



UNG | UNIVERSITY of
NORTH GEORGIA™
THE MILITARY COLLEGE OF GEORGIA®

Blue Ridge • Cumming • Dahlonega • Gainesville • Oconee • Online

**ANNUAL
FINANCIAL
REPORT**
for the
**FISCAL YEAR ENDED
JUNE 30, 2025**

UNIVERSITY OF NORTH GEORGIA
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For the Fiscal Year Ended June 30, 2025

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Introductory Section





UNG | UNIVERSITY of
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OFFICE OF SENIOR VICE PRESIDENT
FOR BUSINESS OPERATIONS

August 1, 2025

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

President Shannon,

Enclosed is the University of North Georgia's Annual Financial Report (AFR) for fiscal year 2025. The AFR includes the financial statements for the year ended June 30, 2025 and other useful information to help ensure the University's accountability and integrity to the Board of Regents of the University System of Georgia and the public. The AFR also includes the Management Discussion and Analysis to assist the reader in gaining a broader and more thorough understanding of the University's financial position as a result of operations for the year.

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

The University of North Georgia's financial records for fiscal year 2025 will be audited by the State of Georgia Department of Audits and Accounts (DOAA). The DOAA will also perform an audit of student financial assistance programs. Any audit reports are shared with you upon completion.

Respectfully submitted,

Jason Matt
Senior Vice President for Business Operations/COO

Financial Section





INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Regents of the
University System of Georgia
and
Dr. Michael Shannon, President
University of North Georgia

We have reviewed the accompanying financial statements of the business-type activities and the fiduciary funds of University of North Georgia, as of and for the year ended June 30, 2025, 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 University of North Georgia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

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

Required Supplementary Information

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

Other Matters

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

This review report contains information pertinent to University of North Georgia's compliance with the requirements of the Southern Association of Colleges and Schools Commission on Colleges (COC) Standard 13.2 (Financial resources) as of and for the year ended June 30, 2025. Additionally, we performed procedures on University of North Georgia's Federal Student Aid programs for the year ended June 30, 2025, to meet the requirements of COC Standard 13.6. Included in a separate Report on Review and Federal Compliance Procedures is a section on findings and other items for any matters that came to our attention during our engagement, including results of our testing of the Federal Student Aid programs.

Additionally, we have performed certain procedures at University of North Georgia to support our audit of the basic financial statements of the State of Georgia presented in the State of Georgia Annual Comprehensive Financial Report and the issuance of a State of Georgia Single Audit Report pursuant to the Single Audit Act Amendments, as of and for the year ended June 30, 2025.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

October 8, 2025

UNIVERSITY OF NORTH GEORGIA

Management's Discussion and Analysis

Introduction

The University of North Georgia (UNG), a member of the University System of Georgia (USG), enrolls more than 19,000 students across its five campuses and online, making it one of the largest public universities in Georgia. UNG's campuses are located in Blue Ridge, Cumming, Dahlonega, Gainesville, and Oconee County.

Positioned in the fastest-growing region of the state, UNG comprises five campuses united by a single mission focused on academic excellence and academic and co-curricular programs that develop students into leaders for a diverse and global society. One of only six senior military colleges in the nation, UNG also holds special designations as a State Leadership Institution and The Military College of Georgia. UNG's vision is to be a regional and national leader for academic excellence, engagement, educational opportunity, and leadership development.

UNG has earned numerous national accolades for academic excellence and affordability, including: Forbes' lists of Top Colleges and Best Value Colleges, U.S. News & World Report's list of Best Universities in the South, a national Top Producer of Fulbright Students for nine consecutive years, and was designated by the Military Times as a Best for Vets university.

	STUDENT HEADCOUNT	STUDENT FTE
Fall 2024	19,298	16,443
Fall 2023	18,066	15,546
Fall 2022	18,046	15,615
Fall 2021	18,985	16,299

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2025. The emphasis of discussions about these statements will be on current year data. There are five financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position; and the Statement of Changes in Fiduciary Net Position. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2025 and fiscal year 2024 for business-type activities.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2025 and includes all assets and liabilities, both current and non-current, and deferred outflows and inflows of resources. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received, despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University and how much the University owes vendors. The difference between assets, deferred outflows of resources, 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 second category is Restricted, which is divided into two categories, non-expendable and expendable. Restricted Non-Expendable Net Assets are corpus which is available only for investment purposes. Restricted Expendable Net Assets are resources available for expenditure by the University in accordance with guidelines determined by donors and/or external entities that

have placed time or purpose restrictions on the use of the assets. The final category is Unrestricted Net Assets, which are available to the University for any lawful purpose.

CONDENSED STATEMENT OF NET POSITION		June 30, 2025	June 30, 2024	Increase/ (Decrease)	% Change
ASSETS					
Current Assets	\$	89,546,959	\$ 89,202,929	\$ 344,030	0.39 %
Capital Assets, Net		313,494,132	309,343,521	4,150,611	1.34 %
Intangible Right-to-Use Assets, Net		2,511,413	2,774,442	(263,029)	(9.48)%
Other Assets		10,670,141	10,887,406	(217,265)	(2.00)%
TOTAL ASSETS		416,222,645	412,208,298	4,014,347	0.97 %
DEFERRED OUTFLOWS		63,745,666	\$ 82,652,740	(18,907,074)	(22.88)%
LIABILITIES					
Current Liabilities		25,640,509	24,081,908	1,558,601	6.47 %
Non-Current Liabilities		337,317,322	381,523,324	(44,206,002)	(11.59)%
TOTAL LIABILITIES		362,957,831	405,605,232	(42,647,401)	(10.51)%
DEFERRED INFLOWS		77,931,009	66,209,026	11,721,983	17.70 %
NET POSITION					
Net Investment in Capital Assets		212,459,120	203,790,454	8,668,666	4.25 %
Restricted, Non-Expendable		2,975,404	2,809,606	165,798	5.90 %
Restricted, Expendable		5,596,143	5,629,688	(33,545)	(0.60)%
Unrestricted		(181,951,196)	(189,182,968)	7,231,772	(3.82)%
TOTAL NET POSITION	\$	39,079,471	\$ 23,046,780	\$ 16,032,691	69.57 %

Total Assets increased \$4,014,347, which was primarily due to an increase in Net Capital Assets of \$4,150,611. This increase was driven by the addition of the Blue Ridge campus expansion.

Deferred Outflows of Resources decreased by \$18,907,074, which was primarily due to changes in actuarial assumptions for the University's portion of the USG pension and Other Post Employment Benefits (OPEB) plans.

Total Liabilities decreased \$42,647,401, which was due to an increase in Current Liabilities of \$1,558,601 and a decrease in Non-Current Liabilities of \$44,206,002. Net Pension Liability decreased \$29,230,347 related to the University's proportionate share of the actuarially determined liability for defined benefit plans administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia. Net Other Post Employment Benefits Liability decreased \$10,380,982. This significant change is a result of actuary calculations for the pension and OPEB liabilities.

Total Deferred Inflows of Resources increased by \$11,721,983, which was due to an increase in Pension netted with a decrease in OPEB.

The combination of the change in Total Assets and Deferred Outflows of Resources, and the change in Total Liabilities and Deferred Inflows of Resources, yielded an increase in net position of \$16,032,691. This change in Net Position is related to the addition of the GSFIC Blue Ridge Campus Expansion project and changes in actuarial assumptions affecting pension and OPEB.

Statement of Revenues, Expenses and Changes in Net Position

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

The following table summarizes the Statement of Revenues, Expenses and Changes in Net Position:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2025	June 30, 2024	Increase/ (Decrease)
Operating Revenue	\$ 114,500,103	\$ 109,444,644	\$ 5,055,459
Operating Expense	279,698,713	274,286,608	5,412,105
Operating Income/Loss	\$ (165,198,610)	\$ (164,841,964)	\$ (356,646)
Non-Operating Revenue and Expense	165,904,032	150,757,932	15,146,100
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	\$ 705,422	\$ (14,084,032)	\$ 14,789,454
Other Revenues, Expenses, Gains, Losses and Special Items	15,327,269	12,294,385	3,032,884
Change in Net Position	\$ 16,032,691	\$ (1,789,647)	\$ 17,822,338
Net Position at beginning of year	23,046,780	24,836,427	(1,789,647)
Net Position at End of Year	\$ 39,079,471	\$ 23,046,780	\$ 16,032,691

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

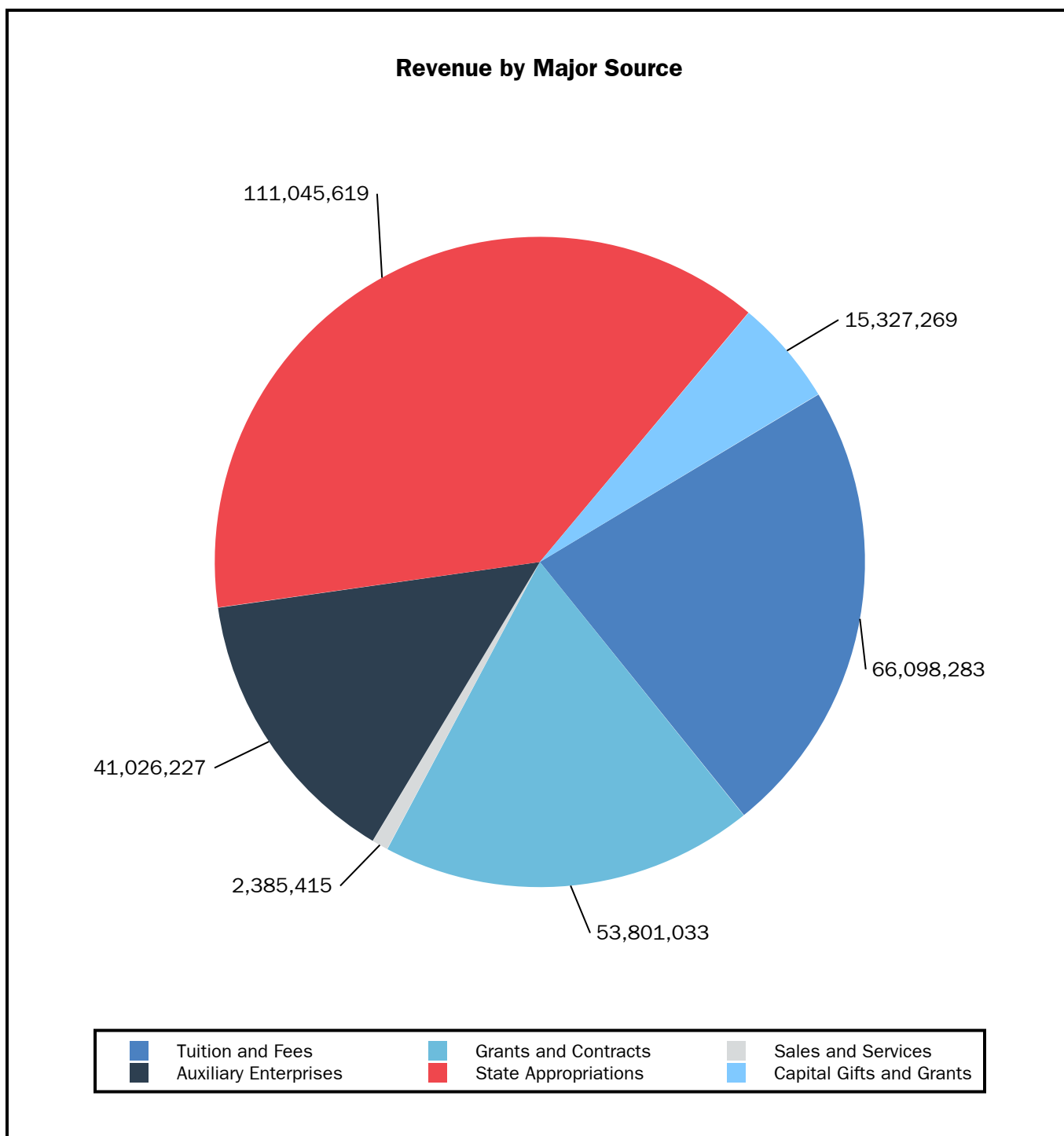
Revenues

In fiscal year 2025, Operating Revenue increased by \$5,055,459 million, while Non-Operating Revenue and Expenses increased by \$15.1 million. The increase in Operating Revenue is driven by increases to auxiliary enterprise revenues. Non-Operating Revenue included an increase in Federal Grants and Contracts of \$8.1 million, which was driven by a \$9.6 million increase in Pell grants compared to fiscal year 2024. Other increases to non-operating revenue include \$2.0 million in State Appropriations and \$2.3 million in Gifts.

