

MIDDLE GEORGIA STATE UNIVERSITY

Annual Financial Report
Fiscal Year 2024

MIDDLE GEORGIA STATE UNIVERSITY
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Financial Section



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Regents of the
University System of Georgia
and
Dr. Christopher Blake, President
Middle Georgia State University

We have reviewed the accompanying financial statements of the business-type activities and the fiduciary funds of Middle Georgia State University, as of and for the year ended June 30, 2024, 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 Middle Georgia State University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

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

Required Supplementary Information

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

Other Matters

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

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

Additionally, we have performed certain procedures at Middle Georgia State University to support our audit of the basic financial statements of the State of Georgia presented in the State of Georgia Annual Comprehensive Financial Report and the issuance of a State of Georgia Single Audit Report pursuant to the Single Audit Act Amendments, as of and for the year ended June 30, 2024.

This report is intended solely for the information and use of the management of Middle Georgia State University, and members of the Board of Regents of the University System of Georgia and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



Greg S. Griffin
State Auditor

December 5, 2024

MIDDLE GEORGIA STATE UNIVERSITY

Management's Discussion and Analysis

Introduction

Middle Georgia State University (University) is one of the 26 institutions of higher education of the University System of Georgia. The University, located in Macon, Georgia, was created through the merger of Middle Georgia College based in Cochran, Ga., and Macon State College based in Macon, Ga. Middle Georgia College was founded in 1884 while Macon State College was founded in 1968, making the University a unique combination of the contemporary and traditional in higher education. The University is committed to four core values: Stewardship, Engagement, Adaptability, and Learning. The University serves 8,000+ students on campuses in Macon, Cochran, Dublin, Eastman, and Warner Robins - and online. The University offers 70+ areas of study and degrees at the doctorate, master's, and bachelor's levels, along with select career-oriented associate's degrees and certificates. The University is home to Georgia's flagship School of Aviation and stands at the forefront of aviation education. With a commitment to excellence, the University continues to be a hub for innovation and academic achievement.

	STUDENT HEADCOUNT	STUDENT FTE
FY 2024	8,039	6,506
FY 2023	7,689	6,371
FY 2022	7,885	6,449

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2024. The emphasis of discussions about these statements will be on current year data. There are three business-type activities financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2024 and fiscal year 2023.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2024 and includes all assets and liabilities, both current and noncurrent, and deferred outflows and inflows. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University and how much the University owes vendors. The difference between assets and liabilities (net position) is one indicator of the University's financial health. Increase or decreases in net position provide an indicator of the improvement or decline of the University's financial health when considered in conjunction with other non-financial conditions, such as facilities and enrollment. Net Position is divided into three major categories. The first category, net investment in capital assets, provides the University's equity in property, plant and equipment owned by the University.

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

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

CONDENSED STATEMENT OF NET POSITION			Increase/ (Decrease)	% Change
	June 30, 2024	June 30, 2023		
ASSETS				
Current Assets	\$ 35,180,813	\$ 32,247,972	\$ 2,932,841	9.09 %
Intangible Right-to-Use Assets, Net	796,720	525,622	271,098	51.58 %
Capital Assets, Net	231,007,249	225,080,270	5,926,979	2.63 %
Other Assets	3,655,542	3,397,322	258,220	7.60 %
TOTAL ASSETS	270,640,324	261,251,186	9,389,138	3.59 %
DEFERRED OUTFLOWS				
	31,202,768	45,949,960	(14,747,192)	(32.09)%
LIABILITIES				
Current Liabilities	10,057,677	10,900,138	(842,461)	(7.73)%
Non-Current Liabilities	201,964,437	214,709,484	(12,745,047)	(5.94)%
TOTAL LIABILITIES	212,022,114	225,609,622	(13,587,508)	(6.02)%
DEFERRED INFLOWS				
	32,870,139	27,562,542	5,307,597	19.26 %
NET POSITION				
Net Investment in Capital Assets	129,265,980	129,506,966	(240,986)	(0.19)%
Restricted, Non-Expendable	31,221	24,788	6,433	25.95 %
Restricted, Expendable	45,824	36,395	9,429	25.91 %
Unrestricted	(72,392,186)	(75,539,167)	3,146,981	4.17 %
TOTAL NET POSITION	\$ 56,950,839	\$ 54,028,982	\$ 2,921,857	5.41 %

Total assets increased \$9,389,138 which was due to an increase in current assets of \$2,932,841, an increase in net capital assets of \$5,926,979, and an increase in other assets of \$258,220. The overall increase in unrestricted cash and investments was mostly driven by a University System of Georgia tuition increase. Accounts receivables increased due to the timing on collecting amounts due from sponsored grants and contracts, Georgia State Financing and Investment Commission, Georgia Student Finance Commission, and affiliated organizations.

Total deferred outflows of resources decreased by \$(14,747,192) which was primarily due to the University's proportionate share of the actuarially determined deferred loss on defined benefit pension plan administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia.

Total liabilities decreased \$(13,587,508) which was due to a decrease in current liabilities of \$(842,461) and a decrease in non-current liabilities of \$(12,745,047). Accounts payable decreased \$1,395,678, which was largely attributable to a reduction in unapplied financial aid balances, which fluctuates year to year. Advances increased \$109,236, which was attributable to prepaid tuition and fees related to an increase in enrollment for the summer semester. Compensated absences increased \$45,165, which was related to a combination of an increase in salaries and an increase in unused vacation leave. Net pension liability decreased \$5,761,428 related to the University's proportionate share of the actuarially determined liability for defined benefit plans administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of \$2,921,857. This change in net position is primarily in the category of Unrestricted, in the amount of \$3,146,981.

Total deferred inflows of resources increased by \$5,307,597 which was primarily due to the University's proportionate share of the actuarially determined deferred gain on defined benefit pension plan administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia.

Statement of Revenues, Expenses and Changes in Net Position

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

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2024	June 30, 2023	Increase/ (Decrease)	% Change
Operating Revenue	\$ 46,914,006	\$ 45,654,754	\$ 1,259,252	2.76 %
Operating Expense	121,804,977	120,518,828	1,286,149	1.07 %
Operating Income/Loss	(74,890,971)	(74,864,074)	(26,897)	(0.04)%
Non-Operating Revenue and Expense	74,848,500	81,906,772	(7,058,272)	(8.62)%
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	(42,471)	7,042,698	(7,085,169)	(100.60)%
Other Revenues, Expenses, Gains, Losses and Special Items	2,964,328	3,677,392	(713,064)	(19.39)%
Change in Net Position	2,921,857	10,720,090	(7,798,233)	(72.74)%
Net Position at beginning of year	54,028,982	43,308,892	10,720,090	24.75 %
Net Position at End of Year	\$ 56,950,839	\$ 54,028,982	\$ 2,921,857	5.41 %

The Statement of Revenues, Expenses and Changes in Net Position reflect a positive year, which is represented by an increase in net position at the end of the year. Some highlights of the information presented on this statement are as follows:

