

GEORGIA MILITARY COLLEGE MILLEDGEVILLE, GEORGIA



REVIEW REPORT FOR FISCAL YEAR ENDED JUNE 30, 2025

Georgia Military College

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Section I

Financial



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 Trustees of the
Georgia Military College
and
Major General Terrence J. McKenrick (Retired), President

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

Accountant's Conclusion

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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis, Schedules of Contributions for Defined Benefit Pension Plan and OPEB Plan, Schedules of Proportionate Share of Net Pension and Net OPEB Liabilities, and Notes to the Required Supplementary Information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

Other Matters

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

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

This report is intended solely for the information and use of the management of Georgia Military College 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

February 13, 2026

Selected Financial Statements

GEORGIA MILITARY COLLEGE
STATEMENT OF NET POSITION - (GAAP BASIS)
JUNE 30, 2025

EXHIBIT "A"

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 15,056,615.17
Investments	8,872,116.02
Lease Receivable - ST	580,479.20
Accounts Receivable, Net	
Federal Financial Assistance	41,167.00
Other	7,501,844.62
Inventories	1,390,601.00
Prepaid Items	15,511.13
Total Current Assets	33,458,334.14
Noncurrent Assets	
Lease Receivable - LT	661,559.95
Capital Assets, Net	100,181,768.36
Intangible Right-to-Use Assets, Net	20,838,858.10
Subscription Right-to-Use Assets, Net	360,991.75
Total Noncurrent Assets	122,043,178.16
Total Assets	155,501,512.30

DEFERRED OUTFLOWS OF RESOURCES

Related to Defined Benefit Pension Plans	11,444,284.21
Related to OPEB Plans	4,784,700.00
Total Deferred Outflows of Resources	16,228,984.21

LIABILITIES

Current Liabilities	
Accounts Payable	1,836,467.75
Salaries Payable	1,152,719.09
Advances, Including Tuition and Fees	5,455,720.22
Lease Obligations - External	2,879,610.36
Subscription Liability	118,450.02
Compensated Absences	619,086.42
Total Current Liabilities	12,062,053.86
Noncurrent Liabilities	
Lease Obligations - External	18,955,041.95
Subscription Liability	28,818.30
Net Pension Liability	37,899,640.00
Net OPEB Liability	18,062,533.00
Total Noncurrent Liabilities	74,946,033.25
Total Liabilities	87,008,087.11

DEFERRED INFLOWS OF RESOURCES

Related to Sub-Leases	1,242,039.15
Related to Defined Benefit Pension Plans	9,700,261.00
Related to OPEB Plans	12,453,499.00
Total Deferred Inflows of Resources	23,395,799.15

NET POSITION

Net Investment in Capital Assets	99,399,697.58
Unrestricted (Deficit)	(38,073,087.33)
Total Net Position	\$ 61,326,610.25

GEORGIA MILITARY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2025

EXHIBIT "B"

OPERATING REVENUES

Student Tuition and Fees	\$	56,218,188.30
Less: Scholarship Allowances		(28,332,595.51)
Grants and Contracts		
Federal		3,865,844.83
State		13,581,084.47
Nongovernmental		845,358.06
Auxiliary Enterprises		
Housing		768,432.00
Bookstore		3,835,022.11
Food Services		2,437,697.28
Athletics		189,231.86
Other		21,078.70
Other Operating Revenues		999,350.76
Total Operating Revenues		54,428,692.86

OPERATING EXPENSES

Salaries		
Faculty		14,906,808.06
Staff		18,482,941.62
Employee Benefits		14,088,558.05
OPEB Expense		(2,169,792.00)
Travel		134,740.07
Scholarships and Fellowships		7,600,847.73
Utilities		1,969,985.36
Supplies and Other Services		18,015,741.38
Depreciation and Amortization		7,947,939.23
Total Operating Expenses		80,977,769.50
Operating Loss		(26,549,076.64)

NONOPERATING REVENUES (EXPENSES)

State Appropriations		9,859,395.00
Grants and Contracts		
Federal		16,750,462.22
Gifts		2,168,453.45
Interest and Other Investment Income		1,432,387.89
Interest Expense		(264,890.75)
Other Nonoperating Revenues		1,019,464.33
Net Nonoperating Revenues		30,965,272.14
Income Before Other Revenues, Expenses, Gains or Losses		4,416,195.50

CAPITAL CONTRIBUTIONS

Capital Grants and Gifts		
Federal		60,750.00
State		1,473,972.92
Total Capital Contributions		1,534,722.92
Increase in Net Position		5,950,918.42
Net Position - Beginning of Year		55,375,691.83
Net Position - End of Year	\$	61,326,610.25

GEORGIA MILITARY COLLEGE
STATEMENT OF CASH FLOWS - (GAAP BASIS)
YEAR ENDED JUNE 30, 2025

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	\$ 27,806,158.05
Grants and Contracts	18,179,289.53
Sales and Services of Educational Departments	7,251,461.95
Payments to Suppliers	(33,074,775.46)
Payments to Employees	(33,103,355.47)
Payments for Scholarships and Fellowships	(7,600,847.73)
Other Receipts	999,350.76
Net Cash Used by Operating Activities	<u>(19,542,718.37)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	9,859,395.00
Gifts and Grants Received for Other than Capital Purposes	17,676,876.49
Other Nonoperating Receipts	1,019,464.33
Net Cash Flows Provided by Non-Capital Financing Activities	<u>28,555,735.82</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Sale of Capital Assets	3,125.01
Purchases of Capital Assets	(2,843,671.79)
Principal Paid on Capital Debt and Leases	(3,056,790.20)
Interest Paid on Capital Debt and Leases	(264,890.75)
Net Cash Used by Capital and Related Financing Activities	<u>(6,162,227.73)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	598,115.55
Proceeds from Sale of Investments	479,125.26
Purchase of Investments	(648,247.71)
Net cash provided (used) by investing activities	<u>428,993.10</u>
Net Increase in Cash and Cash Equivalents	3,279,782.82
Cash and Cash Equivalents - Beginning of Year (Restated)	<u>11,776,832.35</u>
Cash and Cash Equivalents - End of Year	<u>\$ 15,056,615.17</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Loss	\$ (26,549,076.64)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities	
Depreciation and Amortization	7,947,939.23
Change in Assets and Liabilities:	
Accounts Receivable, Net	(597,961.94)
Inventories	2,593.22
Prepaid Items	(15,816.83)
Accounts Payable	(60,260.87)
Salaries Payable	132,583.06
Advances, Including Tuition and Fees	405,529.37
Compensated Absences	38,838.39
Net Pension Liability	(10,835,013.00)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	4,710,430.15
Deferred Outflows of Resources	<u>5,277,497.49</u>
Net Cash Used by Operating Activities	<u>\$ (19,542,718.37)</u>
NONCASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Gift of Capital Assets	<u>\$ 1,473,972.92</u>
Unrealized Gain (Loss) on Investments	<u>\$ 834,272.34</u>

