VALDOSTA STATE UNIVERSITY
VALDOSTA, GEORGIA

MANAGEMENT REPORT
FOR FISCAL YEAR ENDED
JUNE 30, 2020

A Member Institution of the
University System of Georgia

VALDOSTA STATE UNIVERSITY

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SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Regents of the
University System of Georgia
and
Dr. Richard Carvajal, President
Valdosta State University

Ladies and Gentlemen:

This Management Report contains information pertinent to the Valdosta State University'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, 2020. Additionally, we audited Valdosta State University's Federal Student Aid programs for the year ended June 30, 2020 to meet the requirements of COC Standard 13.6. Included in this report is a section on findings and other items for any matters that came to our attention during our engagement, including results of our audit of the Federal Student Aid programs. The other information contained in this report is the representation of management. Accordingly, we do not express an opinion or any form of assurance on it.

Additionally, we have performed certain procedures at Valdosta State University to support our audit of the basic financial statements of the State of Georgia presented in the *State of Georgia Comprehensive Annual 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, 2020.

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

Respectfully,

Greg S. Griffin
State Auditor

September 14, 2020

SELECTED FINANCIAL INFORMATION

VALDOSTA STATE UNIVERSITY
STATEMENT OF NET POSITION - (GAAP BASIS)
JUNE 30, 2020

EXHIBIT "A"

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	49,383,047
Cash and Cash Equivalents (Externally Restricted)		327,061
Accounts Receivable, Net		
Federal Financial Assistance		3,251,440
Affiliated Organizations		296,521
Other		1,708,484
Inventories		17,708
Total Current Assets		54,984,261
Noncurrent Assets		
Accounts Receivable, Net		
Due From USO - Capital Liability Reserve Fund		1,252,123
Notes Receivable, Net		12,919
Non-current Cash (Externally Restricted)		35,634
Investments (Externally Restricted)		8,964,828
Capital Assets, Net		280,034,156
Total Noncurrent Assets		290,299,660
Total Assets		345,283,921
Deferred Outflows of Resources		27,922,250
LIABILITIES		
Current Liabilities		
Accounts Payable		2,455,970
Salaries Payable		694,117
Benefits Payable		886,576
Retainage Payable		200,448
Advances (Including Tuition and Fees)		4,190,032
Deposits		621,034
Deposits Held for Other Organizations		19,864
Other Liabilities		42,802
Lease Purchase Obligations		6,911,679
Compensated Absences		2,579,912
Total Current Liabilities		18,602,434
Noncurrent Liabilities		
Lease Purchase Obligations		155,448,596
Compensated Absences		1,644,469
Net Other Post Employment Benefits Liability		109,290,532
Net Pension Liability		64,778,033
Total Noncurrent Liabilities		331,161,630
Total Liabilities		349,764,064
Deferred Inflows of Resources		26,082,039
NET POSITION		
Net Investment in Capital Assets		115,921,042
Restricted for:		
Nonexpendable		4,708,887
Expendable		4,631,555
Unrestricted (Deficit)		(127,901,416)
Total Net Position (Deficit)	$	(2,639,932)

VALDOSTA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2020

EXHIBIT "B"

OPERATING REVENUES	
Student Tuition and Fees (Net of Scholarship Allowance)	$ 60,696,891
Grants and Contracts	
Federal	1,281,780
State	161,496
Other	1,816,532
Sales and Services	704,308
Rents and Royalties	665,161
Auxiliary Enterprises (Net of Scholarship Allowance)	
Residence Halls	10,975,371
Bookstore	1,320,794
Food Services	8,023,194
Parking /Transportation	4,238,523
Health Services	2,653,098
Intercollegiate Athletics	2,923,538
Other Organizations	448,219
Other Operating Revenues	709,050
Total Operating Revenues	96,617,955
OPERATING EXPENSES	
Faculty Salaries	37,810,510
Staff Salaries	35,086,633
Employee Benefits	33,012,977
Other Personal Services	2,225,653
Travel	851,965
Scholarships and Fellowships	23,436,435
Utilities	4,872,958
Supplies and Other Services	29,267,241
Depreciation	16,556,774
Total Operating Expenses	183,121,146
Operating Loss	(86,503,191)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	51,584,515
Grants and Contracts	
Federal	33,805,242
State	76,313
Other	133,848
Gifts	1,014,655
Investment Income (Endowments, Auxiliary and Other)	447,851
Interest Expense (Capital Assets)	(6,076,461)
Other Nonoperating Revenues (Expenses)	3,985
Net Nonoperating Revenues	80,989,948
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(5,513,243)
Capital Grants and Gifts	
State	2,979,943
Other	852,073
Additions to Permanent and Term Endowment	1,293
Total Other Revenues, Expenses, Gains or Losses	3,833,309
Change in Net Position	(1,679,934)
Net Position - Beginning of Year (Restated)	(959,998)
Net Position - End of Year	$ (2,639,932)