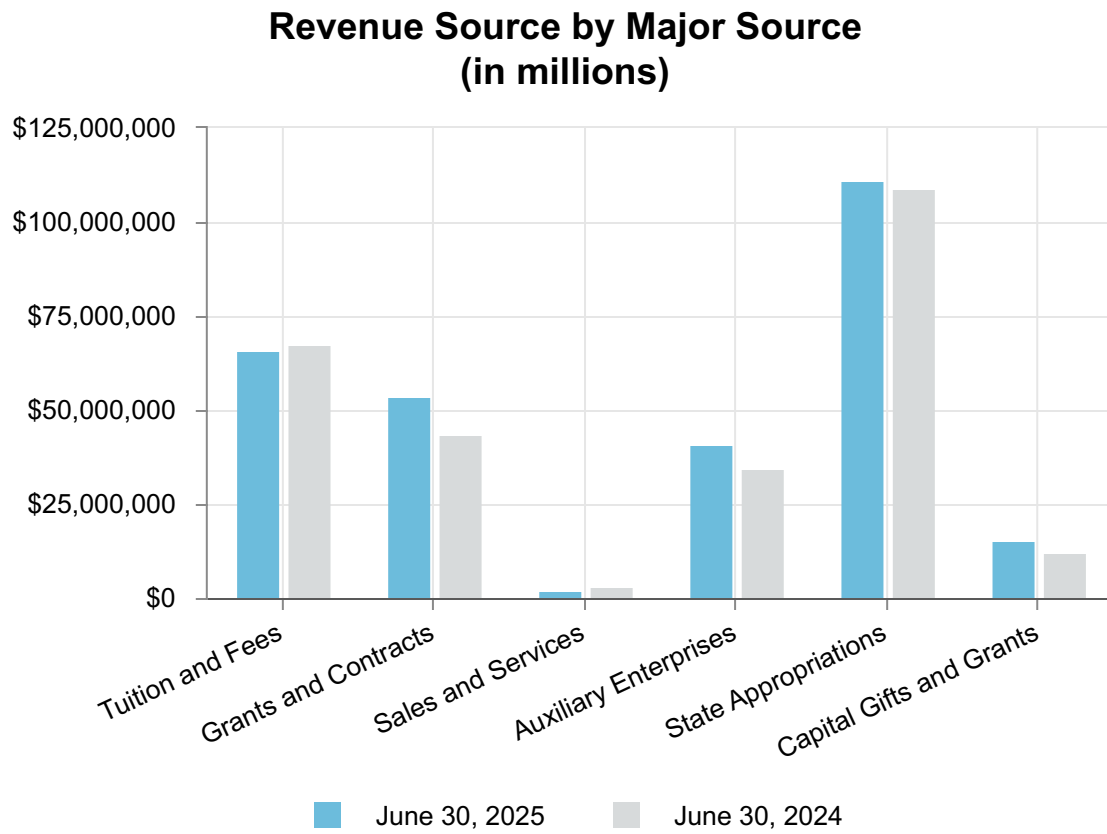
For the years ended June 30, 2025 and June 30, 2024, Revenues By Source were as follows:

REVENUES BY SOURCE	June 30, 2025	June 30, 2024	Increase/ (Decrease)
Tuition and Fees	\$ 66,098,283	67,297,746	\$ (1,199,463)
Grants and Contracts	10,001	3,071	6,930
Sales and Services	2,385,415	3,158,656	(773,241)
Auxiliary Enterprises	41,026,227	34,670,230	6,355,997
Other Operating Revenues	4,980,177	4,314,941	665,236
Total Operating Revenues	\$ 114,500,103	\$ 109,444,644	\$ 5,055,459
State Appropriations	111,045,619	109,030,492	2,015,127
Grants and Contracts	53,801,033	43,552,322	10,248,711
Gifts	2,396,076	145,776	2,250,300
Investment Income	3,320,185	2,849,665	470,520
Other Nonoperating Revenues (Expenses)	(2,548)	(10,948)	8,400
Total Nonoperating Revenues	\$ 170,560,365	\$ 155,567,307	\$ 14,993,058
State Capital Gifts and Grants	15,092,581	10,729,990	4,362,591
Other Capital Gifts and Grants	234,688	1,564,395	(1,329,707)
Total Capital Gifts and Grants	\$ 15,327,269	\$ 12,294,385	\$ 3,032,884
Total Revenues	\$ 300,387,737	\$ 277,306,336	\$ 23,081,401

Revenue by Major Source is depicted by the following chart:



Revenue by Major Source for the years ended June 30, 2025 and June 30, 2024 is depicted by the following chart:



Expenses

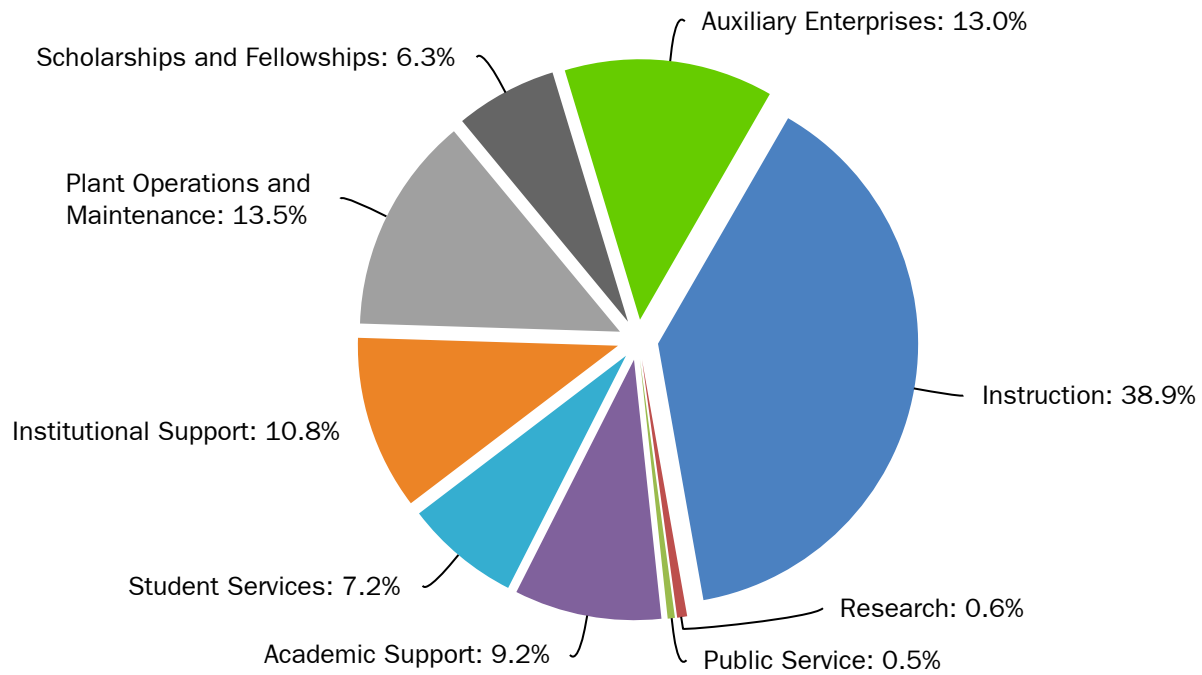
For the years ended June 30, 2025 and June 30, 2024, Expenses By Functional Classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2025	June 30, 2024	Increase/ (Decrease)
Instruction	108,773,284	117,740,602	(8,967,318)
Research	1,762,548	1,653,861	108,687
Public Service	1,287,667	1,235,592	52,075
Academic Support	25,666,622	26,731,772	(1,065,150)
Student Services	20,069,059	19,184,017	885,042
Institutional Support	30,310,857	29,369,268	941,589
Plant Operations and Maintenance	37,721,591	35,113,082	2,608,509
Scholarships and Fellowships	17,748,786	14,748,527	3,000,259
Auxiliary Enterprises	36,358,299	28,509,887	7,848,412
Total Operating Expenses	279,698,713	274,286,608	5,412,105
Interest Expense	4,656,333	4,809,375	(153,042)
Total Nonoperating Expenses	4,656,333	4,809,375	(153,042)
Total Expenses	284,355,046	279,095,983	5,259,063

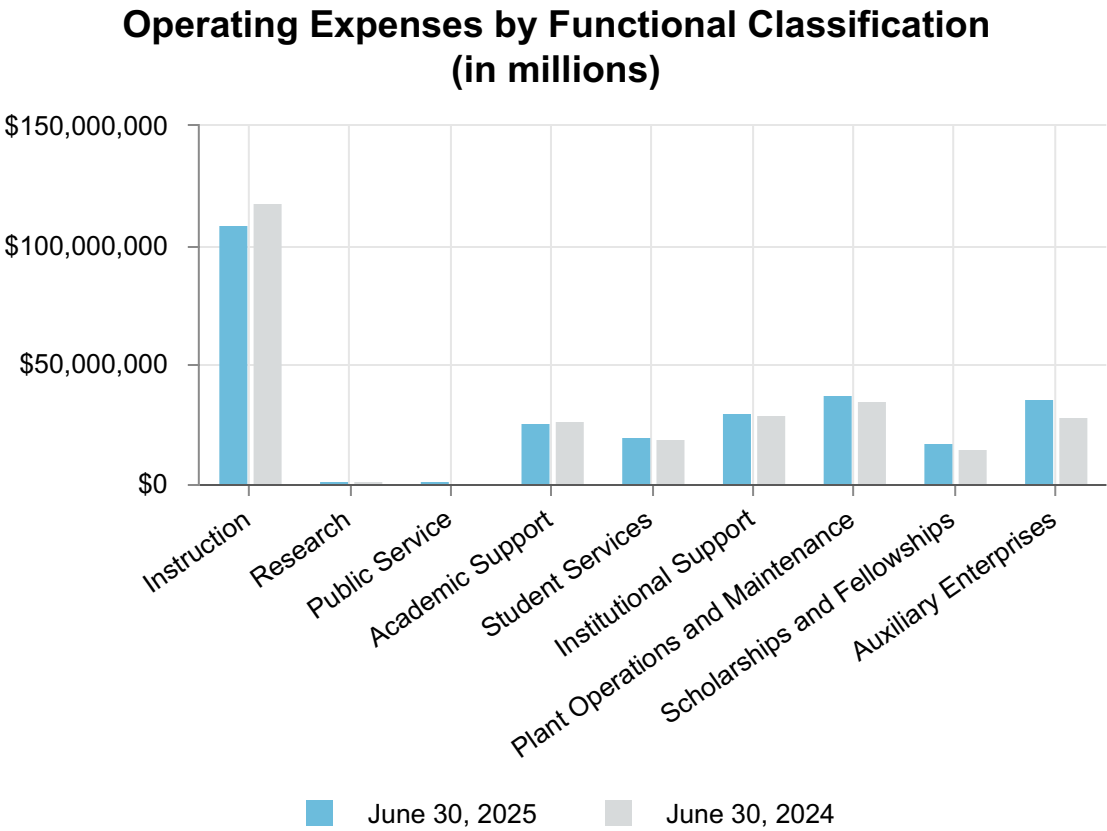
Total Operating Expenses were \$279,698,713 in fiscal year 2025, an increase of \$5,412,105 compared to fiscal year 2024. This increase includes a \$3.0M increase to scholarship expense. The net increase to scholarship expense includes a \$9.6M increase in Pell grants, which was partly offset by increases in the scholarship allowance due to the adoption of a new methodology for the calculation. For additional information about the change in scholarship allowance, refer to "Changes in Accounting Estimates" in Note 1 - Summary of Significant Accounting Policies. The decrease in Instruction expense is driven by a \$14.4M year-over-year decrease in pension expense. Removing the effect of pension expense, Instruction expenses increased compared to prior year, including cost of living adjustments and the addition of new faculty members and staff to address growing enrollment. The University's Plant Operations and Maintenance and Auxiliary Enterprise expenditures increased as a result of the overall rising cost of goods, services, utilities, and capital projects.