GEORGIA MILITARY COLLEGE
STATEMENT OF FIDUCIARY NET POSITION - (GAAP BASIS)
FOR FISCAL YEAR ENDED JUNE 30, 2025

EXHIBIT "D"

<u>ASSETS</u>	<u>Custodial Funds</u>
Current Assets	
Accounts Receivables, Net	
Other	\$ <u>495,398.89</u>
 <u>LIABILITIES</u>	
Current Liabilities	
Cash Overdraft	<u>495,398.89</u>
 <u>NET POSITION</u>	
Restricted for:	
Individuals, Organizations, and Other Governments	\$ <u><u>-</u></u>

GEORGIA MILITARY COLLEGE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - (GAAP BASIS)
FOR FISCAL YEAR ENDED JUNE 30, 2025

EXHIBIT "E"

<u>ADDITIONS</u>	<u>Custodial Funds</u>
State Aid	\$ 4,754,499.46
Direct & Alternative Loans	<u>12,612,325.00</u>
Total Additions:	<u>17,366,824.46</u>
<u>DEDUCTIONS</u>	
Scholarships and Other Student Support	<u>17,366,824.46</u>
Net Increase/Decrease in Fiduciary Net Position	-
Net Position, Beginning of Year	<u>-</u>
Net Position, End of Year	\$ <u><u>-</u></u>

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Georgia Military College (College) was created as a public authority and is an instrumentality of the State of Georgia and a public corporation. The Board of Trustees is composed of the Mayor of the City of Milledgeville and six additional members, one of which shall be elected for each of the six municipal voting districts of the City of Milledgeville. In addition, there are four advisory members actively involved. The government, control and management of Georgia Military College shall be vested in the Board of Trustees. Georgia Military College shall receive any designated funds appropriated by the General Assembly through the State Board of Regents. In order to incur debt, the Board of Trustees must first receive permission from the Georgia State Financing and Investment Commission (GSFIC), as required for all State authorities. Accordingly, Georgia Military College is considered a component unit of the State of Georgia reporting entity for financial reporting purposes because of the significance of its legal, operational, and financial relationships with the State of Georgia. These reporting entity relationships are defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The accompanying financial statements represent the financial position, changes in financial position and cash flows of only that portion of the business-type activities and fiduciary funds of the State that is attributable to the transactions of the College. These financial statements do not purport to, and do not, present fairly the financial position of the State of Georgia 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 Annual Comprehensive Financial Report (ACFR). The most recent State of Georgia ACFR is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

Basis of Accounting and Financial Statement Preparation

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

The College's business-type activities and fiduciary funds 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-college transactions have been eliminated.

The College reports the following fiduciary fund:

Custodial Fund – Accounts for activities resulting from the College acting as an agent or fiduciary for various governments, companies, clubs or individuals.

New Accounting Pronouncements

In fiscal year 2025, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The adoption of this statement did not have a material impact on the College's financial statements. This statement will be applied prospectively.

In fiscal year 2025, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide financial statement users with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption of this statement did not have a material impact on the College's financial statements. This statement will be applied prospectively.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash and demand deposits in authorized financial institutions.

Investments

Investments include financial instruments with terms in excess of 13 months. The College accounts for its investments at fair value. Changes in fair value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position. Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students, allotments due from the Office of the State Treasurer of Georgia, reimbursements due from federal, state, local and private grants and contracts, and other receivables disclosed from information available. Accounts receivables are recorded net of estimated uncollectible amounts.

Prepaid Items

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

Capital Assets

Capital assets are recorded at cost at date of acquisition, or fair value at the time of donation in the case of gifts. The College capitalizes all land and land improvements. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000.00 or more, and an estimated useful life of greater than one year. Buildings and building improvements, improvements other than buildings, and intangible assets other than software that exceed \$10,000.00 or significantly increase the value or extend the useful life of the asset are capitalized. For software, the College's capitalization threshold is \$100,000.00. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

GEORGIA MILITARY COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2025

EXHIBIT "F"

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 10 to 20 years for improvements other than buildings, 5 to 20 years for equipment, and 10 years for software.

To fully portray capital assets acquired by the College, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) - an organization that is external to both the Technical Colleges and the Technical College System of Georgia. The 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 GSFIC. The bonds are issued for the purpose of acquiring capital assets and this debt constitutes 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 major construction projects, GSFIC records construction in progress on its books throughout the construction period and at project completion transfers the entire project costs to the College to be recorded as an asset on the College's books.

Intangible Right-To-Use Assets

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

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

An intangible right-to-use asset represents the College's right to use an underlying asset for the lease or subscription term. Lease and/or subscription obligations represent the College's liability to make lease and/or subscription payments arising from the lease and/or subscription agreement. Intangible right-to-use assets, lease obligations, and subscription obligations are recognized based on the present value of lease and/or subscription payments over the lease term, where the initial term exceeds 12 months.

Residual value guarantees and the value of an option to extend or terminate a lease and/or subscription are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease and/or subscription liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease and/or subscription term or useful life of the underlying asset.

Deferred Outflows of Resources

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

Advances

Advances include amounts received for tuition and fees, grant and contract sponsors and other exchange type activities prior to the end of the fiscal year but related to the subsequent accounting period.

Compensated Absences

Employee vacation pay is accrued for financial statement purposes when vested. The liability and expense incurred are recorded at year-end as accrued vacation payable 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.

Noncurrent Liabilities

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

Deferred Inflows of Resources

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

Other Post-Employment Benefit (OPEB) and Net OPEB Liability/Asset

For purposes of measuring the net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia State Employees Post-Employment Benefit Fund (State OPEB Fund) and additions to/deductions from the State OPEB Fund's fiduciary net position have been determined on the same basis as they are reported by the State OPEB Fund. For this purpose, the State OPEB Fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions and Net Pension Liability

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

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

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets: This represents the College's total investment in capital assets, net of outstanding debt obligations and deferred inflows of resources related to those capital assets and intangible right-to-use assets. To the extent debt has been incurred but not yet expended for capital assets or intangible right-to-use assets, such amounts are not included as a component of the net investment in capital assets.