VALDOSTA STATE UNIVERSITY
STATEMENT OF CASH FLOWS - (GAAP BASIS)
YEAR ENDED JUNE 30, 2020

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	$ 91,436,470
Grants and Contracts (Exchange)	3,161,255
Payments to Suppliers	(63,086,132)
Payments to Employees	(74,414,300)
Payments for Scholarships and Fellowships	(23,436,435)
Loans Issued to Students	(104,440)
Collection of Loans to Students	137,111
Other Payments	(3,928)
Net Cash Used by Operating Activities	(66,310,399)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	51,584,515
Gifts and Grants Received for Other than Capital Purposes	34,872,153
Other Non-Capital Financing Receipts	1,888
Net Cash Flows Provided by Non-Capital Financing Activities	86,458,556
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants and Gifts Received	2,950,366
Proceeds from Sale of Capital Assets	18,913
Purchases of Capital Assets	(5,954,969)
Principal Paid on Capital Debt and Leases	(5,761,329)
Interest Paid on Capital Debt and Leases	(6,275,975)
Net Cash Used by Capital and Related Financing Activities	(15,022,994)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	603,990
Purchase of Investments	(78,070)
Net Cash Provided by Investing Activities	525,920
Net Increase in Cash and Cash Equivalents	5,651,083
Cash and Cash Equivalents - Beginning of Year (Restated)	44,094,659
Cash and Cash Equivalents - End of Year	$ 49,745,742

VALDOSTA STATE UNIVERSITY
STATEMENT OF CASH FLOWS - (GAAP BASIS)
YEAR ENDED JUNE 30, 2020

EXHIBIT "C"

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	$	(86,503,191)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities		
Depreciation		16,556,774
Operating Expenses Related to Noncash Gifts		130,745
Change in Assets and Liabilities:		
Receivables, Net		(417,646)
Inventories		10,734
Prepaid Items		148,560
Notes Receivable, Net		32,671
Accounts Payable		(800,434)
Salaries Payable		75,475
Benefits Payable		(2,062)
Deposits		195,100
Advances (Including Tuition and Fees)		(1,530,883)
Other Liabilities		37,993
Funds Held for Others		72,476
Compensated Absences		280,326
Net Pension Liability		8,778,838
Other Post-Employment Benefit Liability		(390,381)
Change in Deferred Inflows/Outflows of Resources:		
Deferred Inflows of Resources		(795,647)
Deferred Outflows of Resources		(2,189,847)
Net Cash Used by Operating Activities	$	(66,310,399)
NONCASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Noncapital Gifts	$	130,745
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	$	2,933,680
Amortization of Non-capital Financing Activities Advances and Deferred Inflows	$	(59,280)
Current Year Accruals Related to Capital Financing Activities	$	788,635
Loss on Disposal of Capital Assets	$	(34,659)
Accrual of Capital Asset Related Payables	$	200,448
Capital Assets Acquired by Incurring Capital Lease Obligations	$	578,890
Early Extinguishment of Capital Debt	$	17,842
Amortization of Capital Financing Activities Advances and Deferred Inflows	$	108,862
Amortization of Deferred Gain of Capital Debt Refunded	$	199,514
Unrealized Loss on Investments	$	(156,139)

VALDOSTA STATE UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION - (GAAP BASIS)
JUNE 30, 2020

EXHIBIT "D"

	CUSTODIAL FUNDS
ASSETS	
Accounts Receivable, Net	
Other	$ 5,594,278
LIABILITIES	
Cash Overdraft	5,574,412
Accounts Payable	19,866
Total Liabilities	5,594,278
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	$ -

EXHIBIT "E"

VALDOSTA STATE UNIVERSITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2020

		CUSTODIAL FUNDS
ADDITIONS		
Federal Financial Aid	$	76,739,363
State Financial Aid		14,528,936
Miscellaneous		1,497,469
Total Additions		92,765,768
DEDUCTIONS		
Scholarships and Other Student Support		91,268,299
Other Deductions		1,497,469
Total Deductions		92,765,768
Change in Net Position		-
Net Position - Beginning		-
Net Position - Ending	$	-

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

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

REPORTING ENTITY

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

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

The accompanying basic financial statements are intended to supplement the State's Comprehensive Annual Financial Report (CAFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the Institution. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2020, 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 CAFR. The most recent State of Georgia CAFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at sao.georgia.gov/comprehensive-annual-financial-reports.

BASIS OF 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 Institution's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

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

The Institution reports the following fiduciary fund:

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

NEW ACCOUNTING PRONOUNCEMENTS

For fiscal year 2020, the Institution adopted GASB Statement No. 84, *Fiduciary Activities*. This statement improves guidance regarding the identification and reporting of fiduciary activities. This statement requires activity meeting certain criteria to be reported in a fiduciary fund within a statement of fiduciary net position and a statement of changes in fiduciary net position. The adoption of this statement resulted in the restatement of the July 1, 2019 fiduciary net position for custodial fiduciary funds.

For fiscal year 2020, the Institution adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The adoption of this statement does not have a significant impact on the Institution's financial statements.

