,769. The increase in current assets was primarily due to the prepayment of funds to the Georgia State Financing and Investment Commission (GSFIC) of $9.6 million for the construction of the institution's Performing Arts Center (PAC). Additionally, the institution saw an increase in cash due to the timing of billings and draws on Federal Funds. Lastly, the institution received an increase in state appropriations for Cost of Living adjustments, an offset for the elimination of the Special Institutional Fee and Major Repairs and Maintenance funding. The decrease in net capital assets is attributable to accumulated depreciation on Building and Building Improvements depreciating at a faster rate than capital asset additions. The increase in Intangible Right-to Use Assets reflects the adoption of GASB 96. Under this Statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The increase in Other Assets reflects investment gains on endowments.

Total deferred outflows of resources increased by $19,237,313 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 along with the change in the actuarially determined deferred loss on the institution's OPEB Plan.

Total liabilities increased $30,976,637 which was due to the net effect of an increase in current liabilities of $591,593 and an increase in non-current liabilities of $30,385,044. Current liabilities increase is attributable to the categories of Accounts Payable and Subscription Obligations. The Accounts Payable increase reflects increased enrollment in summer etuition programs such as Georgia on My Line (GOML) and eCORE - a cooperative arrangement among accredited institutions of the University System of Georgia (USG) to offer online education courses.

The Non-current Liabilities increase reflects the institution's proportionate share of the actuarially determined 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. But also included the difference between the total Other Post Employment Benefit (OPEB) liability and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

Total deferred inflows of resources decreased by $-19,045,845 which was due to the University's proportionate share of the actuarially determined difference between the total OPEB and Pension liability and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

The combination of the change in assets and deferred outflows of resources and deferred inflow of resources offset by the change in total liabilities yielded an increase in net position of $6,367,590. This change in net position was primarily in the category of Unrestricted position. Unrestricted position increased by $14,931,531 of which approximately $8M was the state actuarial adjustment for pension and retirement, with the remaining gains stemming from state appropriations, prefunding GSFIC market gains on endowment investments.

Statement of Revenues, Expenses and Changes in Net Position

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

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
Operating Revenue	$ 78,545,577	$ 96,875,259	$ (18,329,682)	(18.92)%
Operating Expense	173,388,125	192,072,161	(18,684,036)	(9.73)%
Operating Income/Loss	$ (94,842,548)	$ (95,196,902)	$ 354,354	0.37 %
Non-Operating Revenue and Expense	98,772,227	100,103,353	(1,331,126)	(1.33)%
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	$ 3,929,679	$ 4,906,451	$ (976,772)	(19.91)%
Other Revenues, Expenses, Gains, Losses and Special Items	2,437,911	2,093,155	344,756	16.47 %
Change in Net Position	$ 6,367,590	$ 6,999,606	$ (632,016)	(9.03)%
Net Position at beginning of year	6,307,894	(691,712)	6,999,606	1,011.92 %
Net Position at End of Year	$ 12,675,484	$ 6,307,894	$ 6,367,590	100.95 %

The Statement of Revenues, Expenses and Changes in Net Position reflects an up year, which is primarily due to an increase in state appropriation for cost of living increases, the state's supplement of the elimination of the Special Institutional Fee and funding for major renovation and repair projects. Additionally, the market value on the institution's endowments increased. These increases were offset by a decrease in federal grants and contracts due to depleted Higher Education Emergency Relief Funds (HEERF) in fiscal year 2023.

Some highlights of the information presented on this statement are as follows:

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

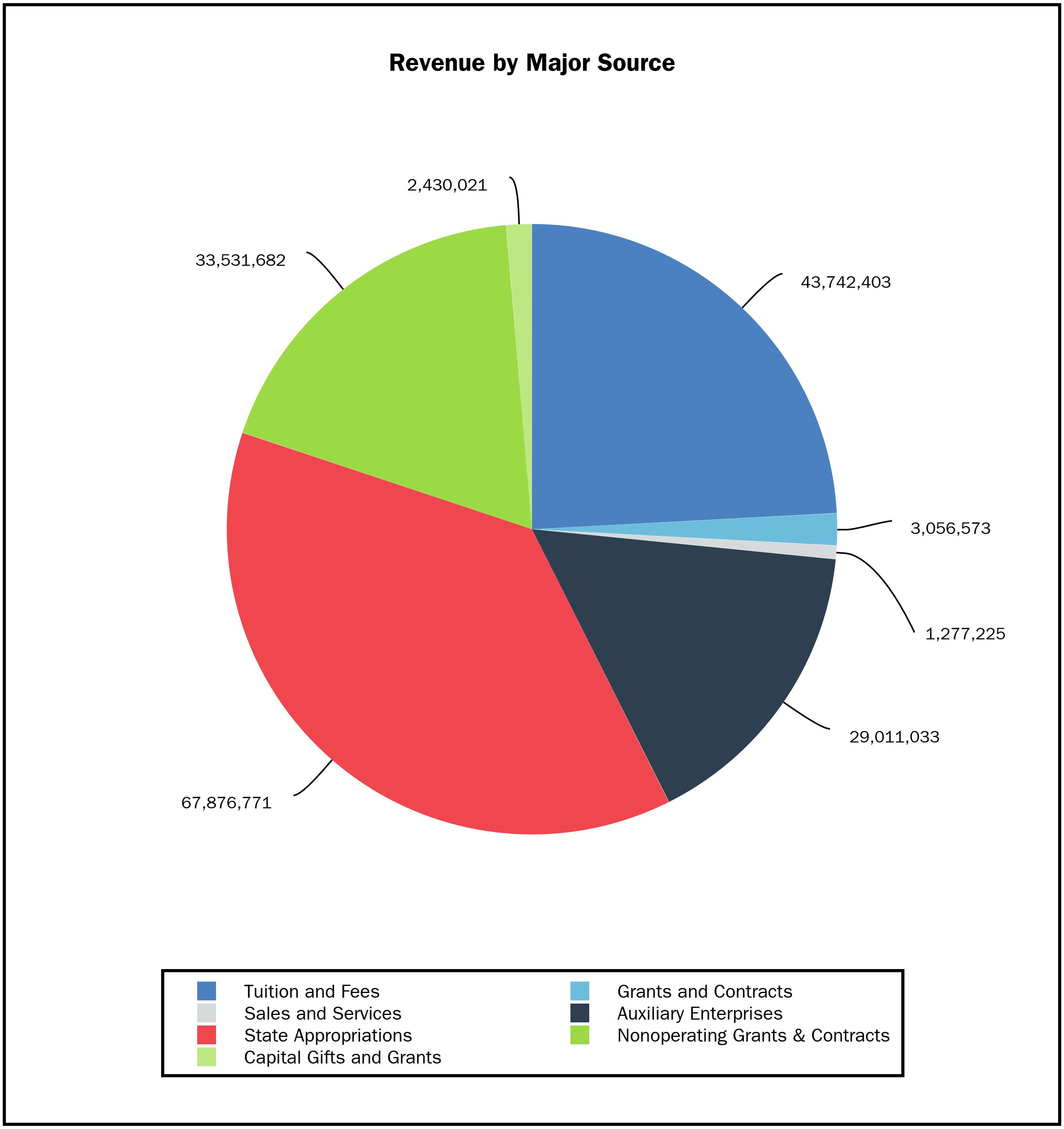
REVENUES BY SOURCE	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
Tuition and Fees	$ 43,742,403	57,819,889	$ (14,077,486)	(24.35)%
Grants and Contracts	3,056,573	3,048,312	8,261	0.27 %
Sales and Services	1,277,225	848,060	429,165	50.61 %
Auxiliary Enterprises	29,011,033	34,203,522	(5,192,489)	(15.18)%
Other Operating Revenues	1,458,343	955,476	502,867	52.63 %
Total Operating Revenues	$ 78,545,577	$ 96,875,259	$ (18,329,682)	(18.92)%
State Appropriations	67,876,771	53,757,666	14,119,105	26.26 %
Grants and Contracts	33,531,682	52,162,750	(18,631,068)	(35.72)%
Gifts	1,146,594	739,463	407,131	55.06 %
Investment Income	1,752,637	(1,395,905)	3,148,542	225.56 %
Other Nonoperating Revenues	(594,447)	160,590	(755,037)	(470.16)%
Total Nonoperating Revenues	$ 103,713,237	$ 105,424,564	$ (1,711,327)	(1.62)%
State Capital Gifts and Grants	2,133,753	1,838,612	295,141	16.05 %
Other Capital Gifts and Grants	296,268	249,208	47,060	18.88 %
Total Capital Gifts and Grants	$ 2,430,021	$ 2,087,820	$ 342,201	16.39 %
Additions to Permanent and Term Endowments	7,890	5,335	2,555	47.89 %
Total Revenues	$ 184,696,725	$ 204,392,978	$ (19,696,253)	(9.64)%