**GEORGIA MILITARY COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2025**

EXHIBIT "F"

Unrestricted: Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not included in the determination of investment in Capital Assets.

Included in the net reported is the College's Net Pension and OPEB Liability of \$56 million which is required for financial reporting and will not impact the economics or the plan or affect budgets or cash flows.

Scholarship Allowances

Scholarship allowances are the differences between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded contra revenue for scholarship allowances.

NOTE 2: DEPOSITS

Reconciliation of cash and cash equivalents to carrying value of deposits:

Statement of Net Position		
Current		
Cash and Cash Equivalents	\$	15,056,615.17
NonCurrent		
Investments		8,872,116.02
Statement of Fiduciary Net Position		
Cash and Cash Equivalents		<u>(495,398.89)</u>
	\$	<u>23,433,332.30</u>

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

Cash on hand	2,550.00
Deposits with financial institutions	14,558,666.28
Investments	<u>8,872,116.02</u>
Total carrying value of deposits - June 30, 2025	\$ <u>23,433,332.30</u>

Deposits

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

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

**GEORGIA MILITARY COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2025**

EXHIBIT "F"

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

At June 30, 2025, the bank balances of the College's deposits totaled \$15,181,530.56. Of these deposits, \$14,881,341.22 were exposed to custodial risk as follows:

Uninsured and uncollateralized	\$	-
Uninsured and collateralized with securities held by the pledging financial institution		14,764,685.45
Uninsured and collateralized with securities held by the pledging financial institution's trust departments or agents, but not in the College's name		<u>116,655.77</u>
Total deposits exposed to custodial credit risk	\$	<u><u>14,881,341.22</u></u>

Investments

At June 30, 2025, the College had the following investments:

Investment Type	Fair Value	Investment Maturity Less Than 1 Year
Debt Securities		
Fixed Income Securities	\$ 4,285,754.23	\$ 4,285,754.23
Equities	<u>4,586,361.79</u>	<u>4,586,361.79</u>
Total	<u>\$ 8,872,116.02</u>	<u>\$ 8,872,116.02</u>

GEORGIA MILITARY COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2025

EXHIBIT "F"

Fair Value of Investments

The College measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets,
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The College has the following recurring fair value measurements as of June 30, 2025:

Fixed Income Securities of \$4,285,754.23 and Equities of \$5,586,361.79 are valued using quoted market prices.

(Level 1 inputs)

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College does not have a formal policy for managing credit quality risk:

The investments subject to credit quality risk are reflected below:

	Fair Value	Unrated
Related Debt Investments		
Fixed Income Securites	\$ 4,285,754.23	\$ 4,285,754.23
Equities	4,586,361.79	4,586,361.79
	\$ 8,872,116.02	\$ 8,872,116.02

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The College does not have a formal policy for managing concentration of credit risk.

At June 30, 2025, all of business-type activity investments were investments in fixed income securities and equities.

**GEORGIA MILITARY COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2025**

EXHIBIT "F"

NOTE 3: ACCOUNTS RECEIVABLE

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

	Business-Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 6,440,901.12	\$ -
Federal, State and Private Funds	1,138,843.47	495,398.89
	7,579,744.59	495,398.89
 Less: Allowance for Doubtful Accounts	 36,732.97	 -
 Accounts Receivable	 \$ 7,543,011.62	 \$ 495,398.89

NOTE 4: INVENTORIES

Inventories consisted of the following at June 30, 2025:

Merchandise for Resale:	
Food Services	\$ 26,745.11
Bookstore	1,363,855.89
Total Inventories	\$ 1,390,601.00

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NOTE 5: CAPITAL AND INTANGIBLE RIGHT-TO-USE ASSETS

Following are the changes in capital assets for the year ended June 30, 2025:

	Beginning Balance July 1, 2024	Additions	Reductions	Ending Balance June 30, 2025
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 681,165.84	\$ -	\$ -	\$ 681,165.84
Capitalized Collections	63,187.35	-	-	63,187.35
Construction Work-in-Progress	-	46,465.00	-	46,465.00
Total Capital Assets, Not Being Depreciated/Amortized	<u>744,353.19</u>	<u>46,465.00</u>	<u>-</u>	<u>790,818.19</u>
Capital Assets, Being Depreciated/Amortized:				
Buildings and Building Improvements	134,642,821.39	2,108,242.91	44,030.00	136,707,034.30
Facilities and Other Improvements	5,721,259.50	1,542,699.23	-	7,263,958.73
Equipment	12,927,281.06	594,508.08	190,296.50	13,331,492.64
Infrastructure	278,690.00	-	-	278,690.00
Library Collections	5,112,067.90	86,479.49	36,330.00	5,162,217.39
Intangible Assets - Right-to-Use (Leases)	38,401,767.63	-	5,191,580.17	33,210,187.46
Subscription Assets	613,040.42	237,067.54	71,674.22	778,433.74
Total Assets Being Depreciated/Amortized	<u>197,696,927.90</u>	<u>4,568,997.25</u>	<u>5,533,910.89</u>	<u>196,732,014.26</u>
Less: Accumulated Depreciation/Amortization:				
Buildings and Building Improvements	40,426,929.65	2,932,035.64	40,904.98	43,318,060.31
Facilities and Other Improvements	3,540,768.87	229,195.98	-	3,769,964.85
Equipment	10,451,941.78	1,189,262.25	190,296.51	11,450,907.52
Infrastructure	278,690.00	-	-	278,690.00
Library Collections	4,402,030.67	169,119.54	36,330.00	4,534,820.21
Intangible Assets - Right-to-Use	9,283,451.06	3,087,878.30	-	12,371,329.36
Subscription Assets	76,994.47	340,447.52	-	417,441.99
Total Accumulated Depreciation/Amortization	<u>68,460,806.50</u>	<u>7,947,939.23</u>	<u>267,531.49</u>	<u>76,141,214.24</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>129,236,121.40</u>	<u>(3,378,941.98)</u>	<u>5,266,379.40</u>	<u>120,590,800.02</u>
Capital Assets - Net	<u>\$ 129,980,474.59</u>	<u>\$ (3,332,476.98)</u>	<u>\$ 5,266,379.40</u>	<u>\$ 121,381,618.21</u>