NET POSITION

The Institution's net position is classified as follows:

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

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

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

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

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

RESTATEMENT NOTE DISCLOSURE

The Institution made the following restatements related to business-type activities:

		Business-Type Activities
Net position, Beginning of Year, As Originally Reported	$	(1,036,402)
Correction of prior year errors		76,404
Net Position, Beginning of Year, Restated	$	(959,998)

Changes in Accounting Principal

The Institution made prior period adjustments due to the adoption of GASB No. 84, which required the restatement of the June 30, 2019 cash and cash equivalents. The result is an increase in cash and cash equivalents at July 1, 2019 of $7,019,319 reported on the Statement of Cash Flows. This change is in accordance with generally accepted accounting principles.

Correction of Prior Years Error

Business-type activity balances reported at June 30, 2019 were overstated for liabilities by $76,404. Beginning net position has been increased by $76,404 to reflect correction of prior year amounts. This change is in accordance with generally accepted accounting principles.

NOTE 2: DEPOSITS AND INVESTMENTS

Cash and cash equivalents and investments as of June 30, 2020 are classified in the accompanying statement of net position as follows:

Statement of Net Position		
Current		
Cash and Cash Equivalents	$	43,808,635
Cash and Cash Equivalents (Externally Restricted)		327,061
Noncurrent		
Noncurrent Cash (Externally Restricted)		35,634
Noncurrent Investments (Externally Restricted)		8,964,828
	$	53,136,158

Cash on hand, deposits and investments as of June 30, 2020 consist of the following:

Cash on Hand	$	17,870
Deposits with Financial Institutions		26,349,420
Investments		26,768,868
	$	53,136,158

DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.

3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

6. Letters of credit issued by a Federal Home Loan Bank.

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

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

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

At June 30, 2020, the bank balances of the Institution’s deposits totaled $27,607,236. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the USG. None of these deposits were exposed to custodial credit risk.

INVESTMENTS

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

The following table summarizes the valuation of the Institution’s investments measured at fair value on a recurring basis as of June 30, 2020.

		Fair Value
Investment Pools		
Board of Regents		
Diversified Fund	$	8,964,828
Office of the State Treasurer		
Georgia Fund 1		17,804,040
Total Investments	$	26,768,868

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

Board of Regents Pooled Investment Program

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

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

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

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

   The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Institution's position in the Diversified Fund at June 30, 2020 was $8,964,827, of which 30% is invested in debt securities. The Effective Duration of the Fund is 5.73 years.

Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the U.S. Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, $1 per share. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 38 days.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Valdosta State University's policy for managing interest rate risk is contained in the investment policy guidelines for the various pooled funds, and attempts to match investments with expected cash requirements.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2020:

	Business-Type Activities	Fiduciary Fund
Student Tuition and Fees	$ 408,334	$ 801,516
Auxiliary Enterprises and Other Operating Activities	606,314	-
Federal Financial Assistance	3,251,440	157,660
Georgia Student Financing Commission	-	4,635,102
Georgia State Financing and Investment Commission	738,636	-
Due from Other USG Institutions	1,351,336	-
Other	418,832	-
	6,774,892	5,594,278
Less Allowance for Doubtful Accounts	266,324	-
Net Accounts Receivable	$ 6,508,568	$ 5,594,278

NOTE 4: CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Capital Assets, Not Being Depreciated:				
Land	$ 6,964,928	$ 15,828	$ -	$ 6,980,756
Capitalized Collections	218,855	-	-	218,855
Construction Work-In-Progress	4,458,755	3,671,274	$ 5,511,260	2,618,769
Total Capital Assets, Not Being Depreciated	11,642,538	3,687,102	5,511,260	9,818,380
Capital Assets, Being Depreciated:				
Building and Building Improvements	436,230,830	6,272,054	-	442,502,884
Facilities and Other Improvements	12,585,409	-	-	12,585,409
Equipment	26,141,445	1,361,451	289,435	27,213,461
Library Collections	29,803,856	841,379	63,044	30,582,191
Capitalized Collections	69,619	-	-	69,619
Total Capital Assets Being Depreciated/Amortized	504,831,159	8,474,884	352,479	512,953,564
Less: Accumulated Depreciation:				
Building and Building Improvements	173,659,767	13,575,919	-	187,235,686
Facilities and Other Improvements	7,441,815	446,395	-	7,888,210
Equipment	20,944,663	1,459,042	254,776	22,148,929
Library Collections	24,452,589	1,075,418	63,044	25,464,963
Total Accumulated Depreciation	226,498,834	16,556,774	317,820	242,737,788
Total Capital Assets, Being Depreciated, Net	278,332,325	(8,081,890)	34,659	270,215,776
Capital Assets, Net	$ 289,974,863	$ (4,394,788)	$ 5,545,919	$ 280,034,156

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

Fiscal Year	Depreciation Expense
2020	$ 16,556,774
2019	$ 16,837,155
2018	$ 17,034,365

NOTE 5: ADVANCES (INCLUDING TUITION AND FEES)