Revenues

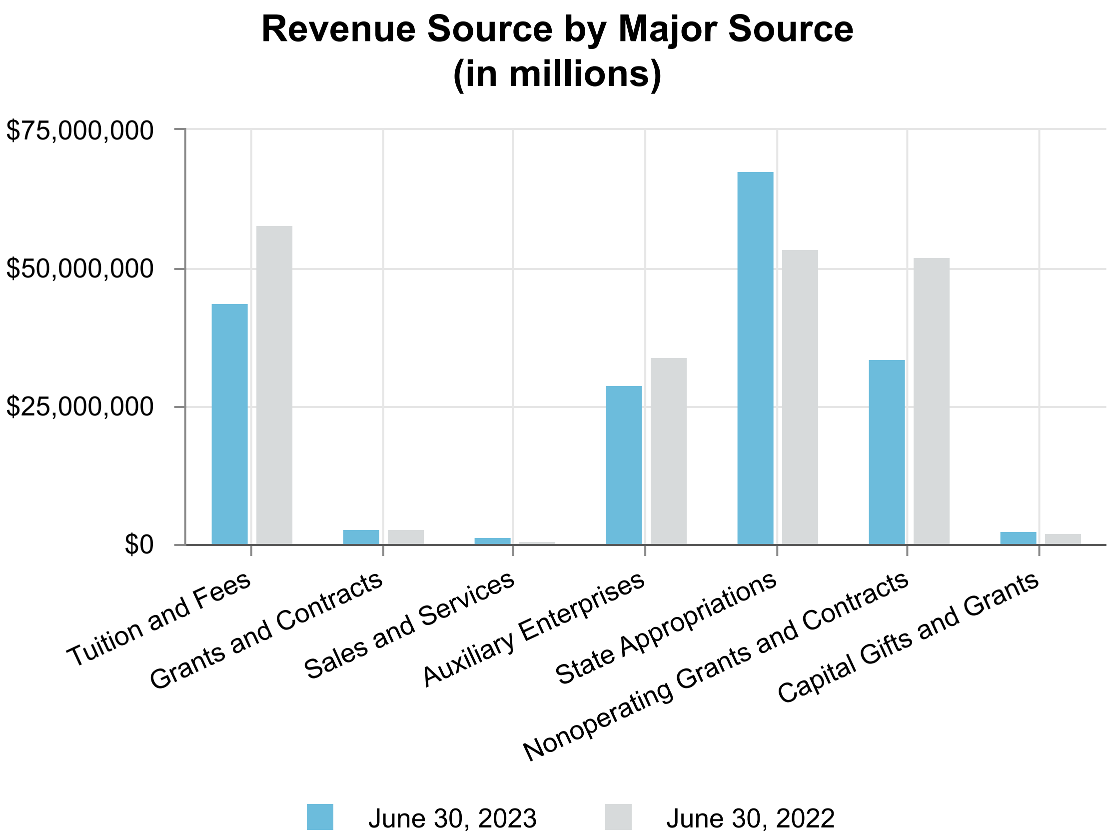
Total Operating Revenues in fiscal year 2023 decreased $-18,329,682. This decrease was primarily in tuition and fees which reflects a decline in enrollment as well as the elimination of the Special Institutional fee which was eliminated in fiscal year 2023. For Auxiliary Enterprises, the largest revenue loss was due to housing occupancy, which declined from 84% to 73% in Fall 2023 compared to Fall 2022. Declining fee payers also had an impact on Food Services, Parking and Student Health.

Total Nonoperating Revenues decreased by $-1,711,327, which is primarily attributed to the depletion of HEERF funds federally awarded to offset the effects of the global pandemic. The decrease in federal grants and contracts was offset by a gain in state appropriations and endowment investments.

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



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



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

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
Instruction	$ 56,833,049	$ 59,594,026	$ (2,760,977)	(4.63)%
Research	208,743	167,507	41,236	24.62 %
Public Service	1,568,561	1,664,296	(95,735)	(5.75)%
Academic Support	13,713,386	13,868,105	(154,719)	(1.12)%
Student Services	14,505,213	19,234,214	(4,729,001)	(24.59)%
Institutional Support	22,735,737	15,233,116	7,502,621	49.25 %
Plant Operations and Maintenance	19,866,871	17,416,124	2,450,747	14.07 %
Scholarships and Fellowships	13,268,035	34,043,649	(20,775,614)	(61.03)%
Auxiliary Enterprises	30,688,530	30,851,124	(162,594)	(0.53)%
Total Operating Expenses	$ 173,388,125	$ 192,072,161	$ (18,684,036)	(9.73)%
Interest Expense	4,941,010	5,321,211	(380,201)	(7.15)%
Total Nonoperating Expenses	$ 4,941,010	$ 5,321,211	$ (380,201)	(7.15)%
Total Expenses	$ 178,329,135	$ 197,393,372	$ (19,064,237)	(9.66)%

Total operating expenses decreased by $-18,684,036. This decrease was largely in the functional categories of Instruction, Student Services and Scholarships and Fellowship, offset by increases in Institutional Support and Plant Operations. The categories below were further impacted as indicated:

Instruction:
The decrease is due to reduce expenses from fiscal year 2022 compared to 2023, primarily in the categories of supplemental pay related to cost of living adjustments and repairs and maintenance.

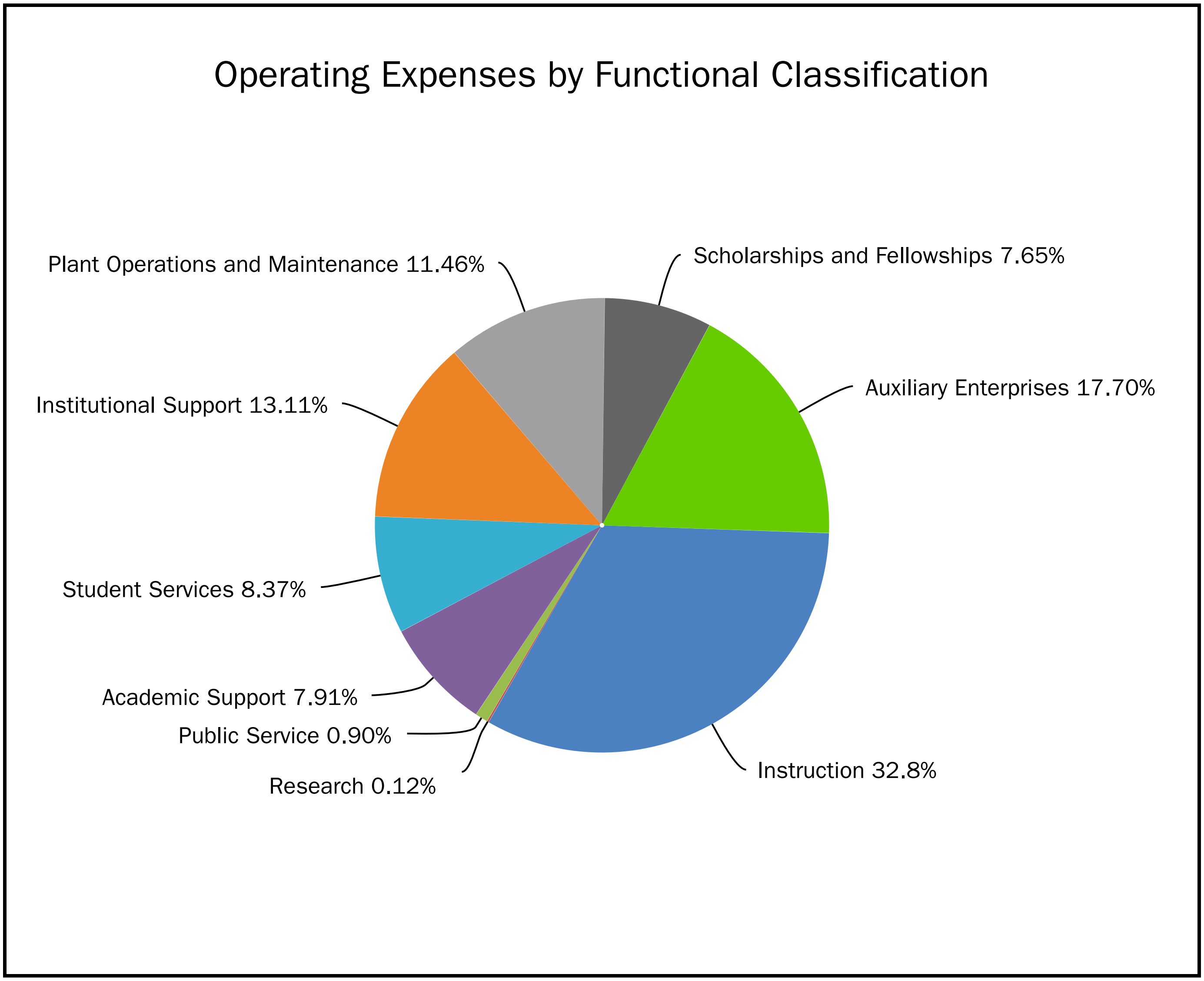
Student Services:
The decrease in Student Services is attributable to the field house debt which was paid off in last quarter of fiscal year 2022.

Institutional Support:
The increase in Institutional Support reflects the state's actuarial adjustment for TRS, ERS and OPEB retirement plans.