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

Fiscal Year	Depreciation/ Amortization Expense
2025	\$ 7,947,939.23
2024	\$ 7,907,877.11
2023	\$ 7,964,156.80

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

	Beginning Balance July 1, 2024	Additions	Reductions	Ending Balance June 30, 2025
Intangible Right-to-Use Assets				
Buildings	\$ 37,220,250.97	\$ -	\$ 4,952,045.89	\$ 32,268,205.08
Equipment	1,181,516.66	-	239,534.28	941,982.38
Subscription Assets	613,040.42	237,067.54	71,674.22	778,433.74
Total Leased Assets Being Amortized	39,014,808.05	237,067.54	5,263,254.39	33,988,621.20
Less: Accumulated Amortization:				
Buildings	8,985,528.15	2,937,150.47	-	11,922,678.62
Equipment	297,922.91	150,727.83	-	448,650.74
Subscription Assets	76,994.47	340,447.52	-	417,441.99
Total Accumulated Amortization	9,360,445.53	3,428,325.82	-	12,788,771.35
Intangible Right-to-Use Assets, Net	\$ 29,654,362.52	\$ (3,191,258.28)	\$ 5,263,254.39	\$ 21,199,849.85

NOTE 6: ADVANCES (INCLUDING TUITION AND FEES)

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

	Current Liabilities
Prepaid Tuition and Fees	\$ 5,427,074.76
Other	28,645.46
Total Advances	\$ 5,455,720.22

NOTE 7: LONG-TERM LIABILITIES

The College's long-term liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance July 1, 2024	Additions	Reductions	Ending Balance June 30, 2025	Current Portion
Leases and Subscriptions					
Lease Obligations - External	\$ 24,792,386.51	\$ -	\$ 2,957,734.20	\$ 21,834,652.31	\$ 2,879,610.36
Subscription Obligations	459,333.72	-	312,065.40	147,268.32	118,450.02
Total	25,251,720.23	-	3,269,799.60	21,981,920.63	2,998,060.38
Other Liabilities					
Compensated Absences	580,248.06	38,838.36	-	619,086.42	619,086.42
Net Pension Liability (Note 11)	47,484,566.00	-	9,584,926.00	37,899,640.00	-
OPEB Liability (Note 14)	19,312,620.00	-	1,250,087.00	18,062,533.00	-
Total Long-Term Liabilities	\$ 92,629,154.29	\$ 38,838.36	\$ 14,104,812.60	\$ 78,563,180.05	\$ 3,617,146.80

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NOTE 8: 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:

		Fiscal Year 2025
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plans	\$	11,444,284.21
Related to OPEB Plan		<u>4,784,700.00</u>
 Total Deferred Outflows of Resources	 \$	 <u>16,228,984.21</u>
 Deferred Inflows of Resources		
Related to Building Sub-Lease	\$	1,242,039.15
Related to Defined Benefit Pension Plans		9,700,261.00
Related to OPEB Plan		<u>12,453,499.00</u>
 Total Deferred Inflows of Resources	 \$	 <u>23,395,799.15</u>

NOTE 9: NET POSITION

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

Net Investment in Capital Assets	\$	99,399,697.58
Unrestricted		<u>(38,073,087.33)</u>
 Total Net Position	 \$	 <u>61,326,610.25</u>

NOTE 10: LEASES AND SUBSCRIPTIONS

Lease Obligations

The College leases buildings and equipment. The College also enters into certain subscription-based contracts to use vendor-provided information technology (IT). Although lease and/or subscription terms may vary, many leases and/or subscription agreements are subject to appropriation from the General Assembly to continue the obligation. In accordance with O.C.G.A. §50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by positive action taken by the College. In addition, these agreements shall terminate if the State does not provide funding, but that is considered a remote possibility. The College's principal and interest payments related to leases for the fiscal year 2025 were \$2,957,734.20 and \$233,355.01 respectively. Interest rates are between 0.34 and 2.72%.

The College's principal and interest payments related to SBITAs for the fiscal year 2025 were \$312,065.40 and \$42,429.60 respectively. Interest rate is 8.25%.

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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, Capital Assets Held Under Lease Obligations at June 30, 2025 (=)	Outstanding Balance per Lease Schedules at June 30, 2025
Leased Buildings	\$ 32,268,205.08	\$ 11,922,678.62	\$ 20,345,526.46	\$ 21,363,755.91
Leased Equipment	941,982.38	448,650.74	493,331.64	470,896.40
Total Assets Held Under Lease at June 30, 2025	\$ 33,210,187.46	\$ 12,371,329.36	\$ 20,838,858.10	\$ 21,834,652.31

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Augusta	Fred and Shirley Bracewell	\$ 4,199,849.62	20 yrs	07/2009	06/2029	\$ 1,860,806.93
Columbus	GMC Foundation Inc	4,032,489.03	10 yrs	09/2021	12/2032	3,189,301.68
Dublin	Jefferson Street Tower LLC	1,238,335.10	13 yrs	09/2015	08/2028	424,370.13
Fairburn	City of Fairburn	6,752,071.71	25 yrs	10/2018	09/2043	5,716,534.06
Fayetteville	GVI - Fayette EDU	7,848,861.17	15 yrs	08/2019	07/2034	5,661,336.88
Madison	LC Property Management LLC	446,680.23	14.08 yrs	09/2013	09/2027	167,172.90
Valdosta	Friends of GMC LLC	6,216,212.44	26 yrs	08/2005	04/2031	3,740,571.55
Warner Robins	Duke 801 LLC	1,522,276.73	16.41 yrs	05/2011	09/2027	596,447.60
Lake Lot	Georgia Power	11,429.05	15 yrs	10/2015	09/2030	7,214.17
Copiers - Superior	Superior Document Solutions	347,910.73	5 yrs	06/2024	05/2029	266,324.00
Bulldog Printing - Sharp	Sharp Business Systems	389,499.24	5 yrs	07/2020	06/2025	-
Bulldog Printing - Superior	Superior Document Solutions	204,572.41	5 yrs	07/2025	06/2030	204,572.41
Total Leases		\$ 33,210,187.46				\$ 21,834,652.31

Future Commitments

Future commitments related to outstanding lease obligations as of June 30, 2025, were as follows:

Year Ending June 30:	Principal	Interest
2026	\$ 2,879,610.35	\$ 207,839.93
2027	2,922,841.54	180,006.71
2028	2,702,048.88	152,017.08
2029	2,569,384.12	125,015.67
2030	2,055,463.81	99,395.67
2031 - 2035	5,876,720.91	214,438.01
2036 - 2040	1,669,730.55	72,877.20
2041 - 2044	1,158,852.15	13,965.60
	\$ 21,834,652.31	\$ 1,065,555.87