Advances, including tuitions and fees consisted of the following at June 30, 2020:

		Current Liabilities
Prepaid Tuition and Fees	$	3,835,361
Other - Advances		354,671
Total Advances	$	4,190,032

NOTE 6: LONG-TERM LIABILITIES

Changes in long-term liability for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Leases					
Lease Obligations	$ 167,560,556	$ 578,890	$ 5,779,171	$ 162,360,275	$ 6,911,679
Other Liabilities					
Compensated Absences	3,944,054	2,917,688	2,637,361	4,224,381	2,579,912
Total Long-Term Obligations	$ 171,504,610	$ 3,496,578	$ 8,416,532	$ 166,584,656	$ 9,491,591

NOTE 7: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2020 and June 30, 2019 consisted of the following:

	Fiscal Year 2020	Fiscal Year 2019
Deferred Outflows of Resources		
Deferred Loss on Debt Refunding	$ 1,655,379	$ 1,745,263
Deferred Loss on Defined Benefit Pension Plans (See Note 11)	17,734,361	12,485,381
Deferred Loss on OPEB Plan (See Note 14)	8,532,510	11,591,643
Total Deferred Outflows of Resources	$ 27,922,250	$ 25,822,287
Deferred Inflows of Resources		
Deferred Gain on Debt Refunding	$ 3,207,770	$ 3,497,170
Unavailable Revenues	573,012	691,566
Deferred Gain on Defined Benefit Pension Plans (See Note 11)	4,744,517	6,920,412
Deferred Gain on OPEB Plan (See Note 14)	17,556,740	16,176,492
Total Deferred Inflows of Resources	$ 26,082,039	$ 27,285,640

NOTE 8: NET POSITION

The breakdown of business-type activity net position for the Institution at June 30, 2020 is as follows:

Net Investment in Capital Assets	$	115,921,042
Restricted for		
Nonexpendable		
Permanent Endowment		4,708,887
Expendable		
Sponsored and Other Organized Activities		4,237,346
Institutional Loans		394,209
Sub-Total		4,631,555
Unrestricted		
Auxiliary Operations		5,856,355
Reserve for Encumbrances		9,827,118
Reserve for Inventory		22,662
Capital Liability Reserve Fund		1,252,123
Other Unrestricted (Deficit)		(144,859,674)
Sub-Total (Deficit)		(127,901,416)
Total Net Position (Deficit)	$	(2,639,932)

Changes in Net Position for the year ended June 30, 2020 are as follows:

	(Restated) Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Net Investment in Capital Assets	$ 121,736,741	$ 11,271,976	$ 17,087,675	$ 115,921,042
Restricted Net Position	9,089,815	41,108,520	40,857,893	9,340,442
Unrestricted Net Position	(131,786,554)	146,405,168	142,520,030	(127,901,416)
Total Net Position	$ (959,998)	$ 198,785,664	$ 200,465,598	$ (2,639,932)

NOTE 9: ENDOWMENTS

DONOR RESTRICTED ENDOWMENTS

Investments of the Institution's endowment funds are pooled, unless required to be separately invested by the donor. For Institution controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation on endowment investments available for authorization for expenditure was ($169,693) and is reflected as expendable restricted net position.

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

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

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

NOTE 10: LEASES

The Institution is obligated under various capital leases for the use of real property and equipment.

CAPITAL LEASES

The Institution acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. §50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the Institution. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The Institution's principal and interest payments related to capital leases for fiscal year 2020 were $5,779,171 and $6,171,070, respectively.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2020:

Description	Gross Amount	Accumulated Depreciation	Net Assets Held Under Capital Lease at June 30, 2020	Outstanding Balances per Lease Schedules at June 30, 2020
	(+)	(-)	(=)	
Equipment	$ 2,436,086	$ 1,303,547	$ 1,132,539	$ 909,922
Buildings and Building Improvements	200,290,517	86,447,498	113,843,019	161,450,353
Total Assets Held Under Capital Lease	$ 202,726,603	$ 87,751,045	$ 114,975,558	$ 162,360,275