Revenues

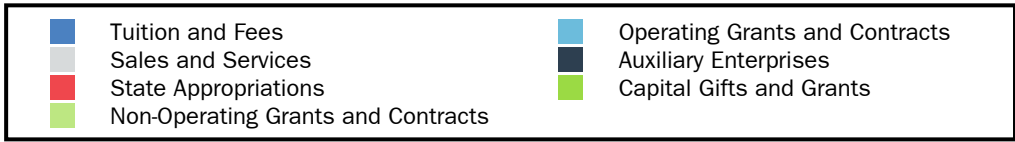
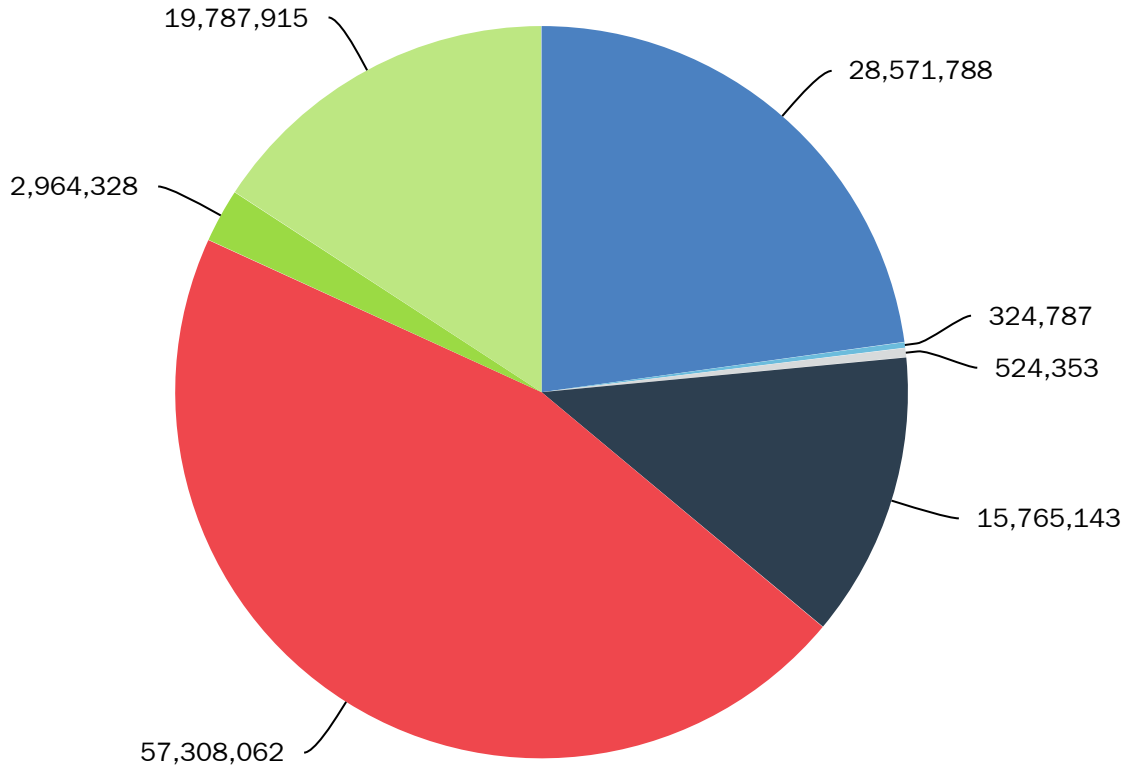
In fiscal year 2024, state appropriations decreased \$2.77 million (4.62%), grants and contracts revenue decreased \$2.53 million, and net tuition and fee revenues increased \$3.46 million (13.76%), which is a direct result of a 4.5% enrollment increase and a 14.5% tuition increase for academic calendar 2023-2024.

For the years ended June 30, 2024 and June 30, 2023, revenues by source were as follows:

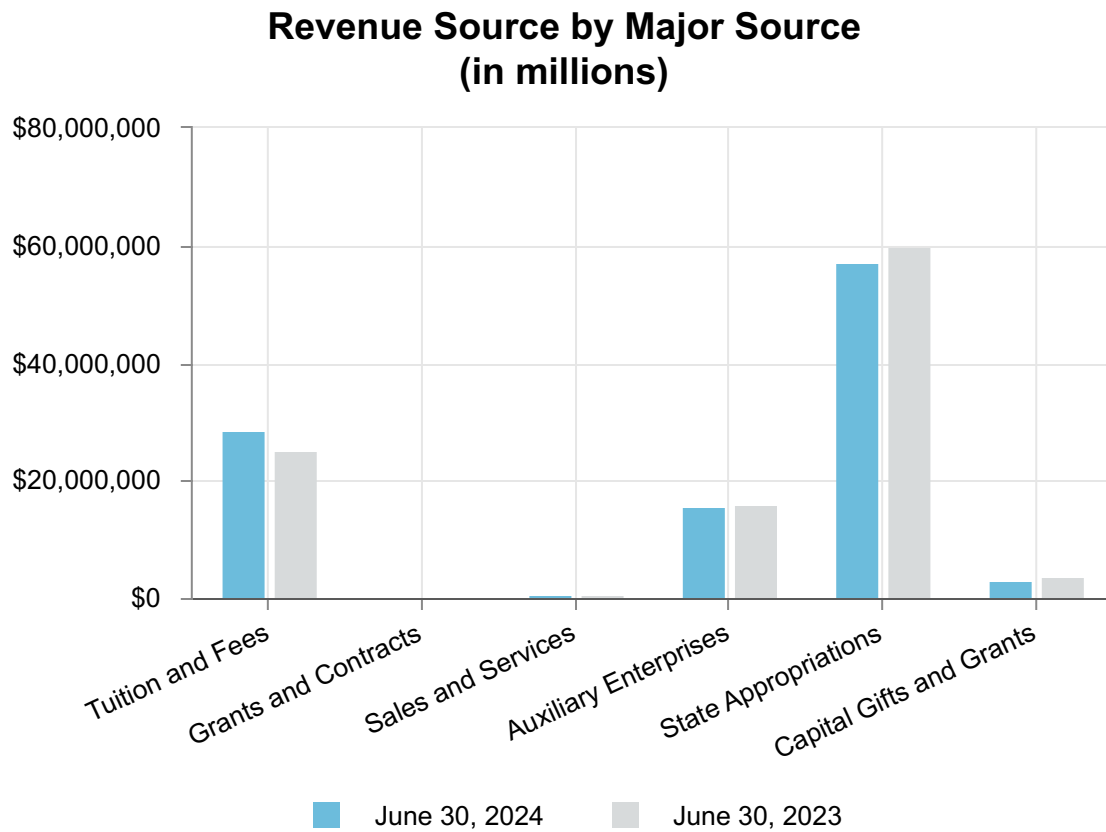
REVENUES BY SOURCE	June 30, 2024	June 30, 2023	Increase/ (Decrease)	% Change
Tuition and Fees	\$ 28,571,788	25,116,450	\$ 3,455,338	13.76 %
Grants and Contracts	324,787	147,970	176,817	119.50 %
Sales and Services	524,353	517,079	7,274	1.41 %
Auxiliary Enterprises	15,765,143	16,016,075	(250,932)	(1.57)%
Other Operating Revenues	1,727,935	3,857,180	(2,129,245)	(55.20)%
Total Operating Revenues	46,914,006	45,654,754	1,259,252	2.76 %
State Appropriations	57,308,062	60,081,873	(2,773,811)	(4.62)%
Grants and Contracts	19,787,915	22,489,988	(2,702,073)	(12.01)%
Gifts	37,421	2,594,647	(2,557,226)	(98.56)%
Investment Income	1,161,872	642,843	519,029	80.74 %
Other Nonoperating Revenues	(38,695)	(77,888)	39,193	50.32 %
Total Nonoperating Revenues	78,256,575	85,731,463	(7,474,888)	(8.72)%
State Capital Gifts and Grants	2,964,328	3,431,384	(467,056)	(13.61)%
Other Capital Gifts and Grants	—	246,008	(246,008)	(100.00)%
Total Capital Gifts and Grants	2,964,328	3,677,392	(713,064)	(19.39)%
Total Revenues	\$ 128,134,909	\$ 135,063,609	\$ (6,928,700)	(5.13)%

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

Revenue by Major Source



Revenue by major source for the years ended June 30, 2024 and June 30, 2023 is depicted by the following chart:



Expenses

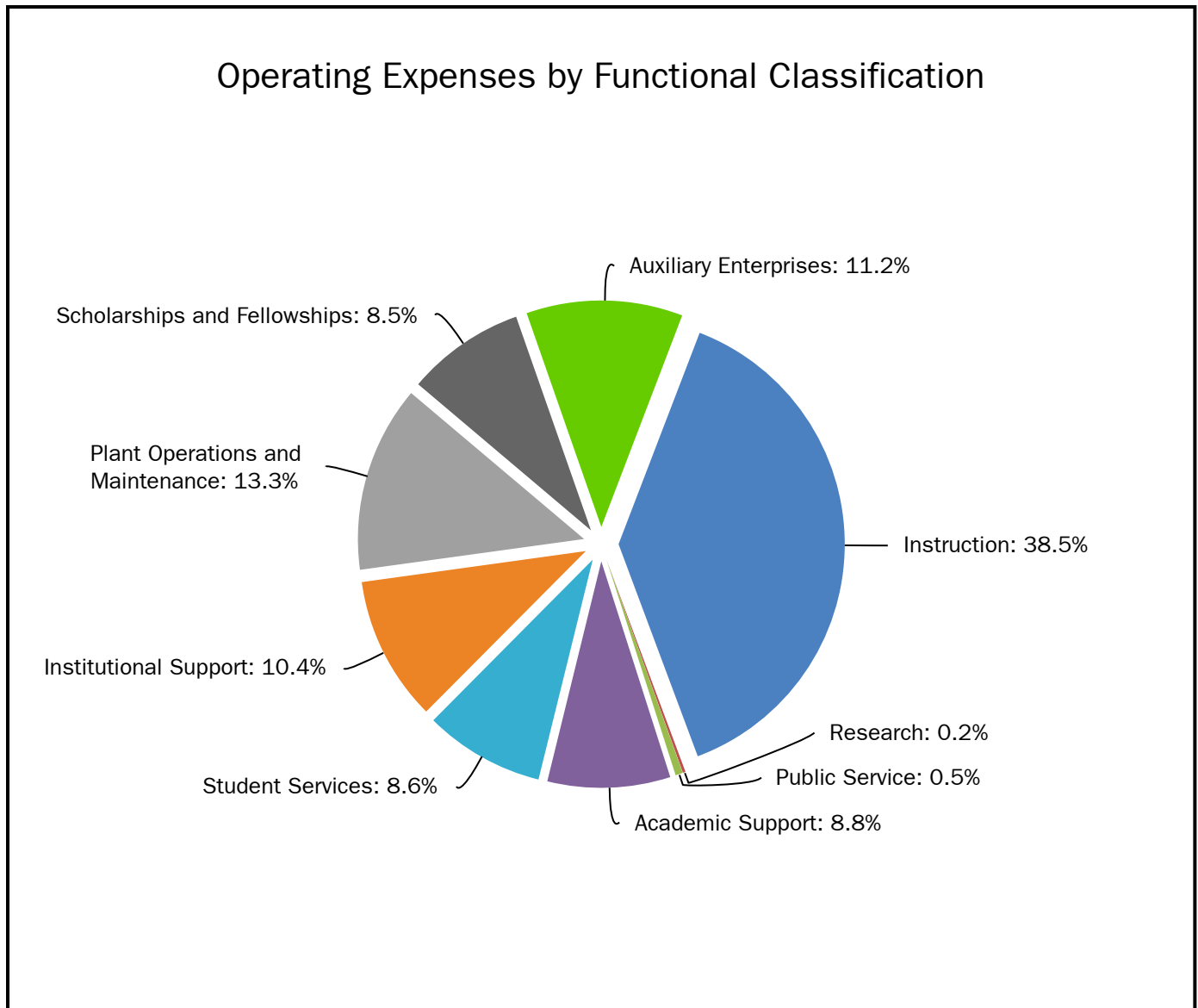
For the years ended June 30, 2024 and June 30, 2023, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2024	June 30, 2023	Increase/ (Decrease)	% Change
Instruction	\$ 46,880,977	\$ 45,818,375	\$ 1,062,602	2.32 %
Research	243,998	115,986	128,012	110.37 %
Public Service	669,925	466,908	203,017	43.48 %
Academic Support	10,692,596	9,221,119	1,471,477	15.96 %
Student Services	10,493,059	9,386,503	1,106,556	11.79 %
Institutional Support	12,613,406	12,193,651	419,755	3.44 %
Plant Operations and Maintenance	16,246,826	18,988,620	(2,741,794)	(14.44)%
Scholarships and Fellowships	10,337,178	9,264,873	1,072,305	11.57 %
Auxiliary Enterprises	13,627,012	15,062,793	(1,435,781)	(9.53)%
Total Operating Expenses	121,804,977	120,518,828	1,286,149	1.07 %
Interest Expense	3,408,075	3,824,691	(416,616)	(10.89)%
Total Nonoperating Expenses	3,408,075	3,824,691	(416,616)	(10.89)%
Total Expenses	\$ 125,213,052	\$ 124,343,519	\$ 869,533	0.70 %

Total operating expenses were \$121.8 million in fiscal year 2024, an increase of \$1.29 million (1.07%) when compared with fiscal year 2023. This increase is primarily attributable to the following functional classifications: Instruction (\$1.06 million); Academic Support (\$1.47 million); and Student Services (\$1.11 million). These amounts were partially offset by a decrease in Plant Operations and Maintenance (\$-2.74 million) and Auxiliary Enterprises (\$-1.44 million).

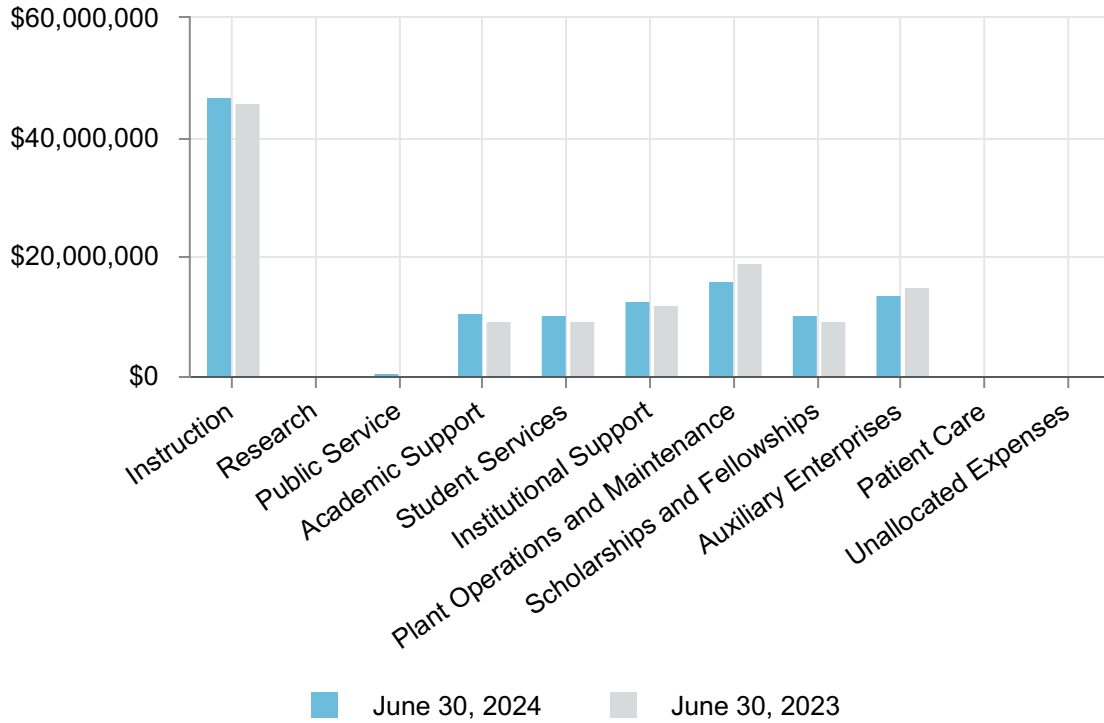
As noted above, operating expenses increased \$1.29 million (1.07%) in fiscal year 2024 when compared with fiscal year 2023. The increases were substantially attributable to salaries and benefits, including other personal services, along with scholarships and fellowships. The increases in salaries and benefits are attributable to increases in pension expenses, OPEB expenses, faculty and staff increases, and merit increases. The increase in scholarships and fellowships is attributable to an increase in enrollment and tuition rates.

The following chart depicts the fiscal 2024 operating expenses by functional classification.