The following chart depicts the fiscal 2025 Operating Expenses By Functional Classification.

Operating Expenses by Functional Classification

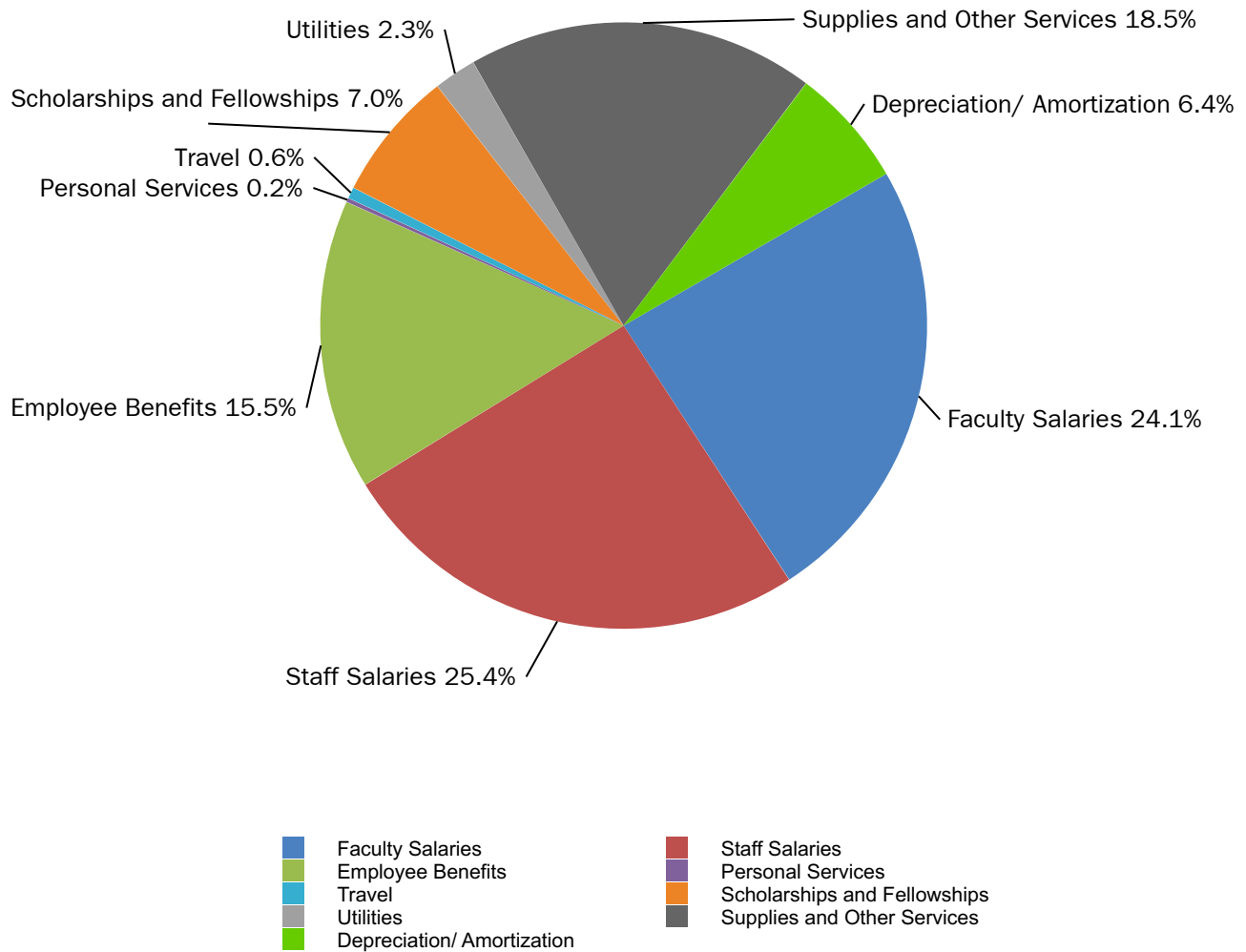


Operating Expenses By Functional Classification for the years ended June 30, 2025 and June 30, 2024 is depicted by the following chart:

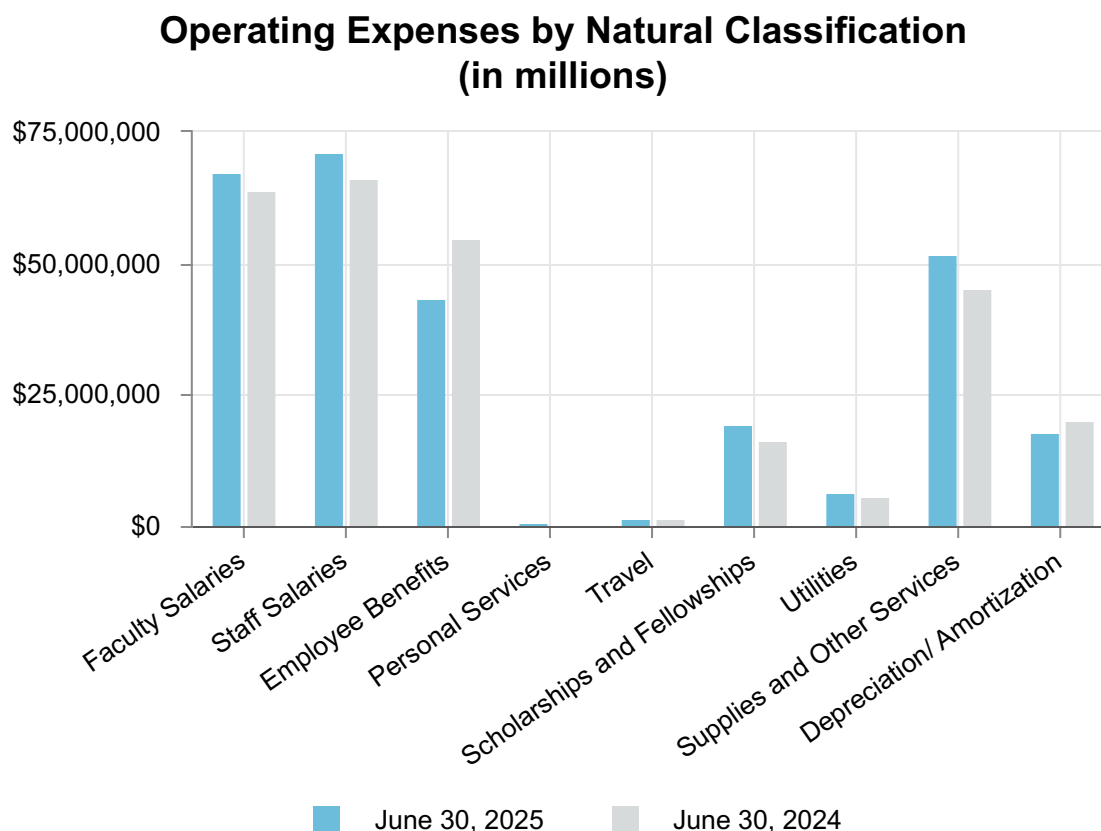


The following chart depicts the fiscal 2025 Operating Expenses by Natural Classification.

Operating Expenses by Natural Classification



Operating Expenses by Natural Classification for the years ended June 30, 2025 and June 30, 2024 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 the acquisition and construction of capital and financing activities. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The final section reconciles the net cash used to the operating income or loss as reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Cash Flows for the Years Ended June 30, 2025 and June 30, 2024, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2025	June 30, 2024
Cash Provided (Used) by:		
Operating Activities	\$ (155,175,105)	\$ (137,512,321)
Non-Capital Financing Activities	167,372,604	154,270,771
Capital and Related Financing Activities	(12,642,880)	(14,010,634)
Investing Activities	3,298,210	3,085,228
NET CHANGE IN CASH	\$ 2,852,829	\$ 5,833,044
Cash, beginning of year	79,370,395	73,537,351
CASH, end of year	\$ 82,223,224	\$ 79,370,395

Capital & Intangible Right-to-Use Assets

Capital assets, net of accumulated depreciation, at June 30, 2025 and June 30, 2024 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2025	June 30, 2024	Increase (Decrease)
Land	\$ 11,724,566	\$ 11,597,090	\$ 127,476
Capitalized Collections	182,050	182,050	—
Construction Work-in-Progress	—	2,940,940	(2,940,940)
Infrastructure	3,268,107	3,580,824	(312,717)
Building and Building Improvements	274,805,753	268,438,486	6,367,267
Facilities and Other Improvements	13,358,638	12,227,993	1,130,645
Equipment	10,013,080	10,142,841	(129,761)
Library Collections	108,235	198,681	(90,446)
Capitalized Collections	33,703	34,616	(913)
Capital Assets, net of accumulated depreciation	\$ 313,494,132	\$ 309,343,521	\$ 4,150,611

Depreciation is computed using the straight-line method over the estimated useful life of the asset. Residual value is equal to 10% of historical costs for buildings, building improvements, infrastructure, facilities and other improvements.

Intangible Right-to-Use assets, net of accumulated amortization, at June 30, 2025 and June 30, 2024 were as follows:

INTANGIBLE RIGHT-TO-USE ASSETS, net of accumulated amortization	June 30, 2025	June 30, 2024	Increase (Decrease)	% Change
Land	\$ 516,816	\$ 589,778	\$ (72,962)	(12.37)%
Infrastructure	—	1,660	(1,660)	(100.00)%
Building and Building Improvements	426,244	617,025	(190,781)	(30.92)%
Equipment	715,982	830,994	(115,012)	(13.84)%
Subscription Based IT Arrangements (SBITAs)	852,371	734,985	117,386	15.97 %
Intangible Right-to-Use Assets, net of accumulated amortization	\$ 2,511,413	\$ 2,774,442	\$ (263,029)	(9.48)%

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.