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal	
Housing Cable Access	Campus Televideo, Inc.	$ 133,275	5 yrs	12/2015	11/2020	$ 15,842	
Georgia/Reade Hall (B)	VSU Auxiliary Services Real Estate Foundation	30,419,725	30 yrs	08/2009	05/2039	28,570,673	(1)
Lowndes Hall (A)	VSU Auxiliary Services Real Estate Foundation	6,509,399	25 yrs	8/2005	6/2030	3,330,971	(1)
Patterson Hall (A)	VSU Auxiliary Services Real Estate Foundation	9,567,653	24 yrs	8/2006	6/2030	4,824,148	(1)
Centennial Hall East and West (A)	VSU Auxiliary Services Real Estate Foundation	17,750,372	25 yrs	1/2005	6/2030	8,499,671	(1)
Hopper Hall	VSU Auxiliary Services Real Estate Foundation	27,484,345	30 yrs	12/2008	6/2038	24,330,169	(1)
Student Health Center (B)	VSU Auxiliary Services Real Estate Foundation	12,221,729	30 yrs	12/2008	6/2038	10,327,075	(1)
Oak Street Parking Deck (B)	VSU Auxiliary Services Real Estate Foundation	24,869,880	30 yrs	12/2008	6/2038	21,447,337	(1)
Sustella Parking Deck (B)	VSU Auxiliary Services Real Estate Foundation	21,468,631	30 yrs	12/2008	6/2038	18,514,163	(1)
Student Union (B)	VSU Auxiliary Services Real Estate Foundation	44,739,147	29 yrs	6/2010	6/2039	38,333,395	(1)
Athletic Fieldhouse	VSU Foundation	5,994,383	21 yrs	3/2009	6/2029	3,272,751	(1)
Various Copiers	Xerox and Ricoh	625,157	4 to 5 yrs	1/2016	6/2025	249,079	
Presidio Firewall	Presidio	208,481	5 yrs	11/2017	11/2022	103,476	
Presidio Firewall	Presidio	443,869	5 yrs	8/2018	7/2023	286,077	
Presidio Firewall	Presidio	97,890	5 yrs	11/2017	10/2022	48,586	
Presidio SmartNet	Presidio	454,867	5 yrs	5/2020	5/2024	206,862	
Total Leases		$ 202,988,803				$ 162,360,275	

(1) These capital leases are related party transactions.

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

FUTURE COMMITMENTS

Future commitments for capital leases having remaining terms in excess of one year as of June 30, 2020, are as follows:

		Capital Leases
Year Ending June 30:		
2021	$	13,645,411
2022		13,796,451
2023		13,864,762
2024		13,877,910
2025		13,909,788
2026 - 2030		68,901,256
2031 - 2035		56,734,234
2036 - 2040		42,320,902
2041 - 2045		4,878,091
Total Minimum Lease Payments	$	241,928,805
Less: Interest		59,840,229
Less: Executory Costs		19,728,301
Principal Outstanding	$	162,360,275

NOTE 11: RETIREMENT PLANS

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

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

General Information about the Teachers Retirement System

Plan Description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2020. The Institution's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of the Institution’s annual payroll. The Institution’s contributions to TRS totaled $7,841,266 for the year ended June 30, 2020.

General Information about the Employees’ Retirement System

Plan Description

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

Benefits provided

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

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

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

Contributions

Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members’ accounts for refund purposes and are used in the computation of the members’ earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2020 was 24.66% of annual covered payroll for old and new plan members and 21.64% for GSEPS members. The Institution’s contributions to ERS totaled $36,957 for the year ended June 30, 2020. 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, 2020, the Institution reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The Institution's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2019. At June 30, 2019, the Institution's TRS proportion was 0.300527%, which was an increase of 0.000032% from its proportion measured as of June 30, 2018. At June 30, 2019, the Institution's ERS proportion was 0.003795%, which was a decrease of 0.001578% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Institution recognized pension expense of $9,263,635 for TRS and ($31,449) for ERS. At June 30, 2020, the Institution reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,642,393	$ 19,159	$ 5,215	$ -
Changes of assumptions	6,201,269	-	2,756	-
Net difference between projected and actual earnings on pension plan investments	-	1,538,833	-	4,875
Changes in proportion and differences between contributions and proportionate share of contributions	4,505	3,112,464	-	69,186
Contributions subsequent to the measurement date	7,841,266	-	36,957	-
Total	$ 17,689,433	$ 4,670,456	$ 44,928	$ 74,061

The Institution's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2021	$ 1,561,425	$ (47,662)
2022	$ (370,995)	$ (18,113)
2023	$ 1,873,263	$ (960)
2024	$ 2,114,018	$ 645

Actuarial assumptions: The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 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	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the long-term assumed rate of return.

Employees' Retirement System

Inflation	2.75%
Salary increases	3.25 – 7.00%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the assumed investment rate of return.

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

Asset class	TRS Target allocation	ERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.10)%
Domestic large equities	51.00%	46.20%	8.90%
Domestic small equities	1.50%	1.30%	13.20%
International developed market equities	12.40%	12.40%	8.90%
International emerging market equities	5.10%	5.10%	10.90%
Alternatives	-	5.00	12.00%
Total	100.00%	100.00%	

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total TRS and ERS pension liability was 7.25 % and 7.30%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Institution's proportionate share of the net pension liability to changes in the discount rate: The following presents the Institution's proportionate share of the net pension liability calculated using the discount rate, as well as what the Institution'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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 104,899,496	$ 64,621,431	$ 31,498,550

Employees' Retirement System:	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Proportionate share of the net pension liability	$ 222,546	$ 156,602	$ 100,386

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/formspubs/formspubs, respectively.

B. Defined Contribution Plan

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2020, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The Institution and the covered employees made the required contributions of $2,586,132 (9.24%) and $1,679,306 (6.00%), respectively.