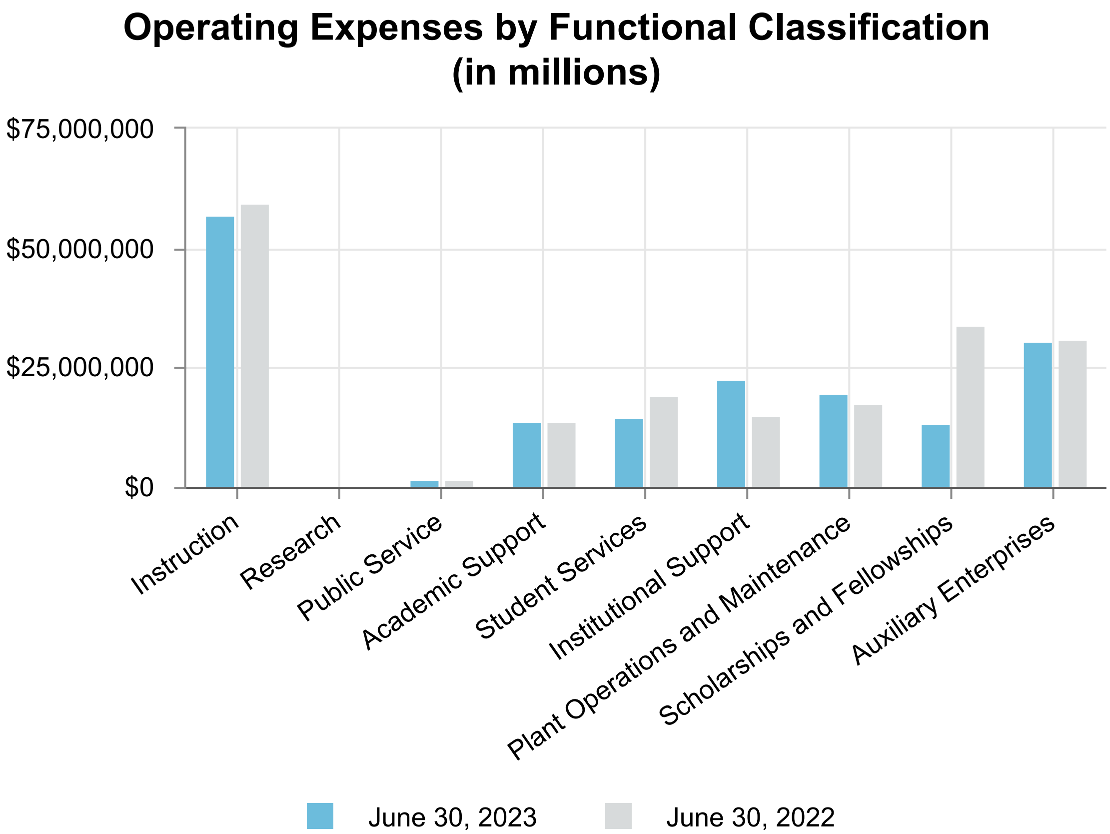
Plant Operation and Maintenance:
The increase was primarily due to several large maintenance projects including roof replacements and air handler cleanings.

Scholarships & Fellowships:
The decrease in Scholarship and Fellowship is due to depletion of the HEERF funds awarded to students to combat the effects of the global pandemic.

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

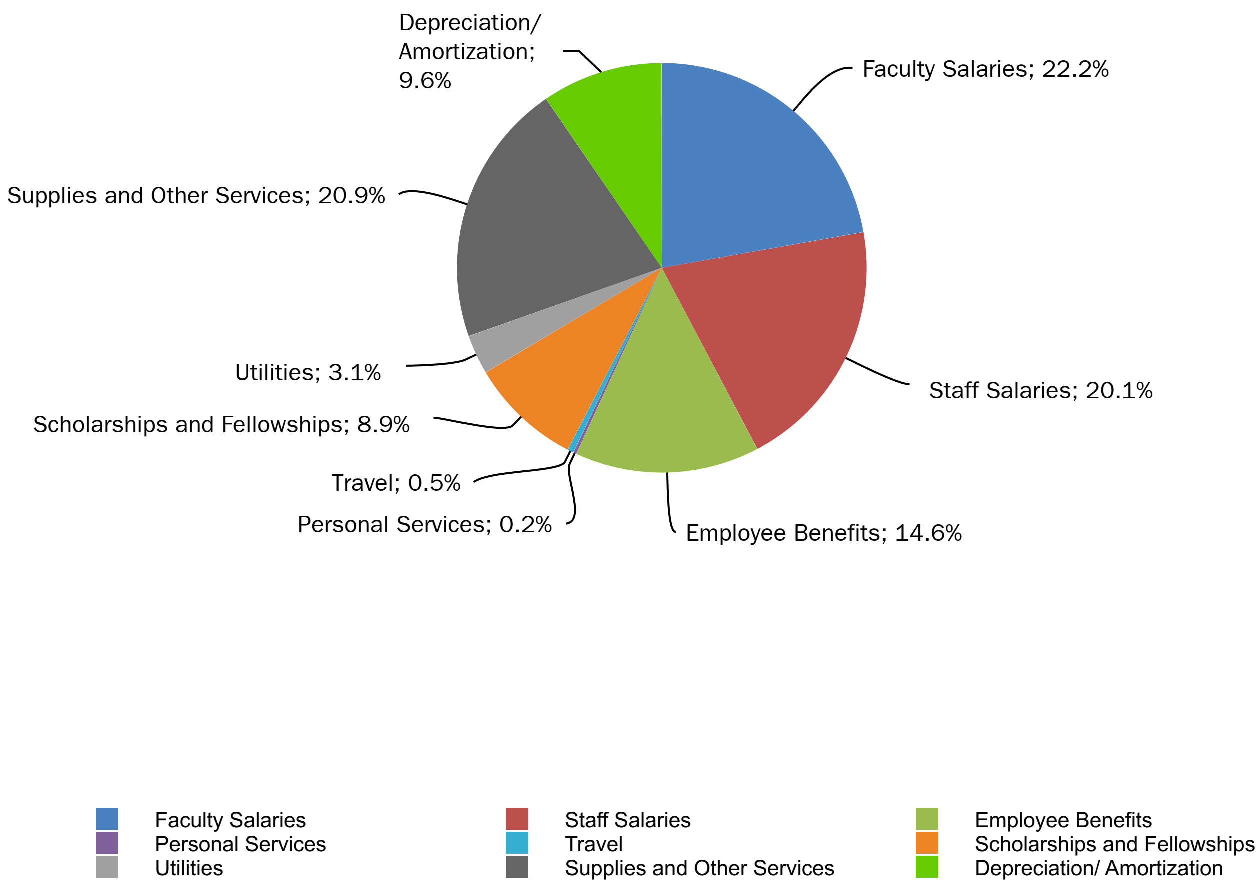


Operating expenses by functional classification for the years ended June 30, 2023 and June 30, 2022 is depicted by the following chart:

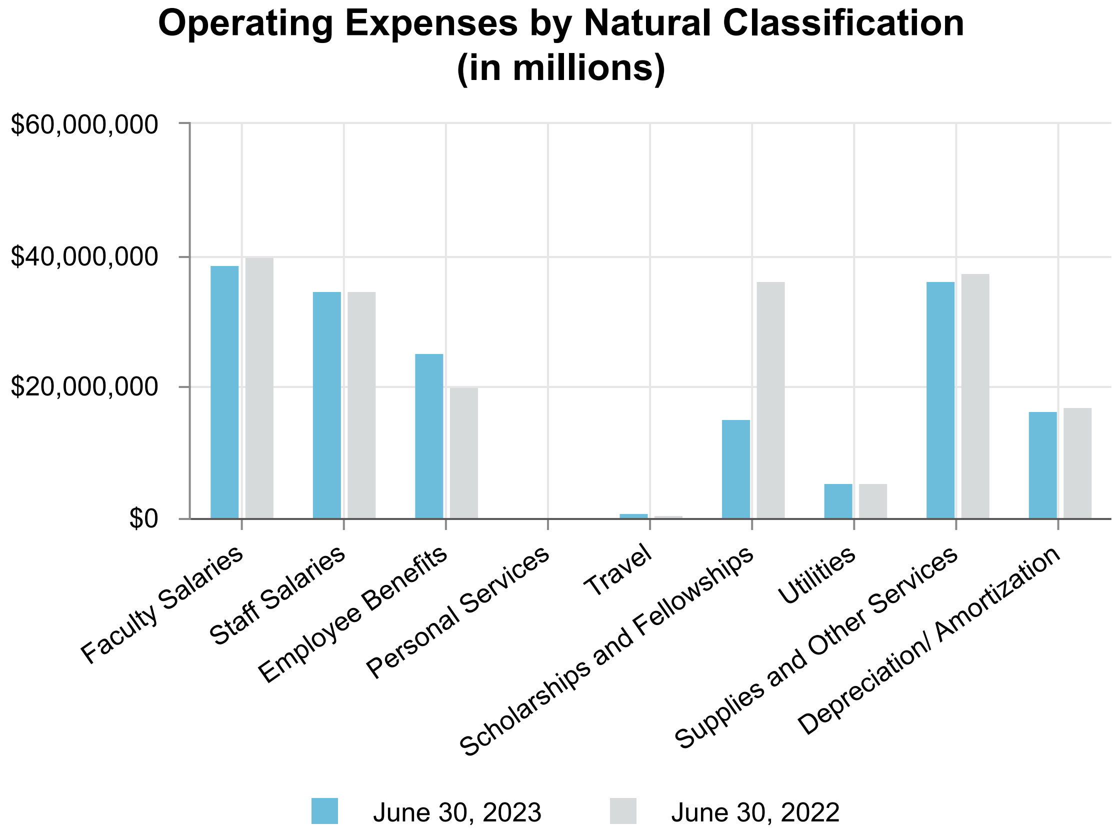


The following chart depicts the fiscal 2023 operating expenses by natural classification.