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Subscription Obligations

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 subscription-based information technology arrangements at June 30, 2025:

Description	Gross Amount (+)	Less: Accumulated Amortization (-)	Net, Capital Assets Held Under Lease Obligations at June 30, 2025 (=)	Outstanding Balance per Lease Schedules at June 30, 2025
Subscription-Based IT Arrangements (SBITAs)	\$ 778,433.74	\$ 417,441.99	\$ 360,991.75	\$ 147,268.32

The following schedule lists the pertinent information for each of the College's subscription-based information technology arrangements:

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Akademus	Vital Topco LP	\$ 401,818.38	2 yrs	07/2023	06/2025	\$ -
Shamrock	Shamrock Solutions LLC	123,739.39	4 yrs	07/2022	07/2026	55,420.28
Starfish	EAB Global Inc	237,067.54	2.17 yrs	07/2023	09/2025	91,828.04
		<u>\$ 762,625.31</u>				<u>\$ 147,248.32</u>

Future Commitments

Future commitments related to outstanding subscription obligations as of June 30, 2025, were as follows:

Year Ending June 30:	Principal	Interest
2026	\$ 118,450.02	\$ 16,044.98
2027	28,818.30	3,681.70
	<u>\$ 147,268.32</u>	<u>\$ 19,726.68</u>

NOTE 11: RETIREMENT PLANS

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

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

General Information about the Teachers Retirement System

Plan Description: All teachers of the College as defined in O.C.G.A. §47-3-60 of the *Official Code of Georgia Annotated* (O.C.G.A.) 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

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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 www.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 6.00% of their annual pay during fiscal year 2025. The College's contractually required contribution rate for the year ended June 30, 2025 was 20.78% of annual payroll. College contributions to TRS were \$4,558,488.02 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 www.ers.ga.gov/financials.

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

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

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal

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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 the ERS plan.

Contributions: Member contributions under the old plan are 4% of annual compensation, up to \$4,200.00, plus 6% of annual compensation in excess of \$4,200.00. 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 College's contractually required contribution rate, actuarially determined annually, 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 College's contributions to ERS totaled \$38,406.49 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 College reported a liability for its proportionate share of the net pension liability for TRS and ERS totaling \$37,899,640. 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 College'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 College's TRS proportion was 0.149213%, which was a decrease of 0.009755% from its proportion measured as of June 30, 2023. At June 30, 2024, the College's ERS proportion was 0.008786%, which was a decrease of 0.000440% from its proportion measured as of June 30, 2023.

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For the year ended June 30, 2025, the College recognized pension expense of \$4,637,114 for TRS and \$40,448 for ERS. At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,243,850.00	\$ 112,092.00	21,201.00	-
Changes in assumptions	2,608,979.00	-	-	-
Net difference between projected and actual earnings on pension plan	-	5,228,882.00	-	44,549.00
Changes in proportion and differences between College contributions and proportionate share of contributions	-	4,301,739.00	5,381.00	12,999.00
College contributions subsequent to the measurement date	<u>4,558,488.02</u>	<u>-</u>	<u>38,406.49</u>	<u>-</u>
Total	<u>\$ 11,411,317.02</u>	<u>\$ 9,642,713.00</u>	<u>\$ 64,988.49</u>	<u>\$ 57,548.00</u>

The College's contributions subsequent to the measurement date for TRS and for ERS 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:

	TRS	ERS
Year ended June 30:		
2026	\$ (1,011,679)	\$ (12,974)
2027	\$ 3,311,931	\$ 26,466
2028	\$ (3,164,731)	\$ (27,111)
2029	\$ (1,925,405)	\$ (17,347)
Thereafter	\$ -	\$ -

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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
Cost of living adjustment	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

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Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

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:

<u>Asset class</u>	<u>TRS</u>		<u>ERS</u>	
	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	1.50%	30.00%	1.50%
Domestic large stocks	46.40%	9.10%	46.40%	9.10%
Domestic small stocks	1.10%	13.00%	1.10%	13.00%
International developed market stocks	13.60%	9.10%	13.60%	9.10%
International emerging market stocks	3.90%	11.10%	3.90%	11.10%
Alternative	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 pension liability was 6.90% and ERS pension liability was 7.00%. 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 plans' fiduciary net positions were 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.

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Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the College's proportionate share of the net pension liability calculated using the applicable discount rate of 6.90% for TRS and 7.00% for ERS, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
College's proportionate share of the net pension liability	\$ 64,552,073.00	\$ 37,504,106.00	\$ 15,424,685.00

Employees' Retirement System:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
College's proportionate share of the net pension liability	\$ 595,919.00	\$ 395,534.00	\$ 227,010.00

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

Public School Employees Retirement System (PSERS) of Georgia

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public-School Employees Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same bases as they are reported by PSERS. 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.

Plan Description: PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/financials.

Benefits Provided: A member may retire and elect to receive normal monthly retirement benefits after completion of 10 years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of \$15.50, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon

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termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions: The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). 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.

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

Pension Liabilities and Pension Expense

At June 30, 2025, the College did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the College is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the College	\$264,493
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For the year ended June 30, 2025, the College recognized pension expense of \$61,175 and revenue of \$61,175 for support provided by the State of Georgia.

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:

Inflation	2.50%
Salary increases	N/A
Investment rate or return	7.00%, net of pension plan investment expense, including inflation
Postretirement benefit increases	1.5% semi-annually

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Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Below-Median Annuitant	Male: +2; Female: +2	Male: 101%; Female: 103%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Below-Median Contingent Survivors	Male: +2; Female: +2	Male: 104%; Female: 99%

The actuarial assumptions used in the June 30, 2022 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 pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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. The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed income	30.00%	1.50%
Domestic large equities	46.40%	9.10%
Domestic small equities	1.10%	13.00%
International developed market equities	13.60%	9.10%
International emerging market equities	3.90%	11.10%
Alternatives	5.00%	10.60%
Total	100.00%	

* Rates shown are net of inflation

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Discount Rate: The discount rate used to measure the total pension liability was 7.00%. 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 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.