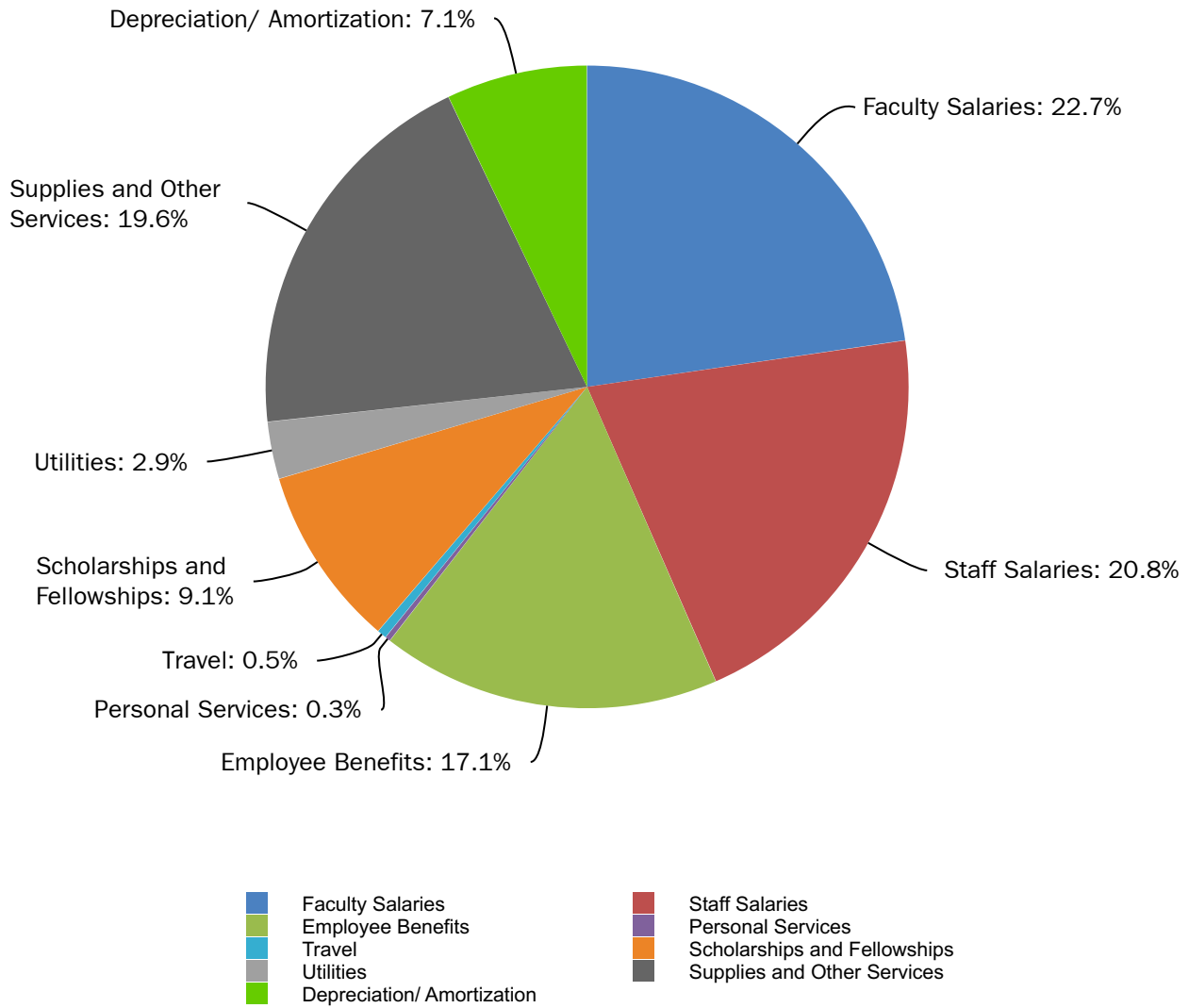
Operating expenses by by functional classification for the years ended June 30, 2024 and June 30, 2023 is depicted by the following chart:

Operating Expenses by Functional Classification (in millions)



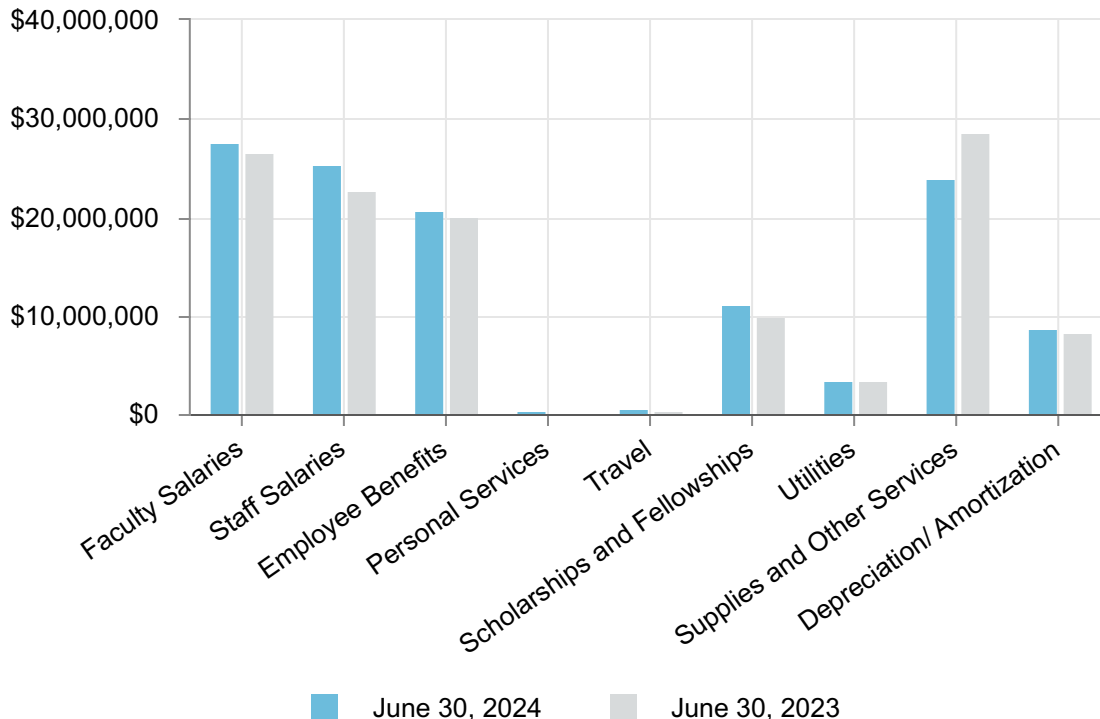
The following chart depicts the fiscal 2024 operating expenses by natural classification.

Operating Expenses by Natural Classification



Operating expenses by by natural classification for the years ended June 30, 2024 and June 30, 2023 is depicted by the following chart:

Operating Expenses by Natural Classification (in millions)



Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the University during the year and is divided into five sections. The first section is concerned with operating cash flows and reflects the net cash used by the various operating activities of the University. The second section is related to cash flows from non-capital financing activities, which reflects the cash received and spent for non-capital financing purposes. The third section summarizes cash flows from capital and related financing activities and contains cash used for the acquisition and construction of capital and related items. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The fifth, and final, section reconciles the net cash used to the operating income or loss as reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Cash Flows for the Years Ended June 30, 2024 and 2023, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS		
	June 30, 2024	June 30, 2023
Cash Provided (Used) by:		
Operating Activities	\$ (67,800,482)	\$ (71,783,222)
Non-Capital Financing Activities	77,133,398	88,033,420
Capital and Related Financing Activities	(9,522,488)	(7,689,169)
Investing Activities	889,831	489,281
NET CHANGE IN CASH	\$ 700,259	\$ 9,050,310
Cash, beginning of year (restated)	23,008,313	13,958,003
CASH, end of year	\$ 23,708,572	\$ 23,008,313

Capital & Intangible Right-to-Use Assets

Capital assets, net of accumulated depreciation, at June 30, 2024 and June 30, 2023 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2024	June 30, 2023	Increase (Decrease)	% Change
Land	\$ 11,063,189	10,708,189	\$ 355,000	3.32 %
Construction Work-in-Progress	937,206	7,841,018	(6,903,812)	(88.05)%
Infrastructure	820,572	835,302	(14,730)	(1.76)%
Building and Building Improvements	212,787,677	201,031,514	11,756,163	5.85 %
Facilities and Other Improvements	943,728	1,030,284	(86,556)	(8.40)%
Equipment	4,370,688	3,552,414	818,274	23.03 %
Library Collections	84,189	81,549	2,640	3.24 %
Capital Assets, net of accumulated depreciation	\$ 231,007,249	\$ 225,080,270	\$ 5,926,979	2.63 %

The University had two significant capital asset additions for facilities in fiscal year 2024. The Dublin Center renovation was completed and a bond refinancing allowed for construction funds to be allotted for the renovation of University Pointe.

Intangible Right-to-Use assets, net of accumulated amortization, at June 30, 2024 and June 30, 2023 were as follows:

INTANGIBLE RIGHT-TO-USE ASSETS, net of accumulated amortization	June 30, 2024	June 30, 2023	Increase (Decrease)	% Change
Building and Building Improvements	\$ 476,226	\$ 18,079	\$ 458,147	2,534.14 %
Subscription Based IT Arrangements (SBITAs)	320,494	507,543	(187,049)	(36.85)%
Intangible Right-to-Use Assets, net of accumulated amortization	\$ 796,720	\$ 525,622	\$ 271,098	51.58 %

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

Long Term Liabilities

Middle Georgia State University had Long-Term Liabilities of \$99,406,246 of which \$5,795,193 was reflected as current liability at June 30, 2024.

For additional information concerning Long-Term Liabilities, see Note 8 in the Notes to the Financial Statements.