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

NOTE 12: RISK MANAGEMENT

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2020, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

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

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

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

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

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

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

NOTE 13: CONTINGENCIES

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

Litigation, claims and assessments filed against the Institution, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Board of Regents Retiree Health Benefit Plan

Plan Description and Funding Policy

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

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2020, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

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

The Institution's membership in the Plan consisted of the following at June 30, 2020:

Active Employees	1,095
Retirees or Beneficiaries Receiving Benefits	528
Retirees Receiving Life Insurance Only	122
Total	1,745

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

The Institution pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2020 plan year, the employer rate was approximately 84% of the total health insurance cost for eligible retirees and the retiree rate was approximately 16%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. With regard to life insurance, the employer covers the total premium cost for $25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2020, the Institution contributed $2,470,844 to the plan for current premiums or claims.

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

At June 30, 2020, the Institution reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2019. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. The Institution's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the Institution's proportion was 2.444121%, which was a decrease of 0.042551% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Institution recognized OPEB expense of $6,519,843. At June 30, 2020 the Institution reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,061,666	$ 623,691
Changes of assumptions	-	12,277,528
Net difference between projected and actual earnings on OPEB plan investments	-	28,711
Changes in proportion and differences between contributions and proportionate share of contributions	-	4,626,810
Contributions subsequent to the measurement date	2,470,844	-
Total	$ 8,532,510	$ 17,556,740

The Institution's contributions subsequent to the measurement date of $2,470,844 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, 2021. 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 Ended June 30:		
2021	$	(2,825,520)
2022	$	(2,825,520)
2023	$	(2,740,522)
2024	$	(1,115,283)
2025	$	(1,049,246)
Thereafter	$	(938,983)

Actuarial assumptions

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of May 1, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2019 3.50% from Bond Buyer GO 20 - Bond Municipal Bond Index Interest Rate as of 6/30/2018 3.87% from Bond Buyer GO 20 - Bond Municipal Bond Index Long-term Rate of Return 4.5% General Inflation 2.50% Salary Growth 4.00%
Mortality Rates	Healthy: Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with Scale MP-2018 Disabled: Pub-2010 Disabled Mortality for General Employees and Teachers (as appropriate) headcount weighted projected with Scale MP-2018
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.9%
Medicare Eligible	4.5%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.5%
Year Ultimate Trend is Reached	Fiscal Year 2031 for Pre-Medicare Eligible, Fiscal Year 2020
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019. All other assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which cover the five year period ending June 30, 2014.

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption. Mortality rates were changed from the RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with MP-2018. Retirement rates were updated from the rates developed for the Teachers Retirement System to rates based on actual experience. The discount rate was updated from 3.87% to 3.50% as of June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.09%	70%
Equity Allocation	4.46%	30%

Discount Rate

The Plan's projected fiduciary net position at the end of 2023 is $0, based on the valuation completed for the fiscal year ending June 30, 2019. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2023. Therefore, the long-term expected rate of return on Plan investments of 4.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.50% from the Bond Buyers GO 20-Bond Municipal Bond Index.

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

The following presents the Institution's proportionate share of the net OPEB liability, as well as what the Institution's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% (4.50%) higher than the current discount rate (3.50%):

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Proportionate Share of the Net OPEB Liability	$ 129,369,285	$ 109,290,532	$ 92,551,449

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	$ 91,641,448	$ 109,290,532	$ 131,403,481
Pre-Medicare Eligible	5.9% decreasing to 3.5%	6.9% decreasing to 4.5%	7.93% decreasing to 5.5%
Medicare Eligible	3.5%	4.5%	5.5%

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

SUPPLEMENTARY INFORMATION

VALDOSTA STATE UNIVERSITY
BALANCE SHEET (STATUTORY BASIS)
BUDGET FUND
JUNE 30, 2020

SCHEDULE "1"

ASSETS		
Cash and Cash Equivalents	$	14,940,091.20
Investments		2,118,111.55
Accounts Receivable		
Federal Financial Assistance		3,251,440.20
Other		3,909,543.67
Inventories		17,707.70
Other Assets		99,212.41
Total Assets	$	24,336,106.73
LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued Payroll	$	648,959.88
Encumbrances Payable		8,131,785.84
Accounts Payable		645,090.76
Unearned Revenue		4,055,343.73
Funds Held for Others		19,166.69
Other Liabilities		42,801.52
Total Liabilities		13,543,148.42
Fund Balances		
Reserved		
Department Sales and Services		893,369.45
Indirect Cost Recoveries		807,014.39
Technology Fees		667,642.84
Restricted/Sponsored Funds		2,649,633.69
Uncollectible Accounts Receivable		175,847.17
Inventories		22,662.00
Tuition Carry-Over		1,647,801.68
Unreserved		
Surplus		3,928,987.09
Total Fund Balances		10,792,958.31
Total Liabilities and Fund Balances	$	24,336,106.73

Statutory Basis financial information was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

VALDOSTA STATE UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE
(STATUTORY BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2020