Operating Expenses by Natural Classification



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



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	$ (80,563,759)	(86,050,581)
Non-Capital Financing Activities	107,054,001	106,248,802
Capital and Related Financing Activities	(23,633,854)	(20,312,657)
Investing Activities	1,151,056	237,048
NET CHANGE IN CASH	$ 4,007,444	$ 122,612
Cash, beginning of year	58,068,230	57,945,618
CASH, end of year	$ 62,075,674	$ 58,068,230

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	June 30, 2023	June 30, 2022	Increase (Decrease)	% Change
Land	$ 8,137,830	$ 8,137,830	$ —	0.00 %
Capitalized Collections	69,619	218,855	(149,236)	(68.19)%
Construction Work-in-Progress	2,351,374	3,417,942	(1,066,568)	(31.20)%
Building and Building Improvements	225,561,469	235,642,676	(10,081,207)	(4.28)%
Facilities and Other Improvements	4,297,396	4,112,860	184,536	4.49 %
Equipment	3,287,559	4,144,412	(856,853)	(20.67)%
Library Collections	4,247,726	4,562,235	(314,509)	(6.89)%
Capitalized Collections	218,855	69,619	149,236	214.36 %
Capital Assets, net of accumulated depreciation	$ 248,171,828	$ 260,306,429	$ (12,134,601.00)	(4.66)%

In fiscal year 2023, the institution had capital asset additions for construction projects in progress consisting of Fine Arts Center, Brown Hall, Lowndes restroom renovations, and Odum Library, resulting in a decrease to construction work-in progress of $1,066,568.

Major renovation and repairs projects started including Performing Arts Center for $830,770, Ed Center Fan Array for $225,165, and Palms Window Replacement for $338,613.

Other capital additions included a Starbucks Refresh capital gift from the third party food vendor valued at $776,604.

The net capital asset decrease is reflective of assets depreciating at a greater rate than new acquisitions.

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
Equipment	$ 187,885	$ 427,749	(239,864)	(56.08)%
Subscription Based IT Arrangements (SBITAs)	378,599	—	378,599	100.00 %
Intangible Right-to-Use Assets, net of accumulated amortization	$ 566,484	$ 427,749	$ 138,735	32.43 %
(1) The amounts reported for fiscal year 2022 were not adjusted for the restatement of beginning net position. See Note 1 in the Notes to the Financial Statements for more information regarding the restatement.				

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

Long Term Liabilities

Valdosta State University had Long-Term Liabilities of 132,719,003, excluding pension and OPEB liability of 181,449,371 at June 30, 2023.

For additional information concerning Long-Term Liabilities, see Notes 8 and 13 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, capital leases, compensated absences, retirement and other postemployment benefits, capital assets and a report of operating expenses by function.

Economic Outlook

The Institution is currently not aware of any facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year other than those having a global effect on virtually all types of business operations. The University's overall financial position reflects positive net assets, impacted significantly by the implementation of GASB 75 other post employment benefits reporting. Enrollment has decreased; however, the Institution is actively addressing the changing climate of higher ed and has rolled out Strategic Plan 2027 which will focus the next four (4) years on fostering student success in and out of the classroom, cultivating an inclusive environment, impacting South Georgia, and sustaining our institution for generations to come.

Dr. Richard Carvajal, President
Valdosta State University

FINANCIAL STATEMENTS (GAAP BASIS)

Valdosta State University

VALDOSTA STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Valdosta State University
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 61,706,909
Cash and Cash Equivalents (Externally Restricted)	336,038
Accounts Receivable, net	
Federal Financial Assistance	171,493
Other	1,971,827
Prepaid Items	9,614,300
Total Current Assets	73,800,567
Non-Current Assets	
Accounts Receivable, net	
Due From USO - Capital Liability Reserve Fund	1,123,277
Investments	2,596,489
Notes Receivable, net	14,536
Investment in Financing Lease Arrangements - Primary Government	
Non-current Cash (Externally Restricted)	32,727
Investments (Externally Restricted)	7,692,065
Capital Assets, net	248,171,828
Intangible Right-to-Use Assets, net	566,484
Total Non-Current Assets	260,197,406
TOTAL ASSETS	333,997,973
DEFERRED OUTFLOWS OF RESOURCES	58,206,771

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

VALDOSTA STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023

		Valdosta State University
LIABILITIES		
Current Liabilities		
Accounts Payable	$	4,298,855
Salaries Payable		389,339
Benefits Payable		262,640
Retainage Payable		63,525
Advances (Including Tuition and Fees)		4,398,362
Deposits		412,000
Deposits Held for Other Organizations		36,110
Other Liabilities		19,123
Subscription Obligations		118,639
Notes and Loans Payable		7,395,638
Lease Obligations - External		111,367
Compensated Absences		2,376,381
Total Current Liabilities		19,881,979
Non-Current Liabilities		
Subscription Obligations		258,007
Notes and Loans Payable		130,827,673
Lease Obligations - External		13,918
Compensated Absences		1,619,405
Net Other Post Employment Benefits Liability		94,315,750
Net Pension Liability		87,133,621
Total Non-Current Liabilities		314,168,374
TOTAL LIABILITIES		334,050,353
DEFERRED INFLOWS OF RESOURCES		45,478,907
NET POSITION		
Net Investment in Capital Assets		108,995,698
Restricted for:		
Nonexpendable		5,619,600
Expendable		2,455,766
Unrestricted (Deficit)		(104,395,580)
TOTAL NET POSITION	$	12,675,484

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

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

	Valdosta State University
OPERATING REVENUES	
Student Tuition and Fees (net)	$ 43,742,403
Grants and Contracts	
Federal	1,399,843
State	26,623
Other	1,630,107
Sales and Services	1,277,225
Rents and Royalties	740,148
Auxiliary Enterprises	
Residence Halls	11,168,319
Bookstore	1,953,099
Food Services	6,835,299
Parking/Transportation	3,747,795
Health Services	2,203,448
Intercollegiate Athletics	2,716,061
Other Organizations	387,012
Other Operating Revenues	718,195
Total Operating Revenues	78,545,577
OPERATING EXPENSES	
Faculty Salaries	38,529,239
Staff Salaries	34,786,555
Employee Benefits	25,285,376
Other Personal Services	427,507
Travel	873,940
Scholarships and Fellowships	15,370,539
Utilities	5,383,279
Supplies and Other Services	36,166,075
Depreciation and Amortization	16,565,615
Total Operating Expenses	173,388,125
Operating Income (Loss)	$ (94,842,548)

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

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

	Valdosta State University
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	$ 67,876,771
Grants and Contracts	
Federal	33,319,557
State	92,181
Other	119,944
Gifts	1,146,594
Investment Income	1,752,637
Interest Expense	(4,941,010)
Other Nonoperating Revenues (Expenses)	(594,447)
Net Nonoperating Revenues	98,772,227
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	3,929,679
Capital Grants and Gifts	
State	2,133,753
Other	296,268
Additions to Permanent and Term Endowments	7,890
Total Other Revenues, Expenses, Gains or Losses	2,437,911
Change in Net Position	6,367,590
Net Position, Beginning of Year	6,307,894
Net Position, End of Year	$ 12,675,484

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

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

	Valdosta State University
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	$ 74,642,972
Grants and Contracts (Exchange)	2,600,975
Payments to Suppliers	(67,689,340)
Payments to Employees	(74,742,589)
Payments for Scholarships and Fellowships	(15,370,539)
Loans Issued to Students	(85,174)
Collection of Loans from Students	81,616
Other Payments	(1,680)
Net Cash Used by Operating Activities	(80,563,759)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	67,876,771
Gifts and Grants Received for Other Than Capital Purposes	39,107,096
Other Non-Capital Financing Receipts	70,134
Net Cash Flows Provided by Non-Capital Financing Activities	107,054,001
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	2,136,910
Proceeds from Sale of Capital Assets	6,934
Purchases of Capital and Intangible Right-to-Use Assets	(13,275,614)
Principal Paid on Capital Debt and Leases	(7,361,560)
Interest Paid on Capital Debt and Leases	(5,140,524)
Net Cash Used by Capital and Related Financing Activities	(23,633,854)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	1,151,056
Net Cash Provided by Investing Activities	1,151,056
Net Increase in Cash and Cash Equivalents	4,007,444
Cash and Cash Equivalents, Beginning of Year	58,068,230
Cash and Cash Equivalents, End of Year	$ 62,075,674

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

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

	Valdosta State University
RECONCILIATION OF OPERATING LOSS TO	
NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	$ (94,842,548)
Adjustments to Reconcile Net Operating Loss to	
Net Cash Used by Operating Activities	
Depreciation and Amortization	16,565,615
Change in Assets and Liabilities:	
Receivables, net	(245,103)
Inventories	1,600
Prepaid Items	(8,496)
Notes Receivable, Net	(3,558)
Accounts Payable	1,147,535
Salaries Payable	(413,591)
Benefits Payable	(600,125)
Retainage Payable	6,586
Deposits	103,148
Advances (Including Tuition and Fees)	(766,040)
Other Liabilities	(69,615)
Funds Held for Others	(1,680)
Compensated Absences	(129,066)
Net Pension Liability	62,920,214
Other Post-Employment Benefit Liability	(25,228,874)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	(19,672,563)
Deferred Outflows of Resources	(19,327,198)
Net Cash Used by Operating Activities	$ (80,563,759)

NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Noncapital Financing Activities Noncash Items:	
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	$ 48,968
Amortization of Non-capital Financing Activities Advances and Deferred Inflows	$ (344,171)
Current Year Accruals Related to Capital Financing Activities	$ 289,463
Gift of Capital Assets	$ 776,603
Gain (Loss) on Disposal of Capital Assets	$ (628,672)
Accrual of Capital Asset Related Payables	$ 63,524
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	$ 15,087
Intangible Right-to-Use Assets Acquired by Incurring SBITAs	$ 105,177
Amortization of Capital Financing Activities Advances and Deferred Inflows	$ 185,710
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	$ 199,514
Investing Activities Noncash Items:	
Unrealized Gain (Loss) on Investments	$ 601,581

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

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

	Custodial Funds
ASSETS	
Receivables	
Other	$ 1,481,709
Total Assets	1,481,709
LIABILITIES	
Cash Overdraft	1,442,007
Accounts Payable	39,702
Total Liabilities	1,481,709
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	$ —

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

	Custodial Funds
ADDITIONS	
Federal Financial Aid	$ 52,148,909
State Financial Aid	12,488,992
Other Financial Aid	241,944
Miscellaneous	489,257
Total Additions	65,369,102
DEDUCTIONS	
Scholarships and Other Student Support	64,879,845
Other Payments	489,257
Total Deductions	65,369,102
Net Increase (Decrease) in Fiduciary Net Position	—
Net Position, Beginning of Year	—
Net Position, End of Year	$ —

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations
Valdosta State 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. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. 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 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. The adoption of this statement resulted in a restatement of the AR and Deferred Inflow position of the business-type activities.

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

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

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

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

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

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

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

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

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

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

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

Intangible Right-To-Use Assets
The University leases certain academic spaces, administrative offices, and equipment under lease agreements. The University has 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.

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

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

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

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

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

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

Other Post-Employment Benefit (OPEB) and Net OPEB Liability
The net OPEB liability represents 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.

Public-Private and Public-Public Partnerships

A public-private or public-public partnership (PPP) is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset.

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

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

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

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

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of $27,518,708.

Restatement of Prior Year Net Position

The University made prior period adjustments due to the adoption of GASB Statement No. 94, which required the restatement of the June 30, 2022 business-type activities net position. Under this statement, the institution (transferor) is required to recognize a receivable and a deferred inflow of resource. The results are an overall increase in accounts receivables of $473,396 and an overall increase in deferred inflows of resources of $473,396 for a net impact on the net position of $0. This change is in accordance with generally accepted accounting principles.

The University made prior period adjustments due to the adoption of GASB Statement No. 96, which required the restatement of the June 30, 2022 business type activities net position. Under this statement, the institution is required to report the way that information technology subscriptions are reported by recording both a subscription asset as well as a liability. For fiscal year 2023, the result is an increase to Subscription Capital Assets of $392,606, and an increase in Subscription Obligations of $392,606 for business-type activities. This adoption of GASB 96 has no impact on net position. This change is in accordance with generally accepted accounting principles.

Correction of Prior Year's Error

Business-type activity balances reported at June 30, 2022 for capital assets, recategorization of capitalized collections to depreciable capitalized collections in the amount of $149,236, decrease in capital assets equipment for $160,919 and decrease in capital assets equipment depreciation for $66,335 and increase in intangible right to use assets equipment for $160,919 and decrease in IRU depreciation for $66,335. These changes had no impact on net position. This change is in accordance with generally accepted accounting principles.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2023 are classified in the accompanying statement of net position and statement of fiduciary net position as follows:

Statement of Net Position		
Current		
Cash and Cash Equivalents	$	61,706,909
Cash and Cash Equivalents (Externally Restricted)		336,038
Noncurrent		
Non Current - Investments		2,596,489
Noncurrent Cash (Externally Restricted)		32,727
Noncurrent Investments (Externally Restricted)		7,692,065
Statement of Fiduciary Net Position		
Cash and Cash Equivalents		(1,442,007)
	$	70,922,221

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

Cash on Hand	$	17,245
Deposits with Financial Institutions		42,485,568
Investments		28,419,408
	$	70,922,221

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 $44,680,875. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the USG. All deposits were insured or collateralized and none 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 Valdosta State University's investments measured at fair value on a recurring basis as of June 30, 2023:

Investment Pools	
Board of Regents	
Short-Term Fund	$ 12,192,330
Diversified Fund	10,288,554
Office of the State Treasurer	
Georgia Fund 1	5,938,524
Total Investments	$ 28,419,408

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

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

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

The University's position is the pooled investment fund option is 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 three 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 Institution's position in the Short-Term Fund at June 30, 2023 was $12,192,330, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.93 years

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

The equity allocation shall range between 40% and 75% of the portfolio, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 10% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Diversified Fund at June 30, 2023 was $10,288,554, of which 27% is invested in debt securities. The Effective Duration of the Fund is 5.51 years.

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

Credit Quality Risk

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

1. 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.

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

3. The Georgia Fund 1 Investment Pool is managed by the Office of the State Treasurer (OST). OST utilizes a counterparty risk assessment model to assess credit risk of financial institutions that have been approved to serve as counterparties and major depositories. OST has assigned credit limits to each financial institution based upon counterparty risk assessment model which incorporates market indicators, default probabilities, issuer research and issuer ratings to determine maximum credit exposure per institution, term of investment for respective counterparties and collateralization requirements in accordance with the OST Investment Policy.

Interest Rate Risk

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

Investment Pools	
Board of Regents	
Short-Term Fund	$ 12,192,330
Diversified Fund	10,288,554
Office of the State Treasurer	
Georgia Fund 1	5,938,524
Total Investments	$ 28,419,408

Note 3 Accounts Receivable

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

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	$ 291,735	$ 354,890
Auxiliary Enterprises and Other Operating Activities	590,967	—
Federal Financial Assistance	171,494	—
Georgia Student Finance Commission	—	1,126,819
Georgia State Financing and Investment Commission	289,463	—
Due From Other USG Institutions	1,632,102	—
Public-Private or Public-Public Partnership (PPP) Receivable	473,396	—
Other	232,632	—
	3,681,789	1,481,709
Less: Allowance for Doubtful Accounts	415,192	—
Net Accounts Receivable	$ 3,266,597	$ 1,481,709

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Note 4 Inventories

The University made a strategic decision to eliminate it's inventory and therefore did not have any as of June 30, 2023. The associated reserves for inventory of $11,331 was returned to the state.

Note 5 Notes and Loans Receivable

Notes/Loans Receivable was comprised of institutional short term loans to students, with no allowance for uncollectible loans.

Note 6 Capital and Intangible Right-to-Use Assets

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

	(Restated) Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	$ 8,137,830			$ 8,137,830
Capitalized Collections	69,619			69,619
Construction Work-in-Progress	3,417,942	2,218,131	3,284,699	2,351,374
Software Development-in-Progress	—			—
Total Capital Assets Not Being Depreciated	11,625,391	2,218,131	3,284,699	10,558,823
Capital Assets, Being Depreciated:				
Building and Building Improvements	449,529,492	4,304,182	1,002,397	452,831,277
Facilities and Other Improvements	12,866,032	624,384		13,490,416
Equipment	25,869,688	280,422	2,503,976	23,646,134
Library Collections	31,902,580	543,128	58,448	32,387,260
Capitalized Collections	218,855			218,855
Total Capital Assets Being Depreciated	520,386,647	5,752,116	3,564,821	522,573,942
Less: Accumulated Depreciation				
Building and Building Improvements	213,886,816	13,759,932	376,940	227,269,808
Facilities and Other Improvements	8,753,172	439,848		9,193,020
Equipment	21,819,860	1,039,476	2,500,761	20,358,575
Library Collections	27,340,345	857,637	58,448	28,139,534
Capitalized Collections	—			—
Total Accumulated Depreciation	271,800,193	16,096,893	2,936,149	284,960,937
Total Capital Assets, Being Depreciated, Net	248,586,454	(10,344,777)	628,672	237,613,005
Capital Assets, net	$ 260,211,845	$ (8,126,646)	$ 3,913,371	$ 248,171,828

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, the university added construction in progress of approximately $2,218,131 of which $1,173,575 were GSFIC projects managed by the University. Construction in progress was reduced by the completion of the Fine Arts Center for $985,181, Brown Hall for $1,128,685, Odum Library for $390,053 and several other projects totaling $683,418, along with retainage of $97,362.

Building and Building Improvements reflects the transfer of assets from construction work in progress.

Equipment reduction of $2,503,976 reflects the retirement of several pieces of equipment no longer in use.