Notes to the Financial Statements

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

Economic Outlook

The University's overall financial position showed a \$2.9 million improvement from the previous fiscal year. The University continues to align its resources with its strategic plan and operate within budgetary constraints. The University will continue to monitor cash balances and hold costs to acceptable levels in order to maintain the University's ability to react to unknown internal and external issues.

Management is optimistic that with recent increases in freshmen classes and strategies to retain and matriculate these students; a newly created Doctor of Science in Public Safety program; recent tuition increases to align the University's tuition rates with the state university sector; and the newly formed Office of Research and Sponsored Projects to increase the acquisition of grant awards, Middle Georgia State University will be in a position to withstand its financial challenges in order to carry out its mission and achieve its strategic objectives.

Financial Statements (GAAP Basis)

MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2024

Middle Georgia State
University

ASSETS

Current Assets

Cash and Cash Equivalents	\$	23,708,572
Accounts Receivable, net		
Federal Financial Assistance		171,748
State General Appropriations		
Margin Allocation Funds		—
Affiliated Organizations		117,492
Primary Government		—
Pledges and Contributions		—
Other		6,218,367
Inventories		78,680
Prepaid Items		4,885,954
Total Current Assets		<u>35,180,813</u>

Non-Current Assets

Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund		708,560
Other		201,548
Investments		2,668,389
Investments (Externally Restricted)		77,045
Capital Assets, net		231,007,249
Intangible Right-to-Use Assets, net		796,720
Total Non-Current Assets		<u>235,459,511</u>

TOTAL ASSETS

270,640,324

DEFERRED OUTFLOWS OF RESOURCES

\$ 31,202,768

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

MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2024

	Middle Georgia State University
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 88,527
Salaries Payable	222,322
Benefits Payable	110,921
Advances (Including Tuition and Fees)	2,477,242
Deposits	1,251,861
Deposits Held for Other Organizations	111,305
Other Liabilities	306
Subscription Obligations	132,314
Notes and Loans Payable - Component Units	3,847,097
Lease Obligations - External	52,914
Compensated Absences	1,762,868
Total Current Liabilities	10,057,677
Non-Current Liabilities	
Subscription Obligations	\$ 69,155
Notes and Loans Payable - Component Units	92,180,893
Lease Obligations - External	423,312
Compensated Absences	937,693
Net Other Post Employment Benefits Liability	44,296,577
Net Pension Liability	64,056,807
Total Non-Current Liabilities	201,964,437
TOTAL LIABILITIES	212,022,114
DEFERRED INFLOWS OF RESOURCES	32,870,139
NET POSITION	
Net Investment in Capital Assets	129,265,980
Restricted for:	
Nonexpendable	31,221
Expendable	45,824
Unrestricted (Deficit)	(72,392,186)
TOTAL NET POSITION	\$ 56,950,839

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

MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2024

	Middle Georgia State University
OPERATING REVENUES	
Student Tuition and Fees (net)	\$ 28,571,788
Grants and Contracts	
Federal	275,321
State	43,976
Other	5,490
Sales and Services	524,353
Rents and Royalties	586,267
Auxiliary Enterprises	
Residence Halls	8,968,171
Bookstore	1,543,424
Food Services	3,230,839
Parking/Transportation	122,951
Health Services	166,068
Intercollegiate Athletics	1,080,867
Other Organizations	652,823
Other Operating Revenues	1,141,668
	<hr/>
Total Operating Revenues	46,914,006
	<hr/>
OPERATING EXPENSES	
Faculty Salaries	27,632,557
Staff Salaries	25,290,971
Employee Benefits	20,793,342
Other Personal Services	326,232
Travel	580,508
Scholarships and Fellowships	11,125,748
Utilities	3,501,172
Supplies and Other Services	23,916,155
Depreciation and Amortization	8,638,292
	<hr/>
Total Operating Expenses	121,804,977
	<hr/>
Operating Income (Loss)	\$ (74,890,971)
	<hr/>

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

MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2024

	Middle Georgia State University
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	\$ 57,308,062
Grants and Contracts	
Federal	19,331,942
State	5,651
Other	450,322
Gifts	37,421
Investment Income	1,161,872
Interest Expense	(3,408,075)
Other Nonoperating Revenues (Expenses)	(38,695)
	<hr/>
Net Nonoperating Revenues	74,848,500
	<hr/>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(42,471)
	<hr/>
Capital Grants and Gifts	
State	2,964,328
	<hr/>
Total Other Revenues, Expenses, Gains or Losses	2,964,328
	<hr/>
Change in Net Position	2,921,857
	<hr/>
Net Position, Beginning of Year, As Originally Reported	54,028,982
	<hr/>
Net Position, End of Year	<u>\$ 56,950,839</u>

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

**MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

	Middle Georgia State University
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 43,335,249
Grants and Contracts (Exchange)	234,407
Payments to Suppliers	(46,895,089)
Payments to Employees	(53,425,805)
Payments for Scholarships and Fellowships	(11,125,748)
Loans Issued to Students	(19,388)
Collection of Loans from Students	17,918
Other Receipts	77,974
Net Cash Used by Operating Activities	<u>(67,800,482)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	57,308,062
Gifts and Grants Received for Other Than Capital Purposes	19,825,336
Other Non-Capital Financing Receipts	—
Net Cash Flows Provided by Non-Capital Financing Activities	<u>77,133,398</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	2,405,677
Purchases of Capital and Intangible Right-to-Use Assets	(4,325,015)
Principal Paid on Capital Debt and Leases	(3,824,408)
Interest Paid on Capital Debt and Leases	(3,778,742)
Net Cash Used by Capital and Related Financing Activities	<u>(9,522,488)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	889,831
Net Cash Provided by Investing Activities	<u>889,831</u>
Net Increase in Cash and Cash Equivalents	700,259
Cash and Cash Equivalents, Beginning of Year	<u>23,008,313</u>
Cash and Cash Equivalents, End of Year	<u>\$ 23,708,572</u>

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

MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2024

	Middle Georgia State University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (74,890,971)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation and Amortization	8,638,292
Change in Assets and Liabilities:	
Receivables, net	(2,858,488)
Inventories	268,144
Prepaid Items	946,301
Accounts Payable	(1,327,656)
Salaries Payable	32,434
Benefits Payable	21,306
Deposits	163,963
Advances (Including Tuition and Fees)	109,264
Other Liabilities	(192)
Funds Held for Others	37,058
Compensated Absences	45,165
Net Pension Liability	(5,761,428)
Other Post-Employment Benefit Liability	(11,577,038)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	3,606,172
Deferred Outflows of Resources	14,747,192
Net Cash Used by Operating Activities	<u>\$ (67,800,482)</u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Capital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	<u>\$ 558,651</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (38,696)</u>
Capital Assets Acquired by Incurring Financing Lease Arrangements	<u>\$ 10,105,000</u>
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	<u>\$ 529,140</u>
Deferred Gain (Loss) due to Debt Refundings	<u>\$ 2,072,093</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ 370,667</u>
Unrealized Gain (Loss) on Investments	<u>\$ 272,041</u>

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

**MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Custodial Funds</u>
ASSETS	
Other	\$ 964,751
LIABILITIES	
Cash Overdraft	864,931
Accounts Payable	<u>3,343</u>
Total Liabilities	<u>868,274</u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u><u>\$ 96,477</u></u>

**MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 25,356,755
State Financial Aid	9,311,568
Other Financial Aid	3,438,750
Clubs and Other Organizations Fund Raising	38,090
Miscellaneous	<u>372,603</u>
Total Additions	<u>38,517,766</u>
DEDUCTIONS	
Scholarships and Other Student Support	38,111,076
Student Organizations Support	55,278
Other Payments	<u>379,831</u>
Total Deductions	<u>38,546,185</u>
Net Increase (Decrease) in Fiduciary Net Position	(28,419)
Net Position, Beginning of Year	<u>124,896</u>
Net Position, End of Year	<u><u>\$ 96,477</u></u>

Notes to the Financial Statements

MIDDLE GEORGIA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies

Nature of Operations

Middle Georgia State University (University) educates and graduates inspired, lifelong learners whose scholarship and careers enhance the region through professional leadership, innovative partnerships, and community engagement.

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the University. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2024, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Basis of Accounting and Financial Statement Presentation

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

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

The University reports the following fiduciary fund:

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

New Accounting Pronouncements

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

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections, effective for fiscal years beginning after June 15, 2023. The objectives of this Statement are to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The adoptions of this statement does not have a significant impact on the financial statements and will be applied prospectively.