	2025
District's proportion of the net pension liability	0.00%
District's proportionate share of the net pension liability	\$ -
State of Georgia's proportionate share of the net pension liability associated with the District	264,493.00
Total	264,493.00
District's covered-employee payroll	1,592,683.00
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	90.02%

Changes of Assumptions: On December 17, 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 and withdrawal. The expectation of retired life mortality was changed from the RP-2000 Mortality Tables to the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females).

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on December 17, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

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 rates of mortality, retirement, disability, and withdrawal. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued PSERS financial reports which is publicly available at www.ers.ga.gov/financials.

NOTE 12: RISK MANAGEMENT

Public Entity Risk Pool

The Department of Community Health administers for the State of Georgia a program of health benefits for the employees of units of government of the State of Georgia, units of county governments, and local education agencies located with the State of Georgia. This plan is funded by participants covered in the plan, by employers' contributions paid by the various units of government participating in the plan.

Other Risk Management

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

NOTE 13: CONTINGENCIES

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

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

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Georgia State Employees Post-Employment Health Benefit Fund (State OPEB Fund)

General Information about the State OPEB Fund

Plan Description: Employees of State organizations as defined in §45-18-25 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the State OPEB Fund - a cost-sharing multiple-employer defined benefit post-employment healthcare plan, reported as an employee benefit trust fund and administered by a Board of Community Health (Board). Title 45 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

Benefits Provided: The State OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with Department of Community Health (DCH) for inclusion in the plan. Retiree medical eligibility is attained when an employee retires and is

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immediately eligible to draw a retirement annuity from one of the State's retirement plans. If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The State OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

Contributions: As established by the Board, the State OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the State OPEB Fund from the College were \$1,237,383 for the year ended June 30, 2025. Active employees are not required to contribute to the State OPEB Fund.

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

At June 30, 2025, the College reported a liability of \$18,146,503 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 June 30, 2023. An expected total OPEB liability as of June 30, 2025 was determined using standard roll-forward techniques. The College's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2024. At June 30, 2024, the College's proportion was 0.159231%, which was a decrease of 0.176886% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the College recognized OPEB expense of \$920,414. At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 889,873.00	\$ 3,276,601.00
Changes of assumptions	2,115,961.00	1,796,278.00
Net difference between projected and actual earnings on OPEB plan investments	-	118,129.00
Changes in proportion and differences between College contributions and proportionate share of contributions	541,146.00	7,253,750.00
College contributions subsequent to the measurement date	1,237,383.00	-
Total	\$ 4,784,363.00	\$ 12,444,758.00

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The College's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended 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	(2,234,292)
2027	(2,798,801)
2028	(2,117,859)
2029	(1,269,263)
2030	(447,098)
2031	(30,465)
Thereafter	-

Actuarial Assumptions: The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Inflation	2.50%
Salary increases	3.00% - 6.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	6.75%
Ultimate trend rate	4.50%
Year of Ultimate trend rate	2032

Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 105% for females) with the MP-2019 Projection scale applied generationally.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2019 and adopted by the pension Board on December 17, 2020.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

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Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB 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 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	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	2.60%
Equities	70.00%	9.10%
Total	100.00%	

* Net of inflation

Discount Rate: In order to measure the total OPEB liability, as of June 30, 2024, for the State OPEB Fund, a single equivalent rate of 7.00% was used, the same as last year's rate. The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Based on those assumptions, the 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 investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Projected future benefit payments for all current plan members were projected through 2123.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease 2.98%	Current Discount Rate 3.98%	1% Increase 4.98%
College's proportionate share of the collective net OPEB	\$ 20,530,407.00	\$ 18,146,503.00	\$ 16,136,121.00

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Sensitivity of the College’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the College’s proportionate share of the net OPEB liability, as well as what the College’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease		Current Healthcare Cost Trend Rate		1% Increase
College's proportionate share of the collective net OPEB	\$ 15,679,615.00	\$	18,146,503.00	\$	21,178,025.00

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan’s fiduciary net position is available in the 2024 State of Georgia Annual Comprehensive Financial Report (ACFR) which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

Post-Employment Benefits Other Than Pensions (SEAD – OPEB)

General Information about the SEAD-OPEB Fund

Plan Description: SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employees’ Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other post-employment benefit plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans other than OPEB Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

Benefits Provided: The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Contributions: Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of one percent of the member’s earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2025.

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

At June 30, 2025, the College reported an asset of \$83,970 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024. The total OPEB asset used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2023. An expected total OPEB asset as of June 30, 2024 was determined using standard roll-forward techniques. The College’s proportion of the net OPEB asset was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2024. At June 30, 2024, the College’s proportion was 0.014961%, which was an increase of 0.000804% from its proportion measured as of June 30, 2023.

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For the year ended June 30, 2025, the College recognized OPEB expense of (\$11,995). At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 337.00	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investment	-	7,488.00
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	1,253.00
Employer contributions subsequent to the measurement date	-	-
Total	\$ 337.00	\$ 8,741.00

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	(5,025.00)
2027	4,054.00
2028	(4,539.00)
2029	(2,894.00)
Thereafter	-

Actuarial Assumptions: The total OPEB 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:

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

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Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 101%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 104%; Female: 105%

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 OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed income	30.00%	1.50%
Domestic large equities	46.40%	9.10%
Domestic small equities	1.10%	13.00%
International developed market equities	13.60%	9.10%
International emerging market equities	3.90%	11.10%
Alternatives	5.00%	10.60%
Total	100.00%	

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total OPEB liability was 7.00%. 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Sensitivity of the College’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate: The following presents the College’s proportionate share of the net OPEB asset calculated using the discount rate of 7.00%, as well as what the College’s proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
College's proportionate share of the net OPEB liability (asset)	\$ (64,309.00)	\$ (83,970.00)	\$ (100,125.00)

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued ERS annual comprehensive financial report which is publicly available at www.ers.ga.gov/financials.

NOTE 15: RESTATEMENT OF PRIOR YEAR ENDING CASH

During fiscal year 2025, the College identified errors in the reporting of its cash flow statements for fiscal year 2024. Amounts that were held as investments were included in cash. This resulted in amounts reported as beginning cash to be overstated by \$7,868,721.23.

Section II

Entity's Response To Prior Year Findings and Questioned Costs

**GEORGIA MILITARY COLLEGE
ENTITY'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section III

Findings, Questioned Costs and Other Items

GEORGIA MILITARY COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

None noted.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2025-001 Improve Controls over the Return of Title IV Process

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
AL Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grants 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans
Federal Award Numbers:	P007A241003 (Year: 2025), P063P241306 (Year: 2025), P268K251306 (Year: 2025)
Questioned Costs:	\$23,906

Description:

Georgia Military College did not properly perform the Return of Title IV funds process to ensure that unearned Title IV funds were returned in a timely manner.