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

Fiscal Year	Depreciation & Amortization
2023	16,565,615
2022	17,011,109
2021	16,742,225

Intangible Right-to-Use Assets

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

	(Restated) Balances July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023
Intangible Right-to-use Assets				
Land	$ —	$ —	$ —	$ —
Infrastructure	—	—	—	—
Building and Building Improvements	—	—	—	—
Facilities and Other Improvements	—	—	—	—
Equipment	793,883	15,087	—	808,970
Subscription Based IT Arrangements (SBITAs)	392,606	105,180	—	497,786
Total Leased Assets Being Amortized	1,186,489	120,267	—	1,306,756
Less: Accumulated amortization				
Land	—	—	—	—
Infrastructure	—	—	—	—
Building and Building Improvements	—	—	—	—
Facilities and Other Improvements	—	—	—	—
Equipment	271,550	349,535	—	621,085
Subscription Based IT Arrangements (SBITAs)	—	119,187	—	119,187
Total Accumulated Amortization	271,550	468,722	—	740,272
Intangible Right-to-use Assets, net	$ 914,939	$ (348,455)	$ —	$ 566,484

Of equipment intangible right-to-use assets, $808,970 represents equipment that the University is reasonably certain of exercising the option to purchase and therefore is not amortizing over the lease term but rather the useful life.

Note 7 Advances (Including Tuition and Fees)

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

	Current Liabilities
Prepaid Tuition and Fees	$ 3,999,641
Research	191,188
Other - Advances	207,533
Totals	$ 4,398,362

Note 8 Long-Term Liabilities

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

	(Restated) Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Lease & Subscription Obligations					
Lease Obligations	$ 330,383	$ 15,087	$ 220,185	$ 125,285	$ 111,367
Subscription Obligations	392,606	105,176	121,136	376,646	118,639
Total	$ 722,989	$ 120,263	$ 341,321	$ 501,931	$ 230,006
Other Liabilities					
Compensated Absences	4,124,853	2,839,030	2,968,097	3,995,786	2,376,381
Notes and Loans Payable	145,243,549	1	7,020,239	138,223,311	7,395,638
Total	149,368,402	2,839,031	9,988,336	142,219,097	9,772,019
Total Long-Term Obligations	$ 150,091,391	$ 2,959,294	$ 10,329,657	$ 142,721,028	$ 10,002,025

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

Notes and Loans Payable

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 $7,020,238 and $5,130,697, respectively. Interest rates range from 2.74% to 4.58%.

The University has $138,223,311 in outstanding notes and loans payable due to component units 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	195,030,881	102,732,735	92,298,146	138,223,311
Total Assets Held Under Finance Lease Arrangements	$ 195,030,881	$ 102,732,735	$ 92,298,146	$ 138,223,311

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	
Georgia/Reade Hall	VSU Auxiliary Services Real Estate Foundation	$ 30,419,725	30 yrs	August 2009	May, 2039	$ 26,578,427	(1)
Lowndes Hall	VSU Auxiliary Services Real Estate Foundation	6,509,399	25 yrs	August 2005	June, 2030	2,425,266	(1)
Patterson Hall	VSU Auxiliary Services Real Estate Foundation	9,567,653	24 yrs	August 2006	June, 2030	3,512,441	(1)
Centennial Hall East & West	VSU Auxiliary Services Real Estate Foundation	17,750,372	25 yrs	January 2005	June, 2030	6,188,573	(1)
Hopper Hall	VSU Auxiliary Services Real Estate Foundation	27,484,345	30 yrs	December, 2008	June, 2038	21,080,322	(1)
Student Health Center	VSU Auxiliary Services Real Estate Foundation	12,221,729	30 yrs	December, 2008	June, 2038	9,032,809	(1)
Oak Street Parking Deck	VSU Auxiliary Services Real Estate Foundation	24,869,880	30 yrs	December, 2008	June, 2038	18,746,781	(1)
Sustella Parking Deck	VSU Auxiliary Services Real Estate Foundation	21,468,631	30 yrs	December, 2008	June, 2038	16,182,939	(1)
Student Union	VSU Auxiliary Services Real Estate Foundation	44,739,147	29 yrs	June, 2010	June, 2039	34,475,753	(1)
Total Leases		$ 195,030,881				$ 138,223,311	

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

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

	Principal	Interest
Year Ending June 30:		
2024	$ 7,395,639	$ 4,873,940
2025	7,769,254	4,603,569
2026	8,165,642	4,319,344
2027	8,535,809	4,020,502
2028	8,857,299	3,708,016
2029 through 2033	41,437,484	13,938,105
2034 through 2038	45,577,311	6,661,935
2039 through 2043	10,484,873	886,342
Total Minimum Lease Payments	$ 138,223,311	$ 43,011,753

Note 9 Deferred Outflows and Inflows of Resources

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

Deferred Outflow of Resources	
Deferred Outflow on Debt Refunding	$ 1,385,724
Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	41,418,214
Deferred Outflow on OPEB Plan (See Note 17)	15,402,833
Total Deferred Outflows of Resources	$ 58,206,771
Deferred Inflow of Resources	
Deferred Inflow on Debt Refunding	$ 2,339,572
Deferred Inflows Public-Private or Public-Public Partnership (PPP)	1,496,455
Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	3,762,603
Deferred Inflow on OPEB Plan (See Note 17)	37,880,277
Total Deferred Inflows of Resources	$ 45,478,907

Deferred Loss/Gain on Debt Refunding
In October 2013, the VSU Auxiliary Real Estate Foundation advance refunded the bonds associated with Lowndes, Patterson, and Centennial residence hall leases which resulted in lower and more consistent lease payments annually for the Institution. The net savings resulting from this transaction was $14,667,086 for the difference in the cash flow requirements between the original lease and the revised lease. At that time, the institution recognized a Deferred Inflow on Debt refunding in the amount of $4,353,324. The unamortized balance for Deferred Inflow on Debt Refunding related to this transaction is $1,792,545 as of June 30, 2023.

In November 2016, the VSU Auxiliary Real Estate Foundation advance refunded the bonds associated with Sustella and Oak Street Parking decks, Student Health Center facility and Student Union leases which resulted in lower and more consistent lease payments annually for the Institution. The net savings resulting from this transaction was $15,073,487 for the difference in the cash flow requirements between the original lease and the revised lease. At that time, the institution recognized a Deferred Outflow on Debt Refunding of $1,977,466 on three of the leases and a Deferred Inflow on Debt Refunding of $766,392 on the remaining lease. The unamortized balance for Deferred Outflow and Deferred Inflow on Debt Refunding related to this transaction are $1,385,724 and $547,027, respectively, at June 30, 2023.

Public-Private or Public-Public Partnerships (PPP)

In May, 2016, the institution entered into an agreement with Aramark Education Services, LLC (Aramark), whereby Aramark will operate food services operations from service participants. The agreement is renewable for each year for ten years.

Under terms of the original agreement Aramark also committed $4,682,500 in dining facility renovations. The amortized revenue recorded in fiscal year 2023 for the remaining construction commitment was $304,264 leaving deferred inflow balance of $1,400,194. Additionally, there is an annual in-kind catering gift of $85,000.

In October, 2021, the institution entered into an agreement with Barnes & Noble College(BNC), whereby BNC will operate the bookstore from service participants. The agreement is renewable for every year for five years.

Under the terms of the original contract BNC committed to up to $20,000 to renovate facilities with an additional $84,000 investment for operating systems. The amortized revenue recorded in fiscal year 2023 for the remaining commitment was $29,619 leaving deferred inflow balance of $96,261.

There were not any variable or other payments, such as residual value guarantees or termination penalties, received from either partnership for the fiscal year ended June 30, 2023.

Description	Operator	Begin Month/ Year	PPP Term	Discount Rate	Amortized Revenue in Current Year	Interest Income	Remaining Deferred Inflow of Resources	Related Party
Bookstore	Barnes & Noble	October 2021	5 Yrs		29,619		96,261	
Food Service	Aramark	May 2016	10 Yrs		304,264		1,400,194	
Total PPPs					$ 333,883	$ —	$1,496,455.	

Note 10 Net Position

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

Net Investment in Capital Assets	$ 108,995,698
Restricted for	
Nonexpendable	
Permanent Endowment	5,619,600
Expendable	
Sponsored and Other Organized Activities	2,332,490
Institutional Loans	407,771
Term Endowments	(264,433)
Quasi-Endowments	(20,062)
Sub-Total	2,455,766
Unrestricted	
Auxiliary Enterprises Operations	28,604,041
Reserve for Encumbrances	16,325,929
Capital Liability Reserve Fund	1,123,277
Other Unrestricted	(150,448,827)
	(104,395,580)
Total Net Position	$ 12,675,484

Other unrestricted net position is reduced by $116,793,194 related to the recording of net OPEB liability, deferred inflows of resources, and deferred outflows of resources related to the OPEB plan. Other unrestricted net position is also reduced by $49,478,010 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Net Investments in Capital Assets	$ 113,909,523	$ 12,167,376	$ 17,081,201	$ 108,995,698
Restricted Net Position	11,725,482	39,026,166	42,676,282	8,075,366
Unrestricted Net Position	(119,327,111)	146,265,007	131,333,476	(104,395,580)
Total Net Position	$ 6,307,894	$ 197,458,549	$ 191,090,959	$ 12,675,484

Note 11 Endowments

Donor Restricted Endowments
Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For the University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation for the endowment accounts was $64,685 and is reflected as expendable restricted net position.

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

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

Note 12 Significant Commitments

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

Note 13 Leases and Subscriptions

The University leases office and computer equipment. The University also enters into certain subscription-based contracts to use vendor-provided information technology (IT). Although lease and/or subscription terms vary, many leases and/or subscription agreements are subject to appropriation from the General Assembly to continue the obligation. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to intangible right-to-use assets for fiscal year 2023 were $220,185 and $8,890 respectively. Interest rates range from 2.26% to 8.00%.