Cash and Cash Equivalents

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

Investments

Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The University accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The Board of Regents Balanced Income Fund and the Board of Regents Diversified Fund are included as investments. Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Assets restricted as to use by a third party are reported as externally restricted.

Accounts Receivable

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

Inventories

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

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2024 are recorded as prepaid items.

Capital Assets

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

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

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

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

Intangible Right-To-Use Assets

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

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

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

Rental income arising from leases as a lessor is included as a receivable and deferred inflow of resources at the commencement of the lease and revenue is recognized on a straight line basis over the lease term.

Capital Liability Reserve Fund

The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term capital lease obligations. All USG institutions participating in the PPV program finance the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The balance included on the University's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the University's contribution to the Fund.

Deferred Outflows of Resources

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

Deposits

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

Advances

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

Deposits Held for Other Organizations

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

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

Other Post-Employment Benefit (OPEB)

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

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

Pensions and Net Pension Liability

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

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

Net Position

The University's net position is classified as follows:

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

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

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

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

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$11,179,776.

Restatement of Prior Year Net Position

The University had no restatements in the current fiscal year.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2024 are classified in the accompanying statement of net position and statement of fiduciary net position as follows:

Statement of Net Position	
Current	
Cash and Cash Equivalents	\$ 23,708,572
Noncurrent	
Non Current - Investments	2,668,389
Noncurrent Investments (Externally Restricted)	77,045
Statement of Fiduciary Net Position	
Cash and Cash Equivalents	(864,931)
	<u>\$ 25,589,075</u>

Cash on hand, deposits and investments as of June 30, 2024 consist of the following:

Cash on Hand	\$ (3,737)
Deposits with Financial Institutions	16,923,938
Investments	8,668,874
	<u>\$ 25,589,075</u>

A. Deposits with Financial Institutions

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

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

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

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

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

At June 30, 2024, the bank balances of the University's deposits totaled \$20,920,992. None of these deposits were exposed to custodial credit risk.

B. Investments

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

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

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

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

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

Net Asset Value (NAV) – Investments whose fair value is measured at the NAV are excluded from the fair value hierarchy as a practical expedient to fair value. Investments reported at NAV include real estate funds that invest primarily in U.S. commercial real estate. The fair values of real estate investments in this

category have been estimated using the net asset value of the University's ownership interest in partners' capital. Real estate investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from real estate investment funds will be received as the underlying investments of a fund are liquidated.

The following table summarizes the valuation of the University's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2024.

	<u>Fair Value</u>
Investment Pools	
Board of Regents	
Short-Term Fund	\$ 5,923,440
Balanced Income Fund	1,030,559
Diversified Fund	<u>1,714,875</u>
Total Investments	<u>\$ 8,668,874</u>

Board of Regents Pooled Investment Program

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

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

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

1. Short-Term Fund

The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and four years, and the fund will typically have an overall average duration of $\frac{3}{4}$ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Short-Term Fund at June 30, 2024 was \$5,923,440, of which 100% is invested in debt securities. The Effective Duration of the Fund is 1.08 years.

2. Balanced Income Fund

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

The equity allocation shall range between 20% and 40%, with a target of 30% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 80%, with a target of 70% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1,

P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Balanced Income Fund at June 30, 2024 was \$1,030,559, of which 63% is invested in debt securities. The Effective Duration of the Fund is 4.5 years.

3. 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 University's position in the Diversified Fund at June 30, 2024 was \$1,714,875, of which 26% is invested in debt securities. The Effective Duration of the Fund is 5.06 years.

Interest Rate Risk

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

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2024:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 936,013	\$ 7,650
Auxiliary Enterprises and Other Operating Activities	1,300,918	
Federal Financial Assistance	171,748	2,856
Georgia Student Finance Commission		919,545
Georgia State Financing and Investment Commission	5,151,475	
Due from Affiliated Organizations	117,492	
Due From Other USG Institutions	821,460	
Other	562,416	34,700
	9,061,522	964,751
Less: Allowance for Doubtful Accounts	1,643,807	
Net Accounts Receivable	\$ 7,417,715	\$ 964,751

Note 4 Inventories

Inventories consisted of the following at June 30, 2024:

Merchandise for Resale	\$ 78,680
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Note 5 Notes and Loans Receivable

The University had no notes and loans receivable at June 30, 2024.

Note 6 Capital and Intangible Right-to-Use Assets

Capital Assets

Changes in capital assets for the year ended June 30, 2024 are shown below:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Capital Assets, Not Being Depreciated:				
Land	\$ 10,708,189	355,000		\$ 11,063,189
Construction Work-in-Progress	7,841,018	1,980,401	8,884,213	937,206
Total Capital Assets Not Being Depreciated	<u>18,549,207</u>	<u>2,335,401</u>	<u>8,884,213</u>	<u>12,000,395</u>
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	10,851,156			10,851,156
Building and Building Improvements	320,676,651	19,208,112	—	339,884,763
Facilities and Other Improvements	7,264,689			7,264,689
Equipment	19,243,509	1,637,600	880,573	20,000,536
Library Collections	3,930,644	29,511	363,787	3,596,368
Total Capital Assets Being Depreciated/Amortized	<u>361,966,649</u>	<u>20,875,223</u>	<u>1,244,360</u>	<u>381,597,512</u>
Less: Accumulated Depreciation/Amortization				
Infrastructure	10,015,854	14,730		10,030,584
Building and Building Improvements	119,645,137	7,451,949	—	127,097,086
Facilities and Other Improvements	6,234,405	86,556	—	6,320,961
Equipment	15,691,095	780,630	841,877	15,629,848
Library Collections	3,849,095	26,871	363,787	3,512,179
Total Accumulated Depreciation/Amortization	<u>155,435,586</u>	<u>8,360,736</u>	<u>1,205,664</u>	<u>162,590,658</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>206,531,063</u>	<u>12,514,487</u>	<u>38,696</u>	<u>219,006,854</u>
Capital Assets, net	<u>\$ 225,080,270</u>	<u>\$ 14,849,888</u>	<u>\$ 8,922,909</u>	<u>\$ 231,007,249</u>

For projects managed by GSFIC, GSFIC retains construction-work-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-work-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2024, no capital additions from GSFIC managed projects were transferred by GSFIC to the University. At June 30, 2024, GSFIC had construction in progress of approximately \$937,206 for an incomplete GSFIC project managed by the University.

Intangible Right-to-Use Assets

	Beginning Balances July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024
Intangible Right-to-use Assets, Being Amortized:				
Building and Building Improvements	\$ 65,507	\$ 511,061	\$ —	\$ 576,568
Subscription Based IT Arrangements (SBITAs)	577,816	37,593	—	615,409
	<hr/>	<hr/>	<hr/>	<hr/>
Total Leased Assets Being Amortized	643,323	548,654	—	1,191,977
Less: Accumulated amortization				
Building and Building Improvements	47,428	52,914	—	100,342
Subscription Based IT Arrangements (SBITAs)	70,273	224,642	—	294,915
	<hr/>	<hr/>	<hr/>	<hr/>
Total Accumulated Amortization	117,701	277,556	—	395,257
Total Intangible Right-to-use Assets, Being Amortized, Net				
	<hr/>	<hr/>	<hr/>	<hr/>
	525,622	271,098	—	796,720
Intangible Right-to-use Assets, net				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 525,622	\$ 271,098	\$ —	\$ 796,720

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2024:

	Current Liabilities
Prepaid Tuition and Fees	\$ 1,383,590
Other - Advances	1,093,652
	<hr/>
Totals	\$ 2,477,242

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Lease & Subscription Obligations					
Lease Obligations	\$ —	\$ 529,140	\$ 52,914	\$ 476,226	\$ 52,914
Subscription Obligations	395,004		193,535	201,469	132,314
Total	<u>395,004</u>	<u>529,140</u>	<u>246,449</u>	<u>677,695</u>	<u>185,228</u>
Other Liabilities					
Compensated Absences	2,655,396	1,809,640	1,764,475	2,700,561	1,762,868
Notes and Loans Payable	91,573,042	18,457,449	14,002,501	96,027,990	3,847,097
Total	<u>94,228,438</u>	<u>20,267,089</u>	<u>15,766,976</u>	<u>98,728,551</u>	<u>5,609,965</u>
Total Long-Term Obligations	<u>\$ 94,623,442</u>	<u>\$ 20,796,229</u>	<u>\$ 16,013,425</u>	<u>\$ 99,406,246</u>	<u>\$ 5,795,193</u>

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

Notes and Loans Payable

Financing Lease Agreements

The University is obligated under various multi-year financing lease agreements for the acquisition or use of real property and equipment, whereby the asset(s) transfers ownership at the end of the agreement.