Background Information:

Student financial assistance (SFA), or Title IV, funds are awarded to each student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws from Georgia Military College (College), the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive. If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the school must perform a Return of Title IV (R2T4) calculation to determine the amount of Title IV assistance earned by the student. Up through the 60% point in each period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60% point in the period of enrollment, a student is considered to have earned all of the Title IV funds the student was scheduled to receive during the period.

The R2T4 calculation is prepared using the following information associated with the period of enrollment:

- The student's Title IV aid information, including amounts disbursed and amounts that could have been disbursed,
- The withdrawal date and scheduled start date, end date, and break days, and
- Institutional charges, such as tuition, fees, room, board, books, supplies, materials, and equipment.

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SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2025

An unofficial withdrawal is one in which the College has not received notice from the student that the student has ceased or will cease attending the school. Schools must have a procedure in place to determine when a student who began attendance and received or could have received an initial disbursement of Title IV funds unofficially withdrew. For these unofficial withdrawals, the College must also determine a withdrawal date, which may be the midpoint of the period of enrollment or the last date of an academically related activity in which the student participated.

Criteria:

As a recipient of federal awards, the College is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Provisions included in Title 34 CFR Section 668.22 provide requirements over the treatment of Title IV funds when a student withdraws. The College is required to determine the amount of Title IV funds that the student earned as of the student's withdrawal date when a recipient of Title IV funds withdraws from the College during a payment period or period of enrollment in which the recipient began attendance. A refund must be returned to Title IV programs when the total amount of the Title IV grant or loan assistance, or both, that the student earned is less than the amount of the Title IV grant and/or loan assistance that was disbursed to the student as of the withdrawal date.

Additionally, provisions included in Title 34 CFR Section 668.22(j) address the timeframe for the return of title IV funds and state “(1) An institution must return the amount of title IV funds for which it is responsible... as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew... (2) For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the – (i) Payment period or period of enrollment... (ii) Academic year in which the student withdrew; or (iii) Educational program from which the student withdrew.”

Condition:

A sample of 35 students from a population of 239 students who received SFA and withdrew from the College during the 1st through 4th Quarters of the 2024-2025 award year were randomly selected for testing using a non-statistical sampling method. The students' R2T4 calculations were reviewed to ensure that the refunds were calculated and returned in the correct amount to the proper funding agency and/or student in a timely manner. The following deficiencies were noted:

- Funds were not returned to the appropriate grantor programs within the required time frame for six of the withdrawn students tested.
- One student's return was calculated using the incorrect withdrawal date; however, this error did not result in a monetary effect as the student withdrew after the 60% point in the quarter.

GEORGIA MILITARY COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2025

A sample of 40 students from a population of 917 students who received SFA for the 1st through 4th Quarters of the 2024-2025 award year and withdrew from the College but for whom no R2T4 calculation was performed was randomly selected for testing using a non-statistical sampling method. Attendance and withdrawal records were reviewed to determine if a refund should have been calculated for these students. The following deficiencies were noted:

- Our examination revealed that R2T4 calculations were not performed appropriately for 16 students who unofficially withdrew during the award year under review. These students should have been required to return a total of \$23,912 to various SFA programs.
- It was also noted that the listing of students who did not earn any credit hours provided to auditors was not accurate as five students selected for testing reflecting passing grades.

Questioned Costs:

Upon testing a sample of \$114,999 in financial aid disbursements to students who withdrew from the College but for whom no R2T4 was performed, known questioned costs of \$23,912 were identified for omitted R2T4 calculations. Using the total population amount of \$2,272,412, we project the likely questioned costs to be approximately \$472,515. The following assistance listing numbers were affected by the known and likely questioned costs: 84.007, 84.063, and 84.268.

Cause:

In discussing these deficiencies with management, they stated that these issues resulted from administrative oversight during the review period.

Effect or Potential Effect:

The College is not in compliance with the federal regulations concerning performing R2T4 procedures. This deficiency may expose the College to unnecessary financial strains and shortages. The College's portion of the refunds that were not calculated correctly or omitted must be returned to the U.S. Department of Education (ED). Though the College may attempt to collect the funds from individual students affected by the errors, these collection efforts could be unsuccessful as the students may no longer attend the College and/or fail to repay the funds.

Additionally, failing to identify withdrawn students, not performing R2T4 calculations accurately, and/or not returning unearned Title IV funds to ED in a timely manner may result in adverse actions and impact the College's participation in Title IV programs.

Recommendation:

The College should follow established policies and procedures to ensure that students who unofficially withdrew and received Title IV funds are identified and the required R2T4 calculations are performed. Management should also develop and implement a monitoring process to ensure that controls are operating properly. The College should contact ED regarding resolution of the finding, as well.

View of Responsible Officials:

We concur with this finding.

GEORGIA MILITARY COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2025

FA 2025-002 Improve Controls over Information Security

Compliance Requirements:	Eligibility Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
AL Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grants 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans
Federal Award Numbers:	P007A241003 (Year: 2025), P033A241003 (Year: 2025), P063P241306 (Year: 2025), P268K251306 (Year: 2025)
Questioned Costs:	None Identified

Description:

Georgia Military College should enhance its information security program to strengthen access role management, oversight of operational responsibilities, management of system access, ongoing evaluation of potential exposures, governance processes, promotion of personnel preparedness, and data protection practices.

Background Information:

Georgia Military College (College) relies extensively on the student information system (“the system”) to create student accounts, award student financial assistance (SFA), and disburse SFA to eligible students. Controls over the system and associated infrastructure are essential for the reliability and integrity of student information and to protect student data from manipulation, corruption, or loss. Further, the Gramm-Leach-Bliley Act (GLBA) requires financial institutions to set forth standards for developing, implementing, and maintaining reasonable administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of customer information. The Federal Trade Commission considers Title IV-eligible institutions that disburse SFA funding, such as the College, to be “financial institutions” and be subject to the GLBA requirements.