Economic Outlook

The University is not aware of any circumstances, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the fiscal year beyond those unknown variations having a global effect on business operations. The University's overall financial position is strong, and the University anticipates the current fiscal year will be similar to the prior year. The University will maintain a close watch over resources to maintain its ability to react to unknown internal and external issues.

Financial Statements (GAAP Basis)



UNIVERSITY OF NORTH GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2025

University of North Georgia

ASSETS

Current Assets

Cash and Cash Equivalents	\$	79,249,839
Cash and Cash Equivalents (Externally Restricted)		2,973,385
Accounts Receivable, net		
Federal Financial Assistance		2,248,349
Affiliated Organizations		450,985
Other		2,584,584
Inventories		642,068
Prepaid Items		1,397,749
Total Current Assets		<u>89,546,959</u>

Non-Current Assets

Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund		862,527
Investments		6,956,815
Notes Receivable, net		1,314,982
Investments (Externally Restricted)		1,535,817
Capital Assets, net		313,494,132
Intangible Right-to-Use Assets, net		<u>2,511,413</u>
Total Non-Current Assets		<u>326,675,686</u>
TOTAL ASSETS		<u>416,222,645</u>

DEFERRED OUTFLOWS OF RESOURCES (See Note 9)

\$ 63,745,666

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

UNIVERSITY OF NORTH GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2025

	University of North Georgia
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 5,602,833
Salaries Payable	513,036
Benefits Payable	610,196
Contracts Payable	553,150
Retainage Payable	74,314
Due to Affiliated Organizations	23,276
Advances (Including Tuition and Fees)	7,052,947
Deposits	198,470
Deposits Held for Other Organizations	207,603
Other Liabilities	434,538
Subscription Obligations	262,542
Notes and Loans Payable - External	0
Notes and Loans Payable - Component Units	4,852,319
Lease Purchase Obligations - External	449,746
Lease Purchase Obligations - Component Units	179,762
Compensated Absences	4,625,777
Total Current Liabilities	<u>25,640,509</u>
Non-Current Liabilities	
Subscription Obligations	988,200
Notes and Loans Payable - External	—
Notes and Loans Payable - Component Units	99,384,646
Lease Purchase Obligations - External	420,852
Lease Purchase Obligations - Component Units	605,359
Compensated Absences	2,874,044
Net Other Post Employment Benefits Liability	101,923,795
Net Pension Liability	131,120,426
Total Non-Current Liabilities	<u>337,317,322</u>
TOTAL LIABILITIES	<u>362,957,831</u>
DEFERRED INFLOWS OF RESOURCES (See Note 9)	<u>77,931,009</u>
NET POSITION	
Net Investment in Capital Assets	212,459,120
Restricted for:	
Nonexpendable	2,975,404
Expendable	5,596,143
Unrestricted (Deficit)	<u>(181,951,196)</u>
TOTAL NET POSITION	<u>\$ 39,079,471</u>

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

UNIVERSITY OF NORTH GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2025

	University of North Georgia
OPERATING REVENUES	
Student Tuition and Fees (net)	\$ 66,098,283
Grants and Contracts	
State	10,001
Sales and Services	2,385,415
Rents and Royalties	122,007
Auxiliary Enterprises	
Residence Halls	13,876,412
Bookstore	1,807,241
Food Services	11,172,020
Parking/Transportation	5,991,748
Health Services	2,100,749
Intercollegiate Athletics	5,824,200
Other Organizations	253,857
Other Operating Revenues	4,858,170
Total Operating Revenues	114,500,103
OPERATING EXPENSES	
Faculty Salaries	67,539,049
Staff Salaries	71,042,464
Employee Benefits	43,298,442
Other Personal Services	617,790
Travel	1,689,462
Scholarships and Fellowships	19,488,362
Utilities	6,324,736
Supplies and Other Services	51,828,849
Depreciation and Amortization	17,869,559
Total Operating Expenses	279,698,713
Operating Income (Loss)	\$ (165,198,610)

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

UNIVERSITY OF NORTH GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2025

	University of North Georgia
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	\$ 111,045,619
Grants and Contracts	
Federal	44,311,330
State	2,027,208
Other	7,462,495
Gifts	2,396,076
Investment Income	3,320,185
Interest Expense	(4,656,333)
Other Nonoperating Revenues (Expenses)	(2,548)
Net Nonoperating Revenues	165,904,032
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	705,422
Capital Grants and Gifts	
Federal	—
State	15,092,581
Other	234,688
Total Other Revenues, Expenses, Gains or Losses	15,327,269
Change in Net Position	16,032,691
Net Position, Beginning of Year, As Originally Reported	23,046,780
Net Position, End of Year	\$ 39,079,471

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

UNIVERSITY OF NORTH GEORGIA

STATEMENT OF CASH FLOWS

FOR FISCAL YEAR ENDED JUNE 30, 2025

	University of North Georgia
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 115,164,393
Grants and Contracts (Exchange)	(55,521)
Payments to Suppliers	(111,173,207)
Payments to Employees	(139,546,000)
Payments for Scholarships and Fellowships	(19,488,361)
Loans Issued to Students	(380,896)
Collection of Loans from Students	217,513
Other Receipts	86,974
Net Cash Used by Operating Activities	<u>(155,175,105)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	111,045,619
Gifts and Grants Received for Other Than Capital Purposes	<u>56,326,985</u>
Net Cash Flows Provided by Non-Capital Financing Activities	<u>167,372,604</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	4,250,680
Purchases of Capital Assets and Intangible Right-to-Use Assets	(6,832,015)
Principal Paid on Capital Debt and Leases	(5,641,754)
Interest Paid on Capital Debt and Leases	<u>(4,419,791)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(12,642,880)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	463,191
Investment Income	2,835,019
Purchase of Investments	<u>—</u>
Net Cash Provided by Investing Activities	<u>3,298,210</u>
Net Increase in Cash and Cash Equivalents	2,852,829
Cash and Cash Equivalents, Beginning of Year	<u>79,370,395</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 82,223,224</u></u>

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

UNIVERSITY OF NORTH GEORGIA

STATEMENT OF CASH FLOWS

FOR FISCAL YEAR ENDED JUNE 30, 2025

	University of North Georgia
RECONCILIATION OF OPERATING LOSS TO	
NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (165,198,610)
Adjustments to Reconcile Net Operating Loss to	
Net Cash Used by Operating Activities	
Depreciation	17,869,559
Change in Assets and Liabilities:	
Receivables, net	(346,077)
Inventories	(254,403)
Prepaid Items	(22,755)
Notes Receivable, Net	(163,383)
Accounts Payable	542,785
Salaries Payable	103,768
Benefits Payable	64,720
Contracts Payable	(210,523)
Retainage Payable	21,769
Deposits	(68,176)
Advances (Including Tuition and Fees)	1,116,407
Other Liabilities	379,027
Funds Held for Others	36,974
Compensated Absences	643,963
Due to Affiliated Organizations	(471,336)
Net Pension Liability	(29,230,347)
Other Post-Employment Benefit Liability	(10,380,982)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	11,793,787
Deferred Outflows of Resources	18,598,728
Net Cash Used by Operating Activities	<u>\$ (155,175,105)</u>

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

Amortization of Non-capital Financing Activities Advances and Deferred Inflows	<u>\$ 995,760</u>
Current Year Accruals Related to Capital Financing Activities	<u>\$ 1,828,515</u>
Gift of Capital Assets	<u>\$ 12,303,546</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (121,665)</u>
Accrual of Capital Asset Related Payables	<u>\$ 26,723</u>
Capital Assets Acquired Through Prepaid Capital	<u>\$ 2,000,000</u>
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	<u>\$ 506,083</u>
Intangible Right-to-Use Assets Acquired by Incurring SBITAs	<u>\$ 590,070</u>
Deferred Gain (Loss) due to Debt Refundings	<u>\$ 119,115</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ (236,543)</u>
Other Capital Financing Activities Noncash Items	<u>\$ (259,896)</u>
Unrealized Gain (Loss) on Investments	<u>\$ 485,166</u>

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

UNIVERSITY OF NORTH GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2025

	<u>Custodial Funds</u>
ASSETS	
Receivables	
Other	\$ 4,918,657
Total Assets	<u>4,918,657</u>
LIABILITIES	
Cash Overdraft	4,294,744
Advances	52,288
Total Liabilities	<u>4,347,032</u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 571,625</u>

UNIVERSITY OF NORTH GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2025

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 27,782,895
State Financial Aid	52,065,681
Other Financial Aid	5,882,263
Clubs and Other Organizations Fund Raising	381,188
Public-Private Partnership Passthrough	<u>7,124,067</u>
Total Additions	<u>93,236,094</u>
DEDUCTIONS	
Scholarships and Other Student Support	85,582,712
Student Organizations Support	363,561
Public-Private Partnership Passthrough	<u>7,104,148</u>
Total Deductions	<u>93,050,421</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>185,673</u>
Net Position, Beginning of Year	
Net Position, Beginning of Year, As Originally Reported	<u>385,952</u>
Net Position, Beginning of Year	<u>385,952</u>
Net Position, End of Year	<u><u>\$ 571,625</u></u>

Notes to the Financial Statements



UNIVERSITY OF NORTH GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the University. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2025, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Basis of Accounting and Financial Statement Presentation

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

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

The University reports the following fiduciary fund:

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

New Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, Compensated Absences, effective for fiscal years beginning after December 15, 2023. The objectives of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Under this

statement, leave liabilities should be recognized for both unused and used-but-unsettled leave, attributable to services already rendered, that accumulates and is likely to be used or paid. The adoption of this statement does not have a significant impact on the financial statements.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures, effective for fiscal years beginning after June 15, 2024. The objectives of this Statement are to enhance accounting and financial reporting requirements to provide better information to understand and anticipate certain risks to the financial condition by disclosing certain concentrations or constraints and related events that have occurred or have begun to occur that could result in a substantial impact. The adoption of this statement does not have a significant impact on the financial statements and will be applied prospectively.

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

Accounts Receivable

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

Inventories

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

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2025 are recorded as prepaid items.

Capital Assets

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

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

To fully understand plant additions in the University, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) - an organization that is external to the System. GSFIC issues bonds for and on behalf of the State of Georgia, pursuant to powers granted to it in the Constitution of the State of

Georgia and the Act creating the GSFIC. The bonds so issued constitute direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

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

Intangible Right-To-Use Assets

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

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

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

Rental income arising from leases as a lessor is included as a receivable and deferred inflow of resources at the commencement of the lease and revenue is recognized on a straight-line basis over the lease term. As of June 30, 2025, the University had no deferred inflows of resources related to leases as a lessor. The University's only lease as a lessor expired on December 31, 2024.

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.

Claims and Judgments

An estimated loss from claims and judgments is recognized when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The University had no Claims and Judgments to report for Fiscal Year 2025.

Pollution Remediation Obligations

Pollution remediation obligations are recorded when the University knows that a site is polluted and one or more obligating events have occurred. The amount recorded is an estimate of the current value of potential outlays for cleanup, calculated using the "expected cash flows" measurement technique. The University had no Pollution Remediation Obligations to report for Fiscal Year 2025.

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

Other Post-Employment Benefit (OPEB)

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

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

Pensions and Net Pension Liability

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

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

Net Position

The University's net position is classified as follows:

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

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

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

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

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf.

Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$25,790,951 and waivers in the amount of \$4,789,146.

Changes in Accounting Estimates

In 2000, the National Association of College and University Business Officers (NACUBO) provided initial guidance on accounting for and reporting financial aid as a discount, commonly referred to as a scholarship allowance. However, NACUBO Advisory 2023-1 recognized that the initial guidance from 2000 understated the actual scholarship allowance while overstating the expense. For the fiscal year ended June 30, 2025, the University adopted the revised principles outlined in NACUBO Advisory 2023-1 to ensure more accurate calculations of the scholarship allowance, resulting in a change in accounting estimate.

The change in estimate was implemented prospectively and reflects updated assumptions and methodologies based on the Advisory's recommendations. The impact of this change on the financial statements for the current fiscal year, as reflected in the Statement of Revenues and Expenditures, is a decrease in Student Tuition and Fees (net) and a decrease in Operating Expenses: Scholarship and Fellowships.

This change in methodology does not have any impact on the change in net position for prior years.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2025 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	\$	79,249,839
Cash and Cash Equivalents (Externally Restricted)		2,973,385

Noncurrent

Noncurrent - Investments		6,956,815
Noncurrent Investments (Externally Restricted)		1,535,817

Statement of Fiduciary Net Position

Cash and Cash Equivalents		(4,294,744)
	\$	<u>86,421,112</u>

Cash on hand, deposits and investments as of June 30, 2025 consist of the following:

Cash on Hand	\$	7,993
Deposits with Financial Institutions		69,266,027
Investments		<u>17,147,092</u>
	\$	<u>86,421,112</u>

A. Deposits with Financial Institutions

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

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

The University participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each

covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

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

At June 30, 2025, the bank balances of the University's deposits totaled \$69,989,919. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the USG. Of these deposits, \$0 were exposed to custodial credit risk.

B. Investments

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

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

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

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

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

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

The following table summarizes the valuation of the University's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2025.

	Fair Value	Fair Value Hierarchy			
		Level 1	Level 2	Level 3	NAV
Investment type:					
Debt Securities					
Money Market Mutual Funds	\$ 26,381	\$ 26,381		\$ —	\$ —
Municipal Obligations	881,686		881,686	—	—
Other Investments					
Equity Securities - Domestic	627,750	627,750	—	—	—
	<u>1,535,817</u>	<u>\$ 654,131</u>	<u>\$ 881,686</u>	<u>\$ —</u>	<u>—</u>
Investment Pools					
Board of Regents					
Short-Term Fund	8,482,189				
Balanced Income Fund	6,956,815				
Office of the State Treasurer					
Georgia Fund 1	172,271				
Total Investments	<u>\$ 17,147,092</u>				

For fiscal year 2025, the University did not have any Level 3 investments.

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

Board of Regents Pooled Investment Program

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

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

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

1. Short-Term Fund

The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and for three years, and the fund will typically have an overall average duration of $\frac{3}{4}$ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Short-Term Fund at June 30, 2025 was \$8,482,189, of which 100% is invested in debt securities. The Effective Duration of the Fund is 1.03 years.

2. Balanced Income Fund

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

The equity allocation shall range between 20% and 40%, with a target of 30% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 80%, with a target of 70% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Balanced Income Fund at June 30, 2025 was \$6,956,815, of which 66% is invested in debt securities. The Effective Duration of the Fund is 5.22 years.

Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, \$1.00 per share. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 51 days.

Interest Rate Risk

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

	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type:						
Debt Securities						
Money Market Mutual Funds	\$ 26,381	26,381				
Municipal Obligations	881,686	73,973	—	568,431	135,529	103,753
	908,067	<u>\$ 100,354</u>	<u>\$ —</u>	<u>\$ 568,431</u>	<u>\$ 135,529</u>	<u>\$ 103,753</u>
Other Investments						
Equity Securities - Domestic	627,750					
Investment Pools						
Board of Regents						
Short-Term Fund	8,482,189					
Balanced Income Fund	6,956,815					
Office of the State Treasurer						
Georgia Fund 1	172,271					
Total Investments	<u>\$ 17,147,092</u>					

Custodial Credit Risk

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

At June 30, 2025, \$0 was uninsured and held by the investment's counterparty's trust department or agent, but not in the University's name.

Credit Quality Risk

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

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

	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Related Debt Investments						
Money Market Mutual Funds	\$ 26,381					\$ 26,381
Municipal Obligations	881,686	69,400	584,118	214,197	13,971	
	<u>\$ 908,067</u>	<u>\$ 69,400</u>	<u>\$ 584,118</u>	<u>\$ 214,197</u>	<u>\$ 13,971</u>	<u>\$ 26,381</u>

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2025:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 1,374,910	\$ 184,859
Auxiliary Enterprises and Other Operating Activities	798,882	—
Federal Financial Assistance	2,248,349	269,782
Georgia Student Finance Commission	—	4,464,016
Georgia State Financing and Investment Commission	861,453	—
Due from Affiliated Organizations	450,985	—
Due From Other USG Institutions	1,387,547	—
Other	297,925	—
	<u>7,420,051</u>	<u>4,918,657</u>
Less: Allowance for Doubtful Accounts	<u>1,273,606</u>	<u>—</u>
Net Accounts Receivable	<u>\$ 6,146,445</u>	<u>\$ 4,918,657</u>

Note 4 Inventories

Inventories consisted of the following at June 30, 2025:

Merchandise for Resale	<u>\$ 642,068</u>
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Note 5 Notes and Loans Receivable

Notes receivable consists of resources made available for financial loans to students of the Institution. Allowances for uncollectible loans are reported based on management's best estimate considering type, age, collection history, and other factors considered appropriate. At June 30, 2025, the allowance for uncollectible loans was \$0.

Note 6 Capital and Intangible Right-to-Use Assets

Changes in capital assets for the year ended June 30, 2025 are shown below:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Capital Assets, Not Being Depreciated:				
Land	\$ 11,597,090	\$ 127,476	\$ —	\$ 11,724,566
Capitalized Collections	182,050	—	—	182,050
Construction Work-in-Progress	2,940,940	—	2,940,940	—
Total Capital Assets Not Being Depreciated	14,720,080	127,476	2,940,940	11,906,616
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	10,535,064	—	—	10,535,064
Building and Building Improvements	481,937,396	18,922,330	—	500,859,726
Facilities and Other Improvements	28,521,679	1,905,566	—	30,427,245
Equipment	37,037,927	2,741,690	58,989	39,720,628
Library Collections	10,669,273	26,533	92,449	10,603,357
Capitalized Collections	36,500	—	—	36,500
Total Capital Assets Being Depreciated/Amortized	568,737,839	23,596,119	151,438	592,182,520
Less: Accumulated Depreciation/Amortization				
Infrastructure	6,954,240	312,717	—	7,266,957
Building and Building Improvements	213,498,910	12,555,063	—	226,053,973
Facilities and Other Improvements	16,293,686	774,921	—	17,068,607
Equipment	26,895,086	2,871,449	58,987	29,707,548
Library Collections	10,470,592	116,979	92,449	10,495,122
Capitalized Collections	1,884	913	—	2,797
Total Accumulated Depreciation/Amortization	274,114,398	16,632,042	151,436	290,595,004
Total Capital Assets, Being Depreciated/Amortized, Net	294,623,441	6,964,077	2	301,587,516
Capital Assets, net	<u>\$ 309,343,521</u>	<u>\$ 7,091,553</u>	<u>\$ 2,940,942</u>	<u>\$ 313,494,132</u>

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. As of June 30, 2025, GSFIC had \$1,455,195 for construction-in-progress for two projects at UNG: the Military Leadership Center J-403 and the STEM Excellence Center J-425. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC.

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

Fiscal Year	Depreciation and Amortization Expense
2025	\$ 17,869,559
2024	\$ 20,091,576
2023	\$ 17,480,269

Intangible Right-to-Use Assets

Changes in intangible assets for the year ended June 30, 2025 are shown below:

	Beginning Balances July 1, 2024	Additions	Reductions	Ending Balance June 30, 2025
Intangible Right-to-use Assets, Being Amortized				
Land	\$ 774,153			\$ 774,153
Infrastructure	59,775			59,775
Building and Building Improvements	1,419,953	227,739	351,747	1,295,945
Equipment	1,564,945	278,342		1,843,287
Subscription Based IT Arrangements (SBITAs)	1,555,940	590,070		2,146,010
Total Leased Assets Being Amortized	5,374,766	1,096,151	351,747	6,119,170
Less: Accumulated amortization				
Land	184,375	72,962	—	257,337
Infrastructure	58,115	1,660	—	59,775
Building and Building Improvements	802,928	296,857	230,084	869,701
Equipment	733,951	393,354	—	1,127,305
Subscription Based IT Arrangements (SBITAs)	820,955	472,684	—	1,293,639
Total Accumulated Amortization	2,600,324	1,237,517	230,084	3,607,757
Total Intangible Right-to-use Assets, Being Amortized, Net	2,774,442	(141,366)	121,663	2,511,413
Intangible Right-to-use Assets, net	<u>\$ 2,774,442</u>	<u>(141,366)</u>	<u>\$ 121,663.00</u>	<u>\$ 2,511,413</u>

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2025:

	Current Liabilities
Prepaid Tuition and Fees	\$ 5,543,502
Other - Advances	1,509,445
Totals	<u>\$ 7,052,947</u>

Fiduciary fund advances in the amount of \$52,288 consists of student support received prior to eligibility requirements being met.

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
Lease & Subscription Obligations					
Lease Obligations	\$ 2,016,328	\$ 506,083	\$ 866,692	\$ 1,655,719	\$ 629,508
Subscription Obligations	988,226	590,070	327,554	1,250,742	262,542
Total	<u>3,004,554</u>	<u>1,096,153</u>	<u>1,194,246</u>	<u>2,906,461</u>	<u>892,050</u>
Other Liabilities					
Compensated Absences	6,855,858	5,363,077	4,719,114	7,499,821	4,625,777
Notes and Loans Payable	108,803,589	—	4,566,624	104,236,965	4,852,319
Total	<u>115,659,447</u>	<u>5,363,077</u>	<u>9,285,738</u>	<u>111,736,786</u>	<u>9,478,096</u>
Total Long-Term Obligations	<u>\$ 118,664,001</u>	<u>\$ 6,459,230</u>	<u>\$ 10,479,984</u>	<u>\$ 114,643,247</u>	<u>\$ 10,370,146</u>

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

Notes and Loans Payable

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 2025 were \$4,566,624 and \$4,344,669, respectively. Interest rates range from 3.60% to 6.42%.

The University has \$104,236,965 in outstanding notes and loans payable. Of this total, \$3,654,132 is due to the University System of Georgia Real Estate Foundation, and the remaining balance is due to the University of North Georgia Real Estate Foundation and its subsidiary legal entities.