In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to financing lease agreements for fiscal year 2024 were \$3,577,959 and \$3,773,774, respectively. Interest rates range from 3.66% to 5.42%.

The University has \$96,027,990 in outstanding notes and loans payable due to affiliated organizations for financing lease agreements.

The following is a summary of the carrying values of assets held under financing lease agreements at June 30, 2024:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Financing Lease Arrangements at June 30, 2024	Outstanding Balances per Lease Schedules at June 30, 2024
	(+)	(-)	(=)	
Finance Buildings and Building Improvements	\$ 124,618,465	\$ 36,786,996	\$ 87,831,469	\$ 96,027,990
Total Assets Held Under Finance Lease Arrangement	<u>\$ 124,618,465</u>	<u>\$ 36,786,996</u>	<u>\$ 87,831,469</u>	<u>\$ 96,027,990</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Anderson Hall/ Gateway Hall/ Harris Hall	USG Real Estate Foundation VII, LLC	\$ 21,500,750	17 years	June 2018	June 2035	\$ 15,828,091 (1)
Regents Hall	USG Real Estate Foundation VII, LLC	12,344,832	20 years	June 2018	June 2038	9,854,206 (1)
Knight Hall	USG Real Estate Foundation VII, LLC	12,548,479	20 years	June 2018	June 2038	9,699,754 (1)
Aviation Hall	USG Real Estate Foundation VII, LLC	7,036,195	20 years	June 2018	June 2038	5,293,773 (1)
Wellness Center	Middle Georgia State College Real Estate Foundation, Inc.	22,940,947	28 years	July 2014	June 2042	17,834,080 (1)
Lakeview Pointe	USG Real Estate Foundation IX, LLC	20,067,631	30 years	July 2020	May 2050	19,060,637 (1)
University Pointe	Middle Georgia State University Real Estate Foundation, Inc.	18,457,450	30 years	June 2024	June 2054	18,457,449 (1)
Total Leases		<u>\$ 114,896,284</u>				<u>\$ 96,027,990</u>

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

Below is the annual debt service related to the outstanding notes and loans payable at June 30, 2024.

Year Ending June 30:	Principal	Interest
2025	\$ 3,847,097	\$ 4,130,805
2026	4,013,699	3,966,277
2027	4,181,388	3,794,654
2028	4,363,319	3,621,302
2029	4,556,629	3,428,887
2030 through 2034	25,974,123	14,041,435
2035 through 2039	21,549,918	8,579,798
2040 through 2044	11,596,249	4,979,613
2045 through 2049	9,551,972	2,752,060
2050 through 2054	6,393,596	734,908
Total Minimum Lease Payments	<u>\$ 96,027,990</u>	<u>\$ 50,029,739</u>

Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2024, consisted of the following:

Deferred Outflows of Resources

Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	\$	21,871,635
Deferred Outflows on OPEB Plan (See Note 17)		9,331,133
Total Deferred Outflows of Resources	\$	31,202,768

Deferred Inflows of Resources

Deferred Inflows on Debt Refunding	\$	5,832,305
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)		396,189
Deferred Inflows on OPEB Plan (See Note 17)		26,426,277
Deferred Inflows of Resources - Leases		215,368
Total Deferred Inflows of Resources	\$	32,870,139

Deferred Inflow on Debt Refunding

The unamortized deferred inflow on debt refunding is related to changes in the provisions of various financing lease arrangements that resulted from a refunding by the lessor of tax-exempt debt in which the lessor passed on a portion of the the perceived economic advantages of the refunding to the University.

Leases

In February 2020, the University entered into an agreement with Tarpon Towers for a parcel of land for a cell phone tower located in Laurens County, Georgia. The agreement is renewable for ten (10) years, with the right to renew for two (2) additional five (5) year periods, for a total of \$305,296 payable to the University. The amortized revenue recorded in fiscal year 2024 was \$13,819 and the remaining deferred inflow of resources was \$215,368.

Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2024 is as follows:

Net Investment in Capital Assets	\$ 129,265,980
Restricted for	
Nonexpendable	
Permanent Endowment	\$ 31,221
Expendable	
Quasi-Endowments	\$ 45,824
Unrestricted	
Auxiliary Enterprises Operations	\$ 13,228,250
Reserve for Encumbrances	11,487,335
Capital Liability Reserve Fund	708,560
Other Unrestricted	(97,816,331)
Sub-Total	\$ (72,392,186)
Total Net Position	\$ 56,950,839

Other unrestricted net position is reduced by \$42,581,361 related to the recording of net OPEB liability, deferred inflows of resources on OPEB plan, and deferred outflows of resources on OPEB plan. Other unrestricted net position is also reduced by \$61,391,724 related to the recording of net pension liability, deferred inflows of resources on defined benefit pension plans, and deferred outflows of resources on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation, student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in Net Position for the year ended June 30, 2024 are as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Net Investments in Capital Assets	\$ 129,506,966	\$ 29,124,016	\$ 29,365,002	\$ 129,265,980
Restricted Net Position	61,183	23,077,030	23,061,168	77,045
Unrestricted Net Position	(75,539,167)	105,096,575	101,949,594	(72,392,186)
Total Net Position	\$ 54,028,982	\$ 157,297,621	\$ 154,375,764	\$ 56,950,839

Note 11 Endowments

Donor Restricted Endowments

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

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

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

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

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2024. The University did not have any significant unearned, outstanding renovation contracts executed as of June 30, 2024.

Note 13 Leases and Subscriptions

Lease Obligations

In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal payments related to leases for fiscal year 2024 were \$52,914.

There were no residual guaranteed payment, variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2024.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2024:

Description	Gross Amount	Less: Accumulated Amortization	Net, Capital Assets Held Under Lease at June 30, 2024	Outstanding Balance per Lease Schedules at June 30, 2024
	(+)	(-)	(=)	
Leased Buildings and Building Improvements	\$ 576,568	\$ 100,342	\$ 476,226	\$ 476,226

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Macon Downtown Airport	Macon-Bibb County Industrial Authority	<u>\$ 529,140</u>	10 yrs	Jul 2024	Jun, 2033	<u>\$ 476,226</u>

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

Subscription Obligations

There were no variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2024. The University's principal and interest payments related to SBITAs for fiscal year 2024 were \$193,535 and \$4,967, respectively. Interest rate is 2.26%.

The following is a summary of the carrying values of intangible right-to-use assets held under SBITA at June 30, 2024:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Subscription Obligations at June 30, 2024	Outstanding Balance per Subscription Schedules at June 30, 2024
Subscription Based IT Arrangements (SBITAs)	<u>\$ 615,409</u>	<u>\$ 294,915</u>	<u>\$ 320,494</u>	<u>\$ 201,469</u>
Total Assets Held Under Subscription Based Information Technology Arrangements (SBITAs)	<u>\$ 615,409</u>	<u>\$ 294,915</u>	<u>\$ 320,494</u>	<u>\$ 201,469</u>

Below is the future commitments related to the outstanding subscription obligations year at June 30, 2024:

Year Ending June 30:	Principal	Interest
2025	\$ 132,314	\$ 1,909
2026	<u>69,155</u>	<u>239</u>
Total Minimum Subscription Payments	<u>\$ 201,469</u>	<u>\$ 2,147</u>

Note 14. Retirement Plans

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

The University also provides the Regents Retirement Plan.

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

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

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2024. The University's contractually required contribution rate for the year ended June 30, 2024 was 19.98% of annual the University payroll. The University's contributions to TRS totaled \$6,744,363 for the year ended June 30, 2024.