	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over
Teaching				
State Appropriation				
State General Funds	$ 51,882,027.00	$ 51,899,243.00	$ 51,899,243.00	$ -
Federal Coronavirus Relief Funds	-	10,042,107.00	9,841,763.54	-
Other Funds	95,147,899.00	101,711,808.00	98,801,267.46	6,782,937.98
Total Operating Activity	$ 147,029,926.00	$ 163,653,158.00	$ 160,542,274.00	$ 6,782,937.98

Statutory Basis financial information was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

Funds Available Compared to Budget			Expenditures Compared to Budget		Excess of Funds Available
Program Transfers or Adjustments	Total Funds Available	Variance Negative	Actual	Variance Positive	Over Expenditures
$ -	$ 51,899,243.00	$ -	$ 50,442,893.13	$ 1,456,349.87	$ 1,456,349.87
-	9,841,763.54	(200,343.46)	9,841,763.54	200,343.46	-
(5,187,483.69)	100,396,721.75	(1,315,086.25)	91,505,531.97	10,206,276.03	8,891,189.78
$ (5,187,483.69)	$ 162,137,728.29	$ (1,515,429.71)	$ 151,790,188.64	$ 11,862,969.36	$ 10,347,539.65

VALDOSTA STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
(STATUTORY BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2020

	Beginning Fund Balance	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2019 Surplus	Prior Period Adjustments
Teaching				
State Appropriation				
State General Funds	$ 52,679.26	$ -	$ (52,679.26)	$ 133,644.84
Federal Coronavirus Relief Funds	-	-	-	-
Other Funds	7,044,986.72	(6,782,937.98)	(262,048.75)	117,631.35
Total Teaching	7,097,665.98	(6,782,937.98)	(314,728.01)	251,276.19
Prior Year Reserves				
Not Available for Expenditure				
Inventories	22,662.00	-	-	-
Uncollectible Accounts Receivable	171,480.48	-	-	-
Budget Unit Totals	$ 7,291,808.46	$ (6,782,937.98)	$ (314,728.01)	$ 251,276.19

Statutory Basis financial information was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

Other Adjustments	Early Return Fiscal Year 2020 Surplus	Excess of Funds Available Over Expenditures	Ending Fund Balance June 30	Analysis of Ending Fund Balance Reserved	Surplus	Total
$ -	$ -	$ 1,456,349.87	$ 1,589,994.71	$ -	$ 1,589,994.71	$ 1,589,994.71
-	-	-	-	-	-	-
(4,366.69)	-	8,891,189.78	9,004,454.43	6,665,462.05	2,338,992.38	9,004,454.43
(4,366.69)	-	10,347,539.65	10,594,449.14	6,665,462.05	3,928,987.09	10,594,449.14
-	-	-	22,662.00	22,662.00	-	22,662.00
4,366.69	-	-	175,847.17	175,847.17	-	175,847.17
$ -	$ -	$ 10,347,539.65	$ 10,792,958.31	$ 6,863,971.22	$ 3,928,987.09	$ 10,792,958.31

	Reserved	Surplus	Total
Department Sales and Services	$ 893,369.45	$ -	$ 893,369.45
Indirect Cost Recoveries	807,014.39	-	807,014.39
Techonology Fees	667,642.84	-	667,642.84
Restricted/Sponsored Funds	2,649,633.69	-	2,649,633.69
Tuition Carry-Over	1,647,801.68	-	1,647,801.68
Uncollectible Accounts Receivable	175,847.17	-	175,847.17
Inventories	22,662.00	-	22,662.00
Surplus	-	3,928,987.09	3,928,987.09
Total Ending Fund Balance - June 30	$ 6,863,971.22	$ 3,928,987.09	$ 10,792,958.31

SECTION II

ENTITY’S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

VALDOSTA STATE UNIVERSITY
ENTITY'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION III

FINDINGS, QUESTIONED COSTS AND OTHER ITEMS

COMMUNICATION OF INTERNAL CONTROL DEFICIENCIES

The auditor is required to communicate to management and those charged with governance control deficiencies identified during the course of the financial statement audit that, in the auditor's judgment, constitute significant deficiencies or material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal control deficiencies identified during the course of this engagement that were considered to be significant deficiencies and/or material weaknesses are presented below:

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were noted.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA-2020-001 Improve Controls over the Awarding Process

Compliance Requirement: Eligibility
Internal Control Impact: Significant Deficiency
Compliance Impact: Nonmaterial Noncompliance
Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: None
CFDA 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
84.379 – Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)
Federal Award Numbers: P007A191055 (Year: 2020), P033A191055 (Year: 2020), P063P190093 (Year: 2020), P268K200093 (Year: 2020), P379T200093 (Year: 2020)
Questioned Costs: $33,690.00

Description:
The Institution's Student Financial Aid Office improperly determined the Student Financial Assistance (SFA) award amounts for eligible students.

Criteria:
Provisions included in 34 CFR 668 provide general provisions for administering SFA programs and 34 CFR 675, 676, 685, 686, and 690 provide eligibility and other related program requirements that are specific to the Federal Work-Study Program, Federal Supplemental Educational Opportunity Grant (FSEOG) Program, Federal Direct Student Loans Program, Teacher Education Assistance for College and Higher Education (TEACH) Grants, and Federal Pell Grant Program, respectively.