The following is a summary of the carrying values of assets held under financing lease agreements at June 30, 2025:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Financing Lease Arrangements at June 30, 2025	Outstanding Balances per Lease Schedules at June 30, 2025
	(+)	(-)	(=)	
Financed Land and Land Improvements	\$ 1,200,673		\$ 1,200,673	\$ 572,543
Financed Infrastructure			0	
Finance Buildings and Building Improvements	138,220,647	78,581,775	59,638,872	103,338,936
Financed Facilities and Other Improvements	293,389	167,188	126,201	226,792
Financed Equipment	126,732	126,732	0	98,694
Total Assets Held Under Finance Lease Arrangement	<u>\$ 139,841,441</u>	<u>\$ 78,875,695</u>	<u>\$ 60,965,746</u>	<u>\$ 104,236,965</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal
Recreation Center	North Georgia Parking & Recreation Center, LLC	\$ 21,446,617	20 years	April 2017	June 2037	\$ 14,522,728 (1)
Office Building/Land	North Georgia Parking & Recreation Center, LLC	2,628,383	19 years	April 2017	June 2036	1,751,774 (1)
Patriot Hall	North Georgia PHD, LLC	13,625,363	23 years	December 2017	June 2040	11,091,142 (1)
North Georgia Suites	North Georgia PHD, LLC	21,927,504	23 years	December 2017	June 2040	17,835,675 (1)
Walker Drive Parking Deck	North Georgia PHD, LLC	15,230,854	23 years	December 2017	June 2040	12,397,507 (1)
Dining Hall	North Georgia PHD, LLC	20,786,137	23 years	December 2017	June 2040	16,899,668 (1)
Military Dorm / Liberty Hall	North Georgia MBA, LLC	9,599,259	23 years	December 2017	June 2040	7,363,349 (1)
Chestatee Building	North Georgia MBA, LLC	9,142,845	23 years	December 2017	June 2040	7,087,234 (1)
Gaillard Hall Renovation	North Georgia MBA, LLC	7,598,807	23 years	December 2017	June 2040	5,832,233 (1)
Gainesville Parking Structure	USG Real Estate Foundation I, LLC	4,747,449	25 years	December 2015	June 2040	3,654,132 (1)
South Parking Deck	North Georgia Parking & Recreation Center, LLC	<u>9,125,349</u>	29 years	September 2017	June 2046	<u>5,801,523 (1)</u>
Total Leases		<u>\$135,858,567</u>				<u>\$ 104,236,965</u>

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

Below is the annual debt service related to the outstanding notes and loans payable at June 30, 2025.

	<u>Principal</u>	<u>Interest</u>
Year Ending June 30:		
2026	\$ 4,852,319	\$ 4,154,852
2027	5,131,495	3,953,540
2028	5,428,145	3,750,344
2029	5,753,648	3,515,797
2030	6,074,525	3,277,688
2031 through 2035	35,562,424	12,350,579
2036 through 2040	39,462,888	4,588,623
2041 through 2045	1,624,364	262,926
2046 through 2050	<u>347,157</u>	<u>10,951</u>
Total Minimum Lease Payments	<u>\$ 104,236,965</u>	<u>\$ 35,865,300</u>

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, 2025, consisted of the following:

Deferred Outflow of Resources

Deferred Outflow on Debt Refunding	\$ 4,536,133
Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	42,123,882
Deferred Outflow on OPEB Plan (See Note 17)	17,085,651
Total Deferred Outflows of Resources	\$ 63,745,666

Deferred Inflow of Resources

Deferred Inflow on Debt Refunding	\$ 912,409
Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	23,700,509
Deferred Inflow on OPEB Plan (See Note 17)	53,318,091
Total Deferred Inflows of Resources	\$ 77,931,009

Deferred Loss/Gain on Debt Refunding

In June 2015, the USG Real Estate Foundation refunded the bonds associated with the Gainesville Parking Deck lease and passed the perceived economic advantages of the refund to the Institution. The institution recognized a Deferred Inflow on Debt refunding in the amount of \$542,425. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$323,647.

In November 2016, the UNG Real Estate Foundation refunded the bonds associated with the Downtown Office Building, the Church Street Parking Deck, and the Recreation Center in Dahlonega and passed the perceived economic advantages of the refund to the institution. The institution recognized a Deferred Inflow and a Deferred Outflow on Debt refunding in the amount of \$1,002,147 and \$548,112, respectively. The unamortized Deferred Inflow and Deferred Outflow on Debt Refunding at year end related to this transaction is \$588,761 and \$376,827, respectively.

In July 2017, the UNG Real Estate Foundation refunded the bonds associated with the Chestatee Building, Gaillard Hall, Liberty Hall, Patriot Hall, the North Georgia Suites, the Dining Hall and the Walker Drive Deck and passed the perceived economic advantages of the refund to the Institution. The net savings to the institution from this refund is \$34,417,545 for the difference in the cash flow requirements between the original lease and the revised lease. However, the institution recognized a Deferred Outflow on Debt Refunding in the amount of \$6,321,176. This Deferred Outflow on Debt Refunding is the result of an increase in principal balance of the leases, which is more than offset by interest savings over the life of the lease. The unamortized Deferred Outflow on Debt Refunding at year end related to this transaction is \$4,214,117.

Deferred Inflow of Resources - Leases

In January 2024, UNG, for the Board of Regents of the University System of Georgia, entered into a third lease extension agreement with NGMC Lumpkin, LLC for the building space located at 227 Mountain Dr, Dahlonega, GA. The agreement extends the lease term on said property for a period of six months, commencing July 1, 2024 and expiring December 31, 2024, for a base rent of \$8,333.33 per month. The amortized revenue recorded in fiscal year 2025 was \$49,715, with no remaining deferred inflow of resources as of June 30, 2025.

Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2025 is as follows:

Net Investment in Capital Assets	\$ 212,459,120
Restricted for	
Nonexpendable	
Permanent Endowment	2,975,404
Expendable	
Sponsored and Other Organized Activities	2,748,916
Federal Loans	277,554
Institutional Loans	2,569,673
Sub-Total	5,596,143
Unrestricted	
Auxiliary Enterprises Operations	50,107,528
Reserve for Encumbrances	16,700,589
Capital Liability Reserve Fund	862,527
Other Unrestricted	(249,621,840)
Sub-Total	(181,951,196)
Total Net Position	\$ 39,079,471

In fiscal year 2025, the University's other unrestricted net position is reduced by \$138,156,235 related to the recording of net OPEB liability, deferred inflow on OPEB plan, and deferred outflow on OPEB plan. Other unrestricted net position is also reduced by \$112,697,053 related to the recording of net pension liability, deferred gain on defined benefit pension plans, and deferred outflow on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in Net Position for the year ended June 30, 2025 are as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Net Investments in Capital Assets	\$ 203,790,454	\$ 27,639,676	\$ 18,971,010	\$ 212,459,120
Restricted Net Position	8,439,294	69,138,303	69,006,050	8,571,547
Unrestricted Net Position	(189,182,968)	231,251,982	224,020,210	(181,951,196)
Total Net Position	\$ 23,046,780	\$ 328,029,961	\$ 311,997,270	\$ 39,079,471

Note 11 Endowments

Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation on endowment investments available for authorization for expenditure was \$165,798 and is reflected within nonexpendable restricted net position.

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

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

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

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2025. In addition to these encumbrances, the University had other significant unearned outstanding construction or renovation contracts in the amount of \$0 executed as of June 30, 2025.

Note 13 Leases and Subscriptions

The University leases land, facilities, office and computer equipment, and other assets. The University also enters into certain subscription-based contracts to use vendor-provided information technology (IT). Although lease and/or subscription terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to leases for fiscal year 2025 were \$747,577 and \$37,982, respectively. Interest rates range from 0.35% to 4.15% . The University's principal and interest payments related to SBITAs for fiscal year 2025 were \$327,554 and \$37,140, respectively. Interest rates were equal to 2.26-2.74% .

Lease Obligations

The University has \$1,655,719 in outstanding lease obligations, of which \$785,121 is due to the UNG Real Estate Foundation.

There were no residual guaranteed payment, variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2025. In addition, the University paid \$0 related to leased facilities where these funds will be used for future improvements.

The following is a summary of the carrying values of intangible right-to-use assets held under lease at June 30, 2025:

Description	Gross Amount	Less: Accumulated Amortization	Net, Assets Held Under Lease at June 30, 2025	Outstanding Balance per Lease Schedules at June 30, 2025
	(+)	(-)	(=)	
Leased Land and Land Improvements	\$ 774,153	\$ 257,338	\$ 516,815	\$ 519,187
Leased Infrastructure	59,775	59,775	—	—
Leased Equipment	1,843,291	1,127,308	715,983	741,774
Leased Buildings and Building Improvements	1,295,945	869,701	426,244	394,758
Total Assets Held Under Lease	<u>\$ 3,973,164</u>	<u>\$ 2,314,122</u>	<u>\$ 1,659,042</u>	<u>\$ 1,655,719</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal	
Yahoola Creek Athletic Complex	UNG Real Estate Foundation	\$ 250,516	11 years	Jul 2021	June, 2032	\$ 394,714	(1)
College Square Oakwood Testing	UNG Real Estate Foundation	189,296	7 years	Jul 2021	June, 2028	133,087	(1)
S Chestatee Parking Services	UNG Real Estate Foundation	135,548	6 years	Jul 2021	June, 2027	132,846	(1)
Fine Arts Annex Warehouse	Cofield Pruitt Properties	222,649	6 years	Jul 2021	June, 2027	75,801	
Alicia Lane Post Office	24 Alicia Lane, LLC	119,999	6 years	Jul 2021	June, 2025	—	
CAMP Housing Units	ARC Hawks Nest, LLC	218,031	4 years	Jul 2021	June, 2025	—	
OCAF Ceramics Studio Usage	Oconee Cultural Arts Foundation	30,536	6 year	Jul 2021	July, 2027	16,808	
Tumbling Creek	UNG Real Estate Foundation	169,656	9 years 8 months	Nov 2022	June, 2032	124,474	(1)
Copiers	Canon	703,655	Varies	Jul 2022	May 2028	256,789	
Tracking Systems	Quadient Leasing USA, Inc.	115,623	5 years	January 2024	November 2028	82,006	
Laundry Machines	Caldwell & Gregory, LLC	450,122	5 years	January 2024	December 2028	321,501	
OCAF Classroom	Oconee Cultural Arts Foundation	55,260	3 years	July 2024	June 2027	36,216	
Oconee Rec Center Cubbies	RecRe, Inc	31,250	5 years	Jul 2024	Jul, 2029	23,375	
Postal Tracking Systems	Quadient Leasing USA, Inc	60,956	5 years	Apr 2025	Mar, 2030	58,102	
Total Leases		<u>\$ 2,753,097</u>				<u>\$ 1,655,719</u>	

(1) These leases are related party transactions.

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

Below is the future commitments related to the outstanding lease obligations as of June 30, 2025:

	Principal	Interest
Year Ending June 30:		
2026	\$ 629,508	\$ 22,538
2027	382,441	14,531
2028	257,394	7,570
2029	151,106	2,943
2030	84,359	1,457
2031 through 2035	150,911	1,090
Total Minimum Lease Payments	<u>\$ 1,655,719</u>	<u>\$ 50,129</u>

Subscription Obligations

The University has \$1,250,742 in outstanding obligations for Subscription Based IT Arrangements (SBITAs).

There were no variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2025.