The University's principal and interest payments related to SBITAs for fiscal year 2023 were $121,136 and $938, respectively. Interest rate was 2.26%.

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

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

Description	Gross Amount	Less: Accumulated Depreciation	Net Assets Held Under Lease at June 30, 2023	Outstanding Balance per Lease Schedules at June 30, 2023
	(+)	(-)	(=)	
Leased Equipment	808,970	621,075	187,895	125,285
Total Assets Held Under Capital Lease	$ 808,970	$ 621,075	$ 187,895	$ 125,285

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
Various Copiers	Xerox and Canon	$ 179,402	3 yrs to 5 yrs	July 2021	January 2026	$ 45,098
Presidio Firewall	Presidio	155,686	5 yrs	July 2021	May, 2024	52,692
Presidio SmartNet	Presidio	197,855	2 yrs 1 mth	July 2021	July, 2023	8,296
Mail Sealer	Quadient	47,532	3 yrs 3 mths	July 2021	Nov, 2024	19,199
Total Leases		$ 580,475				$ 125,285

(1) These leases are related party transactions.

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

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

	Principal	Interest
Year Ending June 30:		
2024	$ 111,366	$ 2,516
2025	10,905	169
2026	3,014	23
Total Minimum Lease Payments	$ 125,285	$ 2,708

Subscription Obligations
The University has $376,646 in outstanding subscription obligations due to an unaffiliated party.

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)	$ 497,786	$ 119,187	$ 378,599	$ 376,646
Total Assets Held Under Subscription Based Information Technology Arrangements (SBITAs)	$ 497,786	$ 119,187	$ 378,599	$ 376,646

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

	Principal	Interest
Year Ending June 30:		
2024	$ 118,640	$ 4,256
2025	120,841	2,915
2026	117,444	1,550
2027	19,721	223
Total Minimum Subscription Payments	$ 376,646	$ 8,944

Note 14. Retirement Plans

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

The University also provides 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

Summary of Significant Accounting Policies

Pensions: 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 fiduciary net position of the Teachers Retirement System of Georgia (TRS) and Employees' Retirement System (ERS), additions to/deductions for TRS's and ERS's fiduciary net position have been determined on the same basis as they are reported by TRS and ERS. 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.

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2023. The University's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of the University annual payroll. University's contributions to TRS totaled $7,558,919 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 www.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.University's contributions to ERS totaled $12,949 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, 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. 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, University's TRS proportion was 0.268089%, which was a decrease of (0.005197)% from its proportion measured as of June 30, 2021. At June 30, 2022, University's ERS proportion was 0.001197%, which was a decrease of (0.000645)% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the University recognized pension expense of $11,260,108 for TRS and $(29,219) 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	$ 3,613,620	$ 453,135	$ 172	$ 725
Changes of assumptions	13,104,357	—	14,210	—
Net difference between projected and actual earnings on pension plan investments	17,103,572	—	9,288	—
Changes in proportion and differences between contributions and proportionate share of contributions	1,127	3,272,017	—	36,726
Contributions subsequent to the measurement date	7,558,919	—	12,949	—
Total	$ 41,381,595	$ 3,725,152	$ 36,619	$ 37,451

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	$ 7,693,375	$ (21,417)
2025	$ 5,674,583	$ 261
2026	$ 4,394,769	$ 232
2027	$ 12,334,797	$ 7,143
2028	$ —	$ —
Thereafter	$ —	$ —

Actuarial assumptions

The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

Inflation	2.50%
Salary increases	3.00% - 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the investment rate of return and payroll growth assumption.

Employees' Retirement System

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

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

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

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

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

* Rates shown are net of inflation

Discount rate

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

Sensitivity of the Institution's proportionate share of the net pension liability to changes in the discount rate:
The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.90%for TRS and 7.00% for ERS, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease 5.90%	Current discount rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability	$ 131,335,174	$ 87,053,680	$ 50,891,984

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	$ 106,417	$ 79,941	$ 57,678

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

B. Defined Contribution Plan:

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

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

The University and the covered employees made the required contributions of $2,552,100 (9.24%) and $1,657,208 (6.00%), respectively.

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

Note 15 Risk Management

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

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

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

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

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

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

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

Note 16 Contingencies

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

Litigation, claims and assessments filed against 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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2023.

Note 17 Post-Employment Benefits Other Than Pension Benefits

Board of Regents Retiree Health Benefit Plan

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

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

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

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

Active Employees	935
Retirees or Beneficiaries Receiving Benefits	547
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	153
Total	1,635

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, University contributed $2,321,703 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 Institution'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 2.380916%, which was a increase of 0.005738% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the University recognized OPEB expense of $(2,645,739). At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,354,962	$ 789,853
Changes of assumptions	8,109,281	33,964,792
Net difference between projected and actual earnings on OPEB plan investments	381,557	—
Changes in proportion and differences between contributions and proportionate share of contributions	235,331	3,125,632
Contributions subsequent to the measurement date	2,321,703	—
Total	$ 15,402,834	$ 37,880,277

The University's contributions subsequent to the measurement date of $2,321,703 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	$	(6,932,356)
2025	$	(6,867,415)
2026	$	(6,633,859)
2027	$	(4,154,409)
2028	$	(211,107)
Thereafter	$	—

Actuarial assumptions

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

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

<u>Changes in Assumptions Since Prior Valuation</u>

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	$ 112,037,109	$ 94,315,750	$ 80,367,956

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	$ 80,932,243	$ 94,315,750	$ 111,502,272
Pre-Medicare Eligible	6.0% decreasing to 3.5%	7.0% decreasing to 4.5%	8.0% decreasing to 5.5%
Medicare Eligible	3%	4%	5%

OPEB plan fiduciary net position:

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

Note 18 Operating Expenses with Functional Classifications

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

Functional Classification	Natural Classification: Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	$ 36,612,222	$ 3,856,202	$ 11,697,230	$ 39,500	$ 317,365
Research	62,336	46,421	8,062	—	15,931
Public Service	55,239	743,852	250,818	—	36,122
Academic Support	1,794,065	5,772,287	2,378,802	2,000	175,729
Student Services	—	7,591,690	2,692,875	5,500	78,633
Institutional Support	5,377	8,097,895	5,170,936	378,007	180,387
Plant Operations and Maintenance	—	4,787,343	1,957,431	—	10,566
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	—	3,890,865	1,129,222	2,500	59,207
Total Operating Expenses	$ 38,529,239	$ 34,786,555	$ 25,285,376	$ 427,507	$ 873,940

Functional Classification	Natural Classification: Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/ Amortization	Total Operating Expenses
Instruction	$ 222,292	$ 100,618	$ 3,578,337	$ 409,283	$ 56,833,049
Research	9,600	—	54,843	11,550	208,743
Public Service	180,000	5,234	294,778	2,518	1,568,561
Academic Support	1,500	26,624	2,286,874	1,275,505	13,713,386
Student Services	—	117,313	2,284,517	1,734,685	14,505,213
Institutional Support	—	168,242	7,233,240	1,501,653	22,735,737
Plant Operations and Maintenance	—	3,349,169	4,181,830	5,580,532	19,866,871
Scholarships and Fellowships	13,268,035	—	—	—	13,268,035
Auxiliary Enterprises	1,689,112	1,616,079	16,251,656	6,049,889	30,688,530
Total Operating Expenses	$ 15,370,539	$ 5,383,279	$ 36,166,075	$ 16,565,615	$ 173,388,125

Note 19 Subsequent Event

The university does not have any subsequent events to report for fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Valdosta State University

VALDOSTA 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	$ 12,949	$ 12,949	$ —	$ 41,757	31.01%
	June 30, 2022	$ 15,575	$ 15,575	$ —	$ 72,207	21.57%
	June 30, 2021	$ 10,888	$ 10,888	$ —	$ 44,153	24.66%
	June 30, 2020	$ 36,957	$ 36,957	$ —	$ 149,866	24.66%
	June 30, 2019	$ 23,708	$ 23,708	$ —	$ 95,672	24.78%
	June 30, 2018	$ 34,003	$ 34,003	$ —	$ 137,057	24.81%
	June 30, 2017	$ 49,226	$ 49,226	$ —	$ 198,412	24.81%
	June 30, 2016	$ 41,677	$ 41,677	$ —	$ 168,597	24.72%
	June 30, 2015	$ 47,979	$ 47,979	$ —	$ 218,482	21.96%
	June 30, 2014	$ 46,176	$ 46,176	$ —	$ 250,141	18.46%
Teachers' Retirement System	June 30, 2023	$ 7,558,919	$ 7,558,919	$ —	$ 37,832,422	19.98%
	June 30, 2022	$ 7,224,978	$ 7,224,978	$ —	$ 36,471,368	19.81%
	June 30, 2021	$ 6,779,484	$ 6,779,484	$ —	$ 35,569,185	19.06%
	June 30, 2020	$ 7,841,266	$ 7,841,266	$ —	$ 37,091,859	21.14%
	June 30, 2019	$ 7,667,218	$ 7,667,218	$ —	$ 36,680,679	20.90%
	June 30, 2018	$ 6,026,329	$ 6,026,329	$ —	$ 35,841,712	16.81%
	June 30, 2017	$ 4,983,241	$ 4,983,241	$ —	$ 34,818,265	14.31%
	June 30, 2016	$ 5,032,834	$ 5,032,834	$ —	$ 35,054,582	14.36%
	June 30, 2015	$ 4,994,700	$ 4,994,700	$ —	$ 37,982,510	13.15%
	June 30, 2014	$ 4,562,512	$ 4,562,512	$ —	$ 36,905,762	12.36%