Criteria:

As a recipient of federal awards, the College is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

GEORGIA MILITARY COLLEGE
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In addition, provisions included in Title 16 CFR Section 314.3 require the College to “develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts and contains administrative, technical, and physical safeguards that are appropriate to your size and complexity, the nature and scope of your activities, and the sensitivity of any customer information at issue.” Specifically, provisions included in Title 16 CFR Section 314.4 reflect the required elements of the information security program, including (a) designating a qualified individual for overseeing the information security program, (b) developing a written risk assessment that identifies and assesses risks to customer information in each relevant area of operations, (c) designing and implementing safeguards to control the risks identified through the risk assessment, including access controls, encryption, and other appropriate protective measures, (d) regularly testing or otherwise monitoring the effectiveness of the safeguards implemented, (e) implementing policies and procedures to ensure that personnel are able to enact the information security program, (f) addressing how to oversee information system service providers, and (g) evaluating and adjusting the information security program, as necessary.

Condition:

Upon performing our review of the SFA program and applicable compliance requirements, several requirements listed below were not implemented within the College’s information security program:

- **Access Role Management** – Our review of the SFA business process functions established within the system and related user permissions revealed that 191 system users had the ability to create student accounts, award SFA, and disburse funds.
- **Oversight of Operational Responsibilities** – Processes to support ongoing alignment of responsibilities could be enhanced to ensure user roles remain appropriate as functions change.
- **Management of System Access** – Controls over access could be refined to ensure consistent application and oversight across systems.
- **Ongoing Evaluation of Potential Exposures** – Practices for assessing and monitoring potential risks could be strengthened to provide management with broader visibility of potential threats.
- **Governance Processes** – Documentation and formalization of processes could be enhanced to support consistent guidance, informed decision-making, and structured oversight.
- **Promotion of Personnel Preparedness** – Opportunities exist to further support personnel readiness in relation to general security practices.
- **Data Protection Practices** – College information technology infrastructure was not appropriately safeguarded to prevent data manipulation, corruption, or loss.

The details related to these deficiencies have been provided to management in accordance with *Official Code of Georgia Annotated* (OCGA) §50-6-9.

GEORGIA MILITARY COLLEGE
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YEAR ENDED JUNE 30, 2025

Cause:

Management has prioritized core operational needs and the delivery of key student services. As a result, certain aspects of the information security program have not been fully enhanced to support comprehensive oversight, consistent application of controls, and ongoing evaluation of potential exposures. Resource constraints and competing priorities have limited the ability to fully implement structured governance processes, systematic review of responsibilities, and reinforcement of personnel preparedness across all areas.

Effect:

The College was not in compliance with the Uniform Guidance or federal regulations concerning student information security measures. The absence of adequate internal controls associated with access role management, oversight of operational responsibilities, management of system access, ongoing evaluation of potential exposures, governance processes, promotion of personnel preparedness, and data protection practices increases the risk of unauthorized access, data breaches, and misuse of personally identifiable information of students receiving SFA.

Recommendation:

We recommend that management:

- Review and monitor access and role management within the student information system,
- Formalize operational guidance to support structured processes and alignment of responsibilities,
- Enhance management of system access to ensure controls are applied consistently across all systems,
- Expand ongoing evaluation of potential exposures to provide greater visibility into risks and their mitigation,
- Strengthen governance processes by developing and documenting policies and procedures to provide consistent guidance and support informed decision-making,
- Promote personnel preparedness through ongoing awareness and understanding of security practices, and
- Allocate the necessary resources to enhance data protection safeguards associated with information technology infrastructure.

Views of Responsible Officials:

We concur with this finding.

OTHER ITEMS

No matters were reported.

Section IV

Management's Corrective Action



FA 2025-002 Improve Controls over Information Security

Compliance Requirements:

Internal Control Impact:

Compliance Impact:

Federal Awarding Agency:

Pass-Through Entity: AL

Numbers and Titles:

Eligibility

Special Tests and Provisions

Significant Deficiency

Nonmaterial Noncompliance

U.S. Department of Education

None

84.007 - Federal Supplemental Educational
Opportunity Grants

84.033 - Federal Work-Study Program

84.063 - Federal Pell Grant Program

84.268 - Federal Direct Student Loans

Federal Award Numbers:

P007A241003 (Year: 2025), P033A241003 (Year: 2025),

P063P241306 (Year: 2025), P268K251306 (Year: 2025)

Questioned Costs:

None Identified

Description:

Georgia Military College should enhance its information security program to strengthen access role management, oversight of operational responsibilities, management of system access, ongoing evaluation of potential exposures, governance processes, promotion of personnel preparedness, and data protection practices.

Corrective Action Plans:

Georgia Military College is committed to protecting the privacy and security of student information, and we take all audit findings seriously. The College recognizes the importance of maintaining strong internal controls and ensuring full compliance with federal and state requirements.

In response to the audit, Georgia Military College is strengthening its institutional processes by enhancing oversight, refining internal practices, and improving coordination across departments. Georgia Military College remains dedicated to continuous improvement and will implement steps that support the long-term reliability, security, and effectiveness of institutional operations.

Estimated Completion Date: 07/1/2026

Contact Person: Robert Johnson

Title: AVP Enterprise Network Systems

Phone Number: 478-387-4823

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Signature:

Title:

James J. McQueen
President, Georgia Military College



GEORGIA MILITARY COLLEGE

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CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS

FA 2025-001 Improve Controls over the Return of Title IV Process

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity: AL	None
Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grants 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans
Federal Award Numbers:	P007A241003 (Year: 2025), P063P241306 (Year: 2025), P268K251306 (Year: 2025)
Questioned Costs:	\$23,906

Description:

Georgia Military College did not properly perform the Return of Title IV funds process to ensure that unearned Title IV funds were returned in a timely manner.

Corrective Action Plans:

- GMC has adopted the institutional policy titled “Determining Last Date of Attendance (LDA) and Date of Determination (DOD) for Official and Unofficial Withdrawals.”
- All Financial Aid staff will receive mandatory training on R2T4 requirements, including documentation of failing grades, LDA determination, and documentation standards.
- GMC has updated internal procedures to default to the midpoint of the term for all unofficial withdrawals unless documented academically related activity indicates a later LDA.
- A full review of all affected students will be completed to ensure the accuracy of LDA determinations and R2T4 recalculations, with corrections processed as required.
- Documentation from Academic Affairs (Registrar) will be required when a student earns no passing grades. All documentation will be uploaded into Perceptive Content.
- GMC will implement quarterly internal audits to ensure ongoing compliance.

Estimated Completion Date: 07/1/2026

Contact Person: Alisa Stephens

Title: AVP Resource Management Phone

Number: 478-387-4802

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Signature: _____

Title: President, Georgia Military College