The following is a summary of the carrying values of intangible right-to-use assets held under SBITA at June 30, 2025:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Subscription Obligations at June 30, 2025	Outstanding Balance per Subscription Schedules at June 30, 2025
Subscription Based IT Arrangements (SBITAs)	\$ 2,146,010	\$ 1,293,639	\$ 852,371	\$ 1,250,742
Subscription Based IT Arrangements (SBITAs) - Library Collections			—	
Total Assets Held Under Subscription Based Information Technology Arrangements (SBITAs)	<u>2,146,010</u>	<u>1,293,639</u>	<u>852,371</u>	<u>1,250,742</u>

Below is the future commitments related to the outstanding subscription obligations year at June 30, 2025:

Year Ending June 30:	Principal	Interest
2026	\$ 262,542	\$ 26,158
2027	339,861	26,455
2028	363,085	17,111
2029	207,450	7,130
2030	<u>77,804</u>	<u>2,105</u>
Total Minimum Subscription Payments	<u>\$ 1,250,742</u>	<u>\$ 78,959</u>

Note 14. Retirement Plans

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

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

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

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2025. The University's contractually required contribution rate for the year ended June 30, 2025 was 20.78% of the University's annual payroll. The University's contributions to TRS totaled \$18,039,594 for the year ended June 30, 2025.

General Information about the Employees' Retirement System

Plan description

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

Benefits provided

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

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

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

Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2025 was 29.20% of annual covered payroll for old and new plan members and 25.51% for GSEPS members.

The University's contributions to ERS totaled \$79,541 for the year ended June 30, 2025. 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, 2025, the University reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The University's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2024. At June 30, 2024, the University's TRS proportion was 0.520061%, which was a decrease of (0.020514)% from its proportion measured as of June 30, 2023. At June 30, 2024, the University's ERS proportion was 0.008999%, which was a decrease of (0.003570)% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the University recognized pension expense of \$20,107,866 for TRS and \$(204,371) for ERS. At June 30, 2025, 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	\$ 14,791,346	\$ 390,680	\$ 21,715	\$ —
Changes of assumptions	9,093,230	—	—	—
Net difference between projected and actual earnings on pension plan investments		18,224,534	—	45,629
Changes in proportion and differences between contributions and proportionate share of contributions	98,457	4,905,828	—	133,838
Contributions subsequent to the measurement date	18,039,594	—	79,541	—
Total	<u>\$ 42,022,627</u>	<u>\$ 23,521,042</u>	<u>\$ 101,256</u>	<u>\$ 179,467</u>

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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
1	\$ 481,175	\$ (123,964)
2	\$ 15,381,440	\$ 11,747
3	\$ (8,972,281)	\$ (27,768)
4	\$ (6,428,343)	\$ (17,767)

Actuarial assumptions

The total pension liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

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
Cost-of-living-adjustment	1.05%, annually

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, 2023 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 %	1.50 %	30.00 %	1.50 %
Domestic large equities	46.40 %	9.10 %	46.40 %	9.10 %
Domestic small equities	1.10 %	13.00 %	1.10 %	13.00 %
International developed market equities	13.60 %	9.10 %	13.60 %	9.10 %
International emerging market equities	3.90 %	11.10 %	3.90 %	11.10 %
Alternatives	5.00 %	10.60 %	5.00 %	10.60 %
Total	100.00 %		100.00 %	

* Rates shown are net of inflation

Discount rate

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

Sensitivity of the Institute's proportionate share of the net pension liability to changes in the discount rate:

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

Teachers Retirement System:

	1% Decrease 5.90%	Current discount rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability	\$ 224,987,204	\$ 130,715,304	\$ 53,760,578

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 610,366	\$ 405,122	\$ 232,513

Pension plan fiduciary net position

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

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2025, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University and the covered employees made the required contributions of \$3,651,434 (9.24%) and \$2,371,062 (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 2025, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

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

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

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

indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks.

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

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

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

Note 16 Contingencies

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

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025.

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 2025, 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, 2025:

Active Employees	1,735
Retirees or Beneficiaries Receiving Benefits	479
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	<u>102</u>
Total	<u><u>2,316</u></u>

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

The University pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2025 plan year, the employer rate was approximately 82% of the total health insurance cost for eligible retirees and the retiree rate was approximately 18%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. With regard to life insurance, the employer covers the total premium cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2025, the University contributed \$3,323,346 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, 2025, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2024. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The University's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2024. At June 30, 2024, the University's proportion was 3.51017%, which was a decrease of (0.024375)% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the University recognized OPEB expense of \$(7,630,114). At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,576,193	\$ 539,524
Changes of assumptions	6,723,313	51,804,457
Net difference between projected and actual earnings on OPEB plan investments	240,346	—
Changes in proportion and differences between contributions and proportionate share of contributions	4,222,453	974,110
Contributions subsequent to the measurement date	3,323,346	—
Total	<u>\$ 17,085,651</u>	<u>\$ 53,318,091</u>

The University's contributions subsequent to the measurement date of \$3,323,346 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, 2026. 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:

2026	\$ (14,687,654)
2027	\$ (12,812,672)
2028	\$ (8,136,924)
2029	\$ (3,540,133)
2030	\$ (378,403)

Actuarial assumptions

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of May 1, 2024 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 6/30/2024 of 3.93% from Bond Buyers GO 20-Bond Municipal Bond Index; Discount Rate 3.96% Interest Rate as of 6/30/2023 of 3.65% from Bond Buyers GO 20-Bond Municipal Bond Index; Discount Rate 3.69% Long-term Rate of Return 6.02% General Inflation 2.30% 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	8.7%
Medicare Eligible	2%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	2%
Year Ultimate Trend is Reached	Fiscal Year 2035 for Pre-Medicare Eligible, Fiscal Year 2024 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 five-year period ending May 1, 2023 with the exception of the disability and salary increases assumption. These assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which covered the five year period ending June 30, 2018.
	Entry Age Normal

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual claims experience.
- Trend rate schedule was updated to anticipated future experience.
- The discount rate was updated from 3.69% as of June 30, 2023 to 3.96% as of June 30, 2024.
- The Expected Return on Assets was changed from 5.40 to 6.02%.
- The following assumptions were updated based on the 2024 Demographic Assumptions Review (experience study):
 - Retirement rates
 - Withdrawal rates
 - Percentage of participants that elect spousal coverage upon retirement was updated for males from 55% to 50%
 - Percentage of participants electing coverage upon retirement was updated for post-65 employees from 85% to 80%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of May 1, 2024 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	2.42 %	70 %
Equity Allocation	4.41 %	30 %

Discount Rate

The Plan's projected fiduciary net position at the end of 2028 is \$0, based on the valuation completed for the fiscal year ending June 30, 2024. 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 2028. Therefore, the long-term expected rate of return on Plan investments of 6.02% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2024, pursuant to paragraph 48 of GASB Statement No. 74. Instead, a single equivalent yield or index rate of 3.96% was used. This rate is comprised primarily of the yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher (3.93% 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 (2.96%) or 1% higher (4.96%) than the current discount rate (3.96%):

	1% Decrease 2.96%	Current Rate 3.96%	1% Increase 4.96%
Proportionate Share of the Net OPEB Liability	117,936,424	101,923,795	88,818,452

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	\$ 89,643,289	\$ 101,923,795	\$ 117,140,848
Pre-Medicare Eligible	7.7% decreasing to 3.5%	8.7% decreasing to 4.5%	9.7% decreasing to 5.5%
Medicare Eligible	1%	2%	3%

OPEB plan fiduciary net position:

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

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal year 2025 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 65,732,700	\$ 14,123,985	\$ 17,903,641	\$ 20,911	\$ 716,675
Research	393,863	412,869	214,706	—	178,568
Public Service	9,933	683,576	226,089	—	33,063
Academic Support	1,255,708	12,890,334	5,113,649	8,315	180,312
Student Services	28,900	11,185,098	4,272,590	3,568	192,745
Institutional Support	107,391	14,920,935	8,851,106	531,871	162,105
Plant Operations and Maintenance	—	11,887,507	2,448,446	—	28,207
Scholarships and Fellowships	—	1,055	73	—	—
Auxiliary Enterprises	10,554	4,937,105	4,268,142	53,125	197,787
Total Operating Expenses	<u>\$ 67,539,049</u>	<u>\$ 71,042,464</u>	<u>\$ 43,298,442</u>	<u>\$ 617,790</u>	<u>\$ 1,689,462</u>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ —	\$ 61,465	\$ 8,339,610	\$ 1,874,297	\$ 108,773,284
Research	1,500	—	536,079	24,963	1,762,548
Public Service	—	3,360	331,646	—	1,287,667
Academic Support	—	15,085	4,954,815	1,248,404	25,666,622
Student Services	196,272	15,293	3,646,314	528,279	20,069,059
Institutional Support	—	147,791	4,151,182	1,438,476	30,310,857
Plant Operations and Maintenance	—	5,683,186	9,468,526	8,205,719	37,721,591
Scholarships and Fellowships	17,747,658	—	—	—	17,748,786
Auxiliary Enterprises	1,542,932	398,556	20,400,677	4,549,421	36,358,299
Total Operating Expenses	<u>\$ 19,488,362</u>	<u>\$ 6,324,736</u>	<u>\$ 51,828,849</u>	<u>\$ 17,869,559</u>	<u>\$ 279,698,713</u>

Note 19 Subsequent Event

As of August 1, 2025, the University had no reportable subsequent events.

Required Supplementary Information



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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2025	\$ 79,541	\$ 79,541		\$ 272,401	29.20%
	June 30, 2024	\$ 66,198	\$ 66,198	\$ —	\$ 225,547	29.35%
	June 30, 2023	\$ 83,713	\$ 83,713	\$ —	\$ 269,955	31.01%
	June 30, 2022	\$ 71,391	\$ 71,391	\$ —	\$ 230,219	31.01%
	June 30, 2021	\$ 70,238	\$ 70,238	\$ —	\$ 284,828	24.66%
	June 30, 2020	\$ 85,753	\$ 85,753	\$ —	\$ 333,227	25.73%
	June 30, 2019	\$ 83,374	\$ 83,374	\$ —	\$ 338,145	24.66%
	June 30, 2018	\$ 79,536	\$ 79,536	\$ —	\$ 322,242	24.68%
	June 30, 2017	\$ 72,830	\$ 72,830	\$ —	\$ 292,893	24.87%
	June 30, 2016	\$ 69,115	\$ 69,115	\$ —	\$ 279,648	24.71%
Teachers Retirement System	June 30, 2025	\$ 18,039,594	\$ 18,039,594	\$ —	\$ 86,812,291	20.78%
	June 30, 2024	\$ 16,229,559	\$ 16,229,559	\$ —	\$ 81,229,024	19.98%
	June 30, 2023	\$ 15,820,503	\$ 15,820,503	\$ —	\$ 79,181,697	19.98%
	June 30, 2022	\$ 14,454,393	\$ 14,454,393	\$ —	\$ 72,965,136	19.81%
	June 30, 2021	\$ 13,601,723	\$ 13,601,723	\$ —	\$ 71,362,660	19.06%
	June 30, 2020	\$ 15,423,832	\$ 15,423,832	\$ —	\$ 73,287,286	21.05%
	June 30, 2019	\$ 14,200,638	\$ 14,200,638	\$ —	\$ 67,937,636	20.90%
	June 30, 2018	\$ 10,695,297	\$ 10,695,297	\$ —	\$ 63,801,246	16.76%
	June 30, 2017	\$ 8,144,315	\$ 8,144,315	\$ —	\$ 56,470,182	14.42%
	June 30, 2016	\$ 7,424,138	\$ 7,424,138	\$ —	\$ 51,469,608	14.42%