Condition:
A sample of 25 students from a population of 8,446 students who received $5,860,241.09 in student financial assistance funds was randomly selected for testing using a non-statistical sampling method. Student financial assistance files were reviewed to ensure that financial assistance was properly calculated and disbursed to eligible students. The following deficiencies were identified:

- Two students received Unsubsidized Federal Direct Student Loans before the Subsidized need-based loan limit was reached.

- The appropriate notification of the disbursement of Federal Direct Student Loans did not occur for two students.

- One student was not registered with the Selective Service appropriately and received financial aid funds for which they were not eligible. Over disbursements totaling $21,988.00 were noted.

Questioned Costs:
Upon testing the population of students who received financial aid during the 2019 - 2020 award year and for whom a Selective Service System match error was reflected on their Institutional Student Information Record, known questioned costs of $33,690 were identified for the three students who received student financial assistance in excess of their eligibility. The following CFDA numbers were affected by the known questioned costs: 84.063 and 84.268.

Cause:
In discussing these deficiencies with management, they stated the Selective Service System verification requirement was improperly removed within the student information system due to a configuration issue and led to the awarding of aid to ineligible students.

Effect or Potential Effect:
These deficiencies may expose the Institution to unnecessary financial strains and shortages. The funds disbursed to students in excess of their eligibility must be returned to the U.S. Department of Education. Though the Institution 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 Institution and/or fail to repay the funds. Additionally, the Institution was not in compliance with Federal regulations concerning awarding of SFA funds to students.

Recommendation:
The Institution should review its processes and procedures for determining each student’s financial aid eligibility. Where vulnerable, the Institution should develop and/or modify its policies and procedures to ensure that correct amounts will be awarded to students in conformity with Federal requirements. Additionally, the Institution should develop and implement a monitoring process to ensure that controls are functioning properly. The Institution should also contact the U.S. Department of Education regarding resolution of this finding.

Views of Responsible Officials:
We concur with this finding.

OTHER ITEMS (NOTED FOR MANAGEMENT'S CONSIDERATION)

Private Purpose Venture Not Self-Liquidating

Observation:
For fiscal year ended June 30, 2020, an analysis of the financial statement activity for the Institution's public private venture projects revealed that one of the projects' required capital lease payments and other operating costs exceeded yearly revenues by $309,199.36. The Institution has reserves of $2,641,929.13 to cover this operating deficit.

Recommendation:
Management should closely monitor project activity to ensure that revenues are sufficient to service capital lease debt as well as all other associated project costs. Also, management should continue to maintain adequate reserves for the project to protect against potential economic downturns.

SECTION IV

MANAGEMENT’S CORRECTIVE ACTION

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS

FA-2020-001	Improve Controls over the Awarding Process
Compliance Requirement:	Eligibility
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
CFDA 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 84.379 – Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)
Federal Award Numbers:	P007A191055 (Year: 2020), P033A191055 (Year: 2020), P063P190093 (Year: 2020), P268K200093 (Year: 2020), P379T200093 (Year: 2020)
Questioned Costs:	$33,690.00

Description:
The Institution's Student Financial Aid Office improperly determined the Student Financial Assistance (SFA) award amounts for eligible students.

Corrective Action Plans:

The improper award identified was due to a flawed procedure, implemented for Fall Semester 2019. The procedure was designed to allow the use of the Campus Logic's VerifyMyFAFSA.com document and form collection system to collect the required proof of registration with the Selective Service so that they could more easily be submitted remotely.

Staff members were correctly manually posting the additional "Verify" requirement in Banner that should have prevented awarding of funds until the requirement was satisfied in Campus Logic and then acted as the interface between the two systems. Unfortunately, they were not aware that because they were not locking the updated records, the "Verify" requirements was later being inadvertently removed by the Banner automated requirement tracking process allowing awarding.

To resolve this issue, a change has been made to the Banner automated requirement tracking process so that the process will now post the additional "Verify" requirement to all Banner records with Selective Service Comment Codes requiring resolution. This change will preclude the need for staff to manually post the requirement, prevent the "Verify" code from inadvertently being removed and ensure that the requirement is always present to prevent awarding until the necessary proof of registration is received in Campus Logic VerifyMyFAFSA.com system and review by a staff member.

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The procedure will be monitored for the remainder of the 2020-2021 academic year to ensure that the change prevents additional improper awards from being made. Going forward, a quarterly review of Selective Service Comment Code students will be conducted to ensure that the issue does not recur.

A complete review of all Selective Service requirements since the change in procedure for Fall 2019 has been completed, including 2019-2020 and 2020-2021 award year records and corrective measures have been taken for any issues found.

Estimated Completion Date: September 8, 2020

Contact Person:	Douglas R. Tanner
Title:	Director of Financial Aid
Phone Number:	229 245 2471
Email:	dtanner@valdosta.edu

Dr. Richard Carvajal, University President

9.10.2020
Date