VALDOSTA 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	0.001197 %	$ 79,941	$ 72,207	110.71 %	67.44 %
	June 30, 2022	0.001842 %	$ 43,083	$ 44,153	97.58 %	87.62 %
	June 30, 2021	0.005201 %	$ 219,220	$ 149,866	146.28 %	76.21 %
	June 30, 2020	0.003795 %	$ 156,602	$ 95,276	164.37 %	76.74 %
	June 30, 2019	0.005373 %	$ 220,886	$ 137,057	161.16 %	76.68 %
	June 30, 2018	0.008767 %	$ 356,057	$ 198,412	179.45 %	76.33 %
	June 30, 2017	0.010000 %	$ 343,003	$ 168,597	203.45 %	72.34 %
	June 30, 2016	— %	$ 387,152	$ 218,482	177.20 %	76.20 %
	June 30, 2015	— %	$ —	$ —	— %	— %
Teachers Retirement System	June 30, 2023	0.268089 %	$ 87,053,680	$ 36,471,368	238.69 %	72.85 %
	June 30, 2022	0.273286 %	$ 24,170,324	$ 35,569,185	67.95 %	92.03 %
	June 30, 2021	0.287632 %	$ 69,675,728	$ 37,091,859	187.85 %	77.01 %
	June 30, 2020	0.300527 %	$ 64,621,431	$ 36,680,679	176.17 %	78.56 %
	June 30, 2019	0.300495 %	$ 55,778,309	$ 35,841,712	155.62 %	80.27 %
	June 30, 2018	0.303828 %	$ 56,467,370	$ 34,818,265	162.18 %	79.33 %
	June 30, 2017	0.320000 %	$ 66,324,909	$ 35,054,582	189.20 %	76.06 %
	June 30, 2016	— %	$ 54,770,040	$ 37,982,510	144.20 %	81.44 %
	June 30, 2015	— %	$ —	$ —	— %	— %

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

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

Changes of assumptions

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

VALDOSTA 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	$ 2,321,703	$ 2,321,703	$ —	$ 67,535,927	3.44%
June 30, 2022	$ 3,484,301	$ 3,484,301	$ —	$ 70,172,352	4.97%
June 30, 2021	$ 2,788,002	$ 2,788,002	$ —	$ 66,447,594	4.20%
June 30, 2020	$ 2,470,844	$ 2,470,844	$ —	$ 66,924,652	3.69%
June 30, 2019	$ 3,919,955	$ 3,919,955	$ —	$ 66,418,339	5.90%
June 30, 2018	$ 3,939,384	$ 3,939,384	$ —	$ 62,663,004	6.29%
June 30, 2017	$ 2,495,484	$ 2,495,484	$ —	$ 62,381,809	4.00%

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

VALDOSTA 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	2.380916%	$ 94,315,750	$ 70,172,352	134.41%	5.08%
June 30, 2022	2.375178%	$ 119,544,624	$ 66,447,594	179.91%	3.74%
June 30, 2021	2.403732%	$ 128,208,317	$ 66,924,652	191.57%	2.91%
June 30, 2020	2.444121%	$ 109,290,532	$ 66,418,339	164.55%	3.13%
June 30, 2019	2.486672%	$ 109,680,913	$ 62,663,004	175.03%	1.69%
June 30, 2018	2.505911%	$ 105,742,575	$ 62,381,809	169.51%	0.19%

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

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

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

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

SUPPLEMENTARY INFORMATION

Valdosta State University

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

ASSETS		
Cash and Cash Equivalents	$	22,131,634.85
Investments		2,106,769.48
Accounts Receivable		
Federal Financial Assistance		171,493.53
Other		1,659,791.48
Prepaid Expenditures		14,300.00
Other Assets		43,545.20
Total Assets	$	26,127,534.54
LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued Payroll		357,147.50
Encumbrance Payable		14,125,878.43
Accounts Payable		1,044,129.30
Unearned Revenue		3,700,434.29
Funds Held for Others		33,491.19
Other Liabilities		19,122.80
Total Liabilities	$	19,280,203.51
Fund Balances		
Reserved		
Department Sales and Services		1,001,824.78
Indirect Cost Recoveries		294,513.06
Technology Fees		1,042,507.95
Restricted/Sponsored Funds		2,630,125.32
Uncollectible Accounts Receivable		185,665.08
Tuition Carry - Forward		1,478,747.36
Unreserved		
Surplus		213,947.48
Total Fund Balances	$	6,847,331.03
Total Liabilities and Fund Balances	$	26,127,534.54

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.

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

			Funds Available Compared to Budget	
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over
Teaching				
State Appropriation				
State General Funds	$ 66,111,699.00	$ 68,205,340.00	$ 68,205,340.00	—
Federal Funds				
Federal Funds Not Specifically Identified	28,579,590.00	26,386,677.00	24,787,777.60	801,453.05
Federal Funds - COVID				
Federal Funds Not Specifically Identified - COVID	—	10,620,522.00	9,747,808.28	874,954.39
Other Funds	61,218,878.00	65,501,730.00	59,099,045.03	6,258,915.45
Total Teaching	155,910,167.00	170,714,269.00	161,839,970.91	7,935,322.89
Total Operating Activity	$ 155,910,167.00	$ 170,714,269.00	$ 161,839,970.91	$ 7,935,322.89

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.

VALDOSTA 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	$ —	$ 68,205,340.00	$ —	$ 68,203,166.09	$ 2,173.91	$ 2,173.91
Federal Funds						
Federal Funds Not Specifically Identified	—	25,589,230.65	(797,446.35)	25,323,393.27	1,063,283.73	265,837.38
Federal Funds - COVID						
Federal Funds Not Specifically Identified - COVID	—	10,622,762.67	2,240.67	10,414,385.61	206,136.39	208,377.06
Other Funds	—	65,357,960.48	(143,769.52)	59,349,998.89	6,151,731.11	6,007,961.59
Total Teaching	—	169,775,293.80	(938,975.20)	163,290,943.86	7,423,325.14	6,484,349.94
Total Operating Activity	$ —	169,775,293.80	(938,975.20)	163,290,943.86	7,423,325.14	6,484,349.94

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.

VALDOSTA 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 2021 Surplus	Prior Year Adjustments	Other Adjustments
Teaching					
State Appropriation					
State General Funds	$ 64,886.62	$ —	$ (64,886.62)	$ 48,499.02	$ 11,331.00
Federal Funds					
Federal Funds Not Specifically Identified	801,453.05	(801,453.05)	—	—	—
Federal Funds-COVID19					
Federal Funds Not Itemized - COVID	874,954.39	(874,954.39)	—	—	—
Other Funds	6,522,597.63	(6,258,915.45)	(263,682.18)	149,492.25	(32,006.26)
Total Teaching	8,263,891.69	(7,935,322.89)	(328,568.80)	197,991.27	(20,675.26)
Total Operating Activity	8,263,891.69	(7,935,322.89)	(328,568.80)	197,991.27	(20,675.26)
Prior Year Reserves					
Not Available for Expenditure					
Inventories	11,331.00				(11,331.00)
Uncollectible Accounts Receivable	153,658.82				32,006.26
Budget Unit Totals	$ 8,428,881.51	$ (7,935,322.89)	$ (328,568.80)	$ 197,991.27	$ —

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.

VALDOSTA 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, 2022	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Teaching						
State Appropriation						
State General Funds	—	$ 2,173.91	$ 62,003.93	—	$ 62,003.93	$ 62,003.93
Federal Funds						
Federal Funds Not Specifically Identified	—	265,837.38	265,837.38	265,837.38	—	265,837.38
Federal Funds-COVID19						
Federal Funds Not Itemized - COVID	—	208,377.06	208,377.06	208,377.06	—	208,377.06
Other Funds	—	6,007,961.59	6,125,447.58	5,973,504.03	151,943.55	6,125,447.58
Total Teaching	—	6,484,349.94	6,661,665.95	6,447,718.47	213,947.48	6,661,665.95
Total Operating Activity	—	6,484,349.94	6,661,665.95	6,447,718.47	213,947.48	6,661,665.95
Prior Year Reserves						
Not Available for Expenditure						
Inventories	—	—	—		—	—
Uncollectible Accounts Receivable	—	—	185,665.08	185,665.08	—	185,665.08
Budget Unit Totals	$ —	$ 6,484,349.94	$ 6,847,331.03	$ 6,633,383.55	$ 213,947.48	$ 6,847,331.03

	Reserved	Surplus/(Deficit)	Total
Departmental Sales and Services	1,001,824.78	—	1,001,824.78
Indirect Cost Recovery	294,513.06	—	294,513.06
Technology Fees	1,042,507.95	—	1,042,507.95
Restricted/Sponsored Funds	2,630,125.32	—	2,630,125.32
Tuition Carry-Forward	1,478,747.36	—	1,478,747.36
Uncollectible Accounts Receivable	185,665.08	—	185,665.08
Surplus	—	213,947.48	213,947.48
	$ 6,633,383.55	$ 213,947.48	$ 6,847,331.03

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.

VALDOSTA STATE UNIVERSITY

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