**UNIVERSITY OF NORTH GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
FOR THE LAST TEN 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, 2025	0.008999%	\$ 405,122	\$ 225,547	179.62%	78.75%
	June 30, 2024	0.012569%	\$ 749,815	\$ 269,955	277.76%	71.20%
	June 30, 2023	0.019122%	\$ 1,277,056	\$ 230,219	554.71%	67.44%
	June 30, 2022	0.015557%	\$ 363,863	\$ 284,828	127.75%	87.62%
	June 30, 2021	0.013775%	\$ 580,610	\$ 333,227	174.24%	76.21%
	June 30, 2020	0.013347%	\$ 550,769	\$ 338,145	162.88%	76.74%
	June 30, 2019	0.012576%	\$ 517,004	\$ 322,242	160.44%	76.68%
	June 30, 2018	0.011941%	\$ 484,964	\$ 292,893	165.58%	76.33%
	June 30, 2017	0.011981%	\$ 566,752	\$ 279,648	202.67%	72.34%
	June 30, 2016	0.007689%	\$ 311,512	\$ 176,366	176.63%	76.2%
Teachers Retirement System	June 30, 2025	0.520061%	\$ 130,715,304	\$ 81,229,024	160.92%	80.86%
	June 30, 2024	0.540575%	\$ 159,600,958	\$ 79,181,697	201.56%	76.29%
	June 30, 2023	0.539690%	\$ 175,247,775	\$ 72,965,136	240.18%	72.85%
	June 30, 2022	0.556061%	\$ 49,179,887	\$ 71,362,660	68.92%	92.03%
	June 30, 2021	0.563816%	\$ 136,578,303	\$ 73,287,286	186.36%	77.01%
	June 30, 2020	0.555782%	\$ 119,508,158	\$ 67,937,636	175.91%	78.56%
	June 30, 2019	0.532823%	\$ 98,903,362	\$ 63,801,246	155.02%	80.27%
	June 30, 2018	0.494677%	\$ 91,937,244	\$ 56,470,182	162.81%	79.33%
	June 30, 2017	0.472455%	\$ 97,472,734	\$ 51,469,608	189.38%	76.06%
	June 30, 2016	0.435852%	\$ 66,354,139	\$ 45,597,622	145.52%	81.44%

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

**UNIVERSITY OF NORTH GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

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%. These assumption changes were first reflected in the calculation of the June 30, 2021 Total Pension Liability.

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. After studying the parameters of this new policy, the assumption for future COLAs was set at 1.05%. Previously, no future COLAs were assumed. 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, withdrawal and salary increases.

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

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

**UNIVERSITY OF NORTH GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST NINE 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, 2025	\$ 3,323,346	\$ 3,323,346	\$ —	\$ 128,481,869	2.59%
June 30, 2024	\$ 3,282,037	\$ 3,282,037	\$ —	\$ 121,909,481	2.69%
June 30, 2023	\$ 3,587,071	\$ 3,587,071	\$ —	\$ 117,683,239	3.05%
June 30, 2022	\$ 5,176,863	\$ 5,176,863	\$ —	\$ 116,131,397	4.46%
June 30, 2021	\$ 4,099,712	\$ 4,099,712	\$ —	\$ 110,309,417	3.72%
June 30, 2020	\$ 3,510,111	\$ 3,510,111	\$ —	\$ 108,355,235	3.24%
June 30, 2019	\$ 5,323,690	\$ 5,323,690	\$ —	\$ 101,751,488	5.23%
June 30, 2018	\$ 5,089,090	\$ 5,089,090	\$ —	\$ 93,724,684	5.43%
June 30, 2017	\$ 3,082,449	\$ 3,082,449	\$ —	\$ 83,256,736	3.70%

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

**UNIVERSITY OF NORTH GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST EIGHT 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, 2025	3.510170%	\$101,923,795	\$ 121,909,481	83.61%	7%
June 30, 2024	3.534545%	\$112,304,777	\$ 117,683,239	95.43%	6.44%
June 30, 2023	3.537488%	\$140,131,291	\$ 116,131,397	120.67%	5.08%
June 30, 2022	3.492661%	\$175,788,444	\$ 110,309,417	159.36%	3.74%
June 30, 2021	3.414771%	\$182,134,299	\$ 108,355,235	168.09%	2.91%
June 30, 2020	3.319361%	\$148,427,484	\$ 101,751,488	145.87%	3.13%
June 30, 2019	3.212405%	\$141,691,189	\$ 93,724,684	151.18%	1.69%
June 30, 2018	3.095329%	\$130,614,399	\$ 83,256,736	156.88%	0.19%

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

**UNIVERSITY OF NORTH GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual claims experience.
- Trend rate schedule was updated to anticipated future experience.
- The discount rate was updated from 3.69% as of June 30, 2023 to 3.96% as of June 30, 2024.
- The Expected Return on Assets was changed from 5.40 to 6.02%.
- The following assumptions were updated based on the 2024 Demographic Assumptions Review (experience study):
 - Retirement rates
 - Withdrawal rates
 - Percentage of participants that elect spousal coverage upon retirement was updated for males from 55% to 50%
 - Percentage of participants electing coverage upon retirement was updated for post-65 employees from 85% to 80%

Supplementary Information



**UNIVERSITY OF NORTH GEORGIA
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30. 2025**

ASSETS

Cash and Cash Equivalents	\$ 24,286,351.68
Investments	
Accounts Receivable	
Federal Financial Assistance	2,248,348.70
Other	5,823,793.39
Prepaid Expenditures	97,747.61
Other Assets	525,020.00
Total Assets	32,981,261.38

LIABILITIES AND FUND EQUITY

Liabilities	
Cash Overdraft	
Contracts Payable	
Accrued Payroll	477,482.62
Encumbrance Payable	13,975,997.99
Accounts Payable	671,778.57
Deferred Revenue	6,233,459.26
Funds Held for Others	196,630.40
Other Liabilities	
Total Liabilities	21,555,348.84
Fund Balances	
Reserved	
Department Sales and Services	2,423,833.44
Indirect Cost Recoveries	2,545,326.47
Technology Fees	574,702.12
Restricted/Sponsored Funds	2,737,977.11
Uncollectible Accounts Receivable	844,271.90
Tuition Carry - Forward	2,265,939.47
Unreserved	
Surplus	33,862.03
Total Fund Balances	11,425,912.54
Total Liabilities and Fund Balances	\$ 32,981,261.38

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 comprehensive basis of accounting other than generally accepted accounting principles.

UNIVERSITY OF NORTH GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Appropriation	Final Budget	Funds Available Compared to Budget	
			Current Year Revenues	Prior Year Reserve Carry-Over
Public Service/Special Funding Initiatives				
State Appropriation				
State General Funds	\$ —	\$ 200,000.00	200,000.00	\$ —
Total Public Service/Special Funding Initiatives	\$ —	\$ 200,000.00	200,000.00	\$ —
Teaching				
State Appropriation				
State General Funds	109,332,700.00	110,917,700.00	110,917,700.00	\$ —
Federal Funds				
Federal Funds Not Specifically Identified	51,052,217.00	53,613,409.00	43,611,207.69	—
Other Funds	100,523,182.00	114,401,075.00	107,627,101.69	10,743,284.34
Total Teaching	260,908,099.00	278,932,184.00	262,156,009.38	10,743,284.34
Total Operating Activity	\$ 260,908,099.00	\$ 279,132,184.00	\$ 262,356,009.38	\$ 10,743,284.34

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

UNIVERSITY OF NORTH GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess of Funds
	Program Transfers	Total	Variance	Current Year	Variance	Available
	or Adjustments	Funds Available	Positive (Negative)	Actual	Positive (Negative)	Over/(Under) Expenditures
Public Service/Special Funding Initiatives						
State Appropriation						
State General Funds		\$ 200,000.00	\$ —	\$ 200,000.00	\$ —	\$ —
Total Public Service/Special Funding Initiatives	—	200,000.00	—	200,000.00	—	—
Teaching						
State Appropriation						
State General Funds	0	110,917,700.00	—	\$ 110,916,793.95	906.05	906.05
Federal Funds						
Federal Funds Not Specifically Identified	0	43,611,207.69	(10,002,201.31)	\$ 43,611,207.69	10,002,201.31	—
Other Funds	0	118,370,386.03	3,969,311.03	\$ 107,811,322.55	6,589,752.45	10,559,063.48
Total Teaching	—	272,899,293.72	(6,032,890.28)	262,339,324.19	16,592,859.81	10,559,969.53
Total Operating Activity	\$ —	\$ 273,099,293.72	\$ (6,032,890.28)	\$ 262,539,324.19	\$ 16,592,859.81	\$ 10,559,969.53

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

UNIVERSITY OF NORTH GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of June 30, 2024 Surplus	Prior Year Adjustments	Other Adjustments
Public Service/Special Funding Initiatives					
State Appropriation					
State General Funds	\$ —	\$ —	\$ —		
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—		
Other Funds	—	—	—		
Total Public Service/Special Funding Initiatives	—	—	—	—	—
Teaching					
State Appropriation					
State General Funds	\$ 11,506.70	\$ —	\$ (11,506.70)	11,210.03	—
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Other Funds	10,803,858.62	(10,743,284.34)	(60,574.28)	24,765.09	(14,304.01)
Total Teaching	10,815,365.32	(10,743,284.34)	(72,080.98)	35,975.12	(14,304.01)
Total Operating Activity	10,815,365.32	(10,743,284.34)	(72,080.98)	35,975.12	(14,304.01)
Prior Year Reserve					
Not Available for Expenditure					
Uncollectible Accounts Receivable	829,967.89	—	—	—	\$ 14,304.01
Budget Unit Totals	<u>\$ 11,645,333.21</u>	<u>\$ (10,743,284.34)</u>	<u>\$ (72,080.98)</u>	<u>\$ 35,975.12</u>	<u>\$ —</u>

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

UNIVERSITY OF NORTH GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Early Return of June 30, 2025	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
	Surplus					
Public Service/Special Funding Initiatives						
State Appropriation						
State General Funds	\$ —	\$ —	\$ —			\$ —
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—			—
Other Funds	—	—	—			—
Total Public Service/Special Funding Initiatives	—	—	—	—	—	—
Teaching						
State Appropriation						
State General Funds	\$ —	\$ 906.05	12,116.08	—	12,116.08	12,116.08
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—		0	—
Other Funds	—	10,559,063.48	10,569,524.56	10,547,778.61	\$ 21,745.95	10,569,524.56
Total Teaching	—	10,559,969.53	10,581,640.64	10,547,778.61	33,862.03	10,581,640.64
Total Operating Activity	—	10,559,969.53	10,581,640.64	10,547,778.61	33,862.03	10,581,640.64
Prior Year Reserve						
Not Available for Expenditure						
Uncollectible Accounts Receivable	—	—	844,271.90	\$ 844,271.90	—	844,271.90
Budget Unit Totals	\$ —	\$ 10,559,969.53	\$ 11,425,912.54	\$ 11,392,050.51	\$ 33,862.03	\$ 11,425,912.54

Summary of Ending Fund Balance		
Reserved		
Department Sales and Services	\$ 2,423,833.44	2,423,833.44
Indirect Cost Recoveries	\$ 2,545,326.47	2,545,326.47
Technology Fees	\$ 574,702.12	574,702.12
Restricted/Sponsored Funds	\$ 2,737,977.11	2,737,977.11
Uncollectible Accounts Receivable	\$ 844,271.90	844,271.90
Tuition Carry - Forward	\$ 2,265,939.47	2,265,939.47
Unreserved, Undesignated		—
Surplus	—	\$ 33,862.03
Total Ending Fund Balance - June 30	\$ 11,392,050.51	\$ 33,862.03
		\$ 11,425,912.54

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.



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