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, 2024 was 29.35% of annual covered payroll for old and new plan members and 25.51% for GSEPS members. The University's contributions to ERS totaled \$87,498 for the year ended June 30, 2024. 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, 2024, the University reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2023 was determined using standard roll-forward techniques. The University's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2023. At June 30, 2023, the University's TRS proportion was 0.213934%, which was an increase of 0.001282% from its proportion measured as of June 30, 2022. At June 30, 2023, the University's ERS proportion was 0.014991%, which was an increase of 0.003521% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the University recognized pension expense of \$12,715,611 for TRS and \$199,297 for ERS. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,207,307	\$ 261,156	\$ 13,585	\$ 2,096
Changes of assumptions	6,498,066	—	34,412	—
Net difference between projected and actual earnings on pension plan investments	4,442,389	—	36,431	—
Changes in proportion and differences between contributions and proportionate share of contributions	716,136	118,331	91,448	14,606
Contributions subsequent to the measurement date	6,744,363	—	87,498	—
Total	<u>\$ 21,608,261</u>	<u>\$ 379,487</u>	<u>\$ 263,374</u>	<u>\$ 16,702</u>

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	TRS		ERS	
2025	\$	4,286,376	\$	99,284
2026	\$	2,932,806	\$	3,748
2027	\$	8,790,406	\$	72,801
2028	\$	(1,525,177)	\$	(16,659)
2029	\$	—	\$	—

Actuarial assumptions

The total pension liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Employees' Retirement System

Inflation	2.50%
Salary increases	3.00 – 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Cost-of-living adjustment	1.05%, annually

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

The actuarial assumptions used in the June 30, 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 TRS and ERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS target allocation	TRS Long-term expected real rate of return*	ERS target allocation	ERS Long-term expected real rate of return*
Fixed income	30.00 %	0.90 %	30.00 %	0.90 %
Domestic large equities	46.30 %	9.40 %	46.30 %	9.40 %
Domestic small equities	1.20 %	13.40 %	1.20 %	13.40 %
International developed market equities	12.30 %	9.40 %	12.30 %	9.40 %
International emerging market equities	5.20 %	11.40 %	5.20 %	11.40 %
Alternatives	5.00 %	10.50 %	5.00 %	10.50 %
Total	<u>100.00 %</u>		<u>100.00 %</u>	

* Rates shown are net of inflation

Discount rate

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

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

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

Teachers Retirement System:

	1% Decrease 5.90%	Current discount rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability	\$ 99,867,269	\$ 63,162,505	\$ 33,188,125

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 1,227,168	\$ 894,302	\$ 614,184

Pension plan fiduciary net position

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

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2024, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University and the covered employees made the required contributions of \$1,259,793 (9.24%) and \$818,048 (6.00%), respectively.

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

Note 15 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2024, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

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

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

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

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

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

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

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

Note 16 Contingencies

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

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2024.

Note 17 Post-Employment Benefits Other Than Pension Benefits

Board of Regents Retiree Health Benefit Plan

Plan Description and Funding Policy

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

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2024, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

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

The University's membership in the Plan consisted of the following at June 30, 2024:

Active Employees	713
Retirees or Beneficiaries Receiving Benefits	272
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	<u>80</u>
Total	<u><u>1,065</u></u>

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

The University pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2024 plan year, the employer rate was approximately 83% of the total health insurance cost for eligible retirees and the retiree rate was approximately 17%. 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 2024, the University contributed \$1,308,359 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, 2024, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2023. An expected total OPEB liability as of June 30, 2023 was determined using standard roll-forward techniques. The University's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2023. At June 30, 2023, the University's proportion was 1.394137%, which was a decrease of (0.016342)% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the University recognized OPEB expense of \$(3,745,971). At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,901,889	\$ 338,389
Changes of assumptions	3,709,332	24,117,268
Net difference between projected and actual earnings on OPEB plan investments	200,848	—
Changes in proportion and differences between contributions and proportionate share of contributions	2,210,704	1,970,622
Contributions subsequent to the measurement date	<u>1,308,359</u>	<u>—</u>
Total	<u><u>\$ 9,331,132</u></u>	<u><u>\$ 26,426,279</u></u>

The University's contributions subsequent to the measurement date of \$1,308,359 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. 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:		
2025	\$	(5,831,310)
2026	\$	(5,733,681)
2027	\$	(4,150,850)
2028	\$	(2,348,605)
2029	\$	(339,060)
Thereafter	\$	—

Actuarial assumptions

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of May 1, 2023 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 6/30/2023 of 3.65% from Bond Buyers GO 20-Municipal Bond Index Rate; Discount Rate 3.69% Interest Rate as of 6/30/2022 of 3.54% from Bond Buyers GO 20- Municipal Bond Index Long-term Rate of Return 5.40% General Inflation 2.30% Salary Increase 3.75%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2021
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.7%
Medicare Eligible	2%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	2%
Year Ultimate Trend is Reached	Fiscal Year 2034 for Pre-Medicare Eligible, Fiscal Year 2023 for Medicare Eligible
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019 with the exception of the disability and salary increase assumptions. These assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which covered the five year period ending June 30, 2018.

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual experience.
- Trend rate schedule was updated to reflect anticipated future experience.
- The Catastrophic Drug Claim Fund assumption was updated from \$200,000 annually to a one time cost of \$130,000 to reflect the elimination of the catastrophic gap effective January 1, 2024 as part of the Inflation Reduction Act.
- The discount rate was updated from 3.54% as of June 30, 2022, to 3.69% as of June 30, 2023.
- The Expected Return on Assets was changed from 4.36% to 5.40%.
- The HRA trend rate assumption was updated from 4.00% to 2.00% to reflect anticipated future experience as a result of the constant HRA amount from 2016 through 2023, and the decrease in HRA amount effective January 1, 2024.

Changes in Plan Since Prior Valuation

The following plan amendments were reflected since the prior measurement date:

- Effective January 1, 2024, the Health Reimbursement Account (HRA) for medicare eligible retirees was decreased from \$2,736 to \$2,640 to purchase individual coverage and from \$5,472 to \$5,280 for dual coverage.

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, 2023 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.63 %	70 %
Equity Allocation	4.52 %	30 %

Discount rate

The Plan's projected fiduciary net position at the end of 2027 is \$0, based on the valuation completed for the fiscal year ending June 30, 2023. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2028. Therefore, the long-term expected rate of return on Plan investments of 5.40% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2023, pursuant to paragraph 48 of GASB Statement No. 74. Instead, a single equivalent yield or index rate of 3.69% was used. This rate is comprised primarily of the yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher (3.65% from the Bond Buyers GO 20-Bond Municipal Bond Index).

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

The following presents the the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.69%) or 1% higher (4.69%) than the current discount rate (3.69%):

	1% Decrease 2.69%	Current Rate 3.69%	1% Increase 4.69%
Proportionate Share of the Net OPEB Liability	\$ 51,458,125	\$ 44,296,577	\$ 38,477,497

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 38,859,295	\$ 44,296,577	\$ 51,050,741
Pre-Medicare Eligible	6.7% decreasing to 3.5%	7.7% decreasing to 4.5%	8.7% decreasing to 5.5%
Medicare Eligible	1%	2%	3%

OPEB plan fiduciary net position:

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

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2024 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 24,913,923	\$ 4,866,223	\$ 10,472,947	\$ 194	\$ 184,878
Research	13,235	3,000	1,469	—	2,815
Public Service	7,750	95,336	45,357	4,981	93
Academic Support	2,192,488	4,424,171	2,413,751	—	79,794
Student Services	128,611	5,421,383	1,955,011	12,500	171,525
Institutional Support	304,971	5,304,123	4,032,934	308,557	75,754
Plant Operations and Maintenance	—	3,606,768	1,319,253	—	19,071
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	71,579	1,569,967	552,620	—	46,578
Total Operating Expenses	\$ 27,632,557	\$ 25,290,971	\$ 20,793,342	\$ 326,232	\$ 580,508

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ —	\$ —	\$ 4,386,044	\$ 2,056,768	\$ 46,880,977
Research	211,375	426	11,678	—	243,998
Public Service	—	3,697	512,711	—	669,925
Academic Support	—	89,492	1,311,839	181,061	10,692,596
Student Services	—	154,748	1,861,587	787,694	10,493,059
Institutional Support	—	3,806	2,411,560	171,701	12,613,406
Plant Operations and Maintenance	—	2,664,471	6,226,096	2,411,167	16,246,826
Scholarships and Fellowships	10,337,178	—	—	—	10,337,178
Auxiliary Enterprises	577,195	584,532	7,194,640	3,029,901	13,627,012
Total Operating Expenses	\$ 11,125,748	\$ 3,501,172	\$ 23,916,155	\$ 8,638,292	\$ 121,804,977

Required Supplementary Information

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2024	\$ 87,500	\$ 87,498	\$ 2	\$ 298,126	29.35%
	June 30, 2023	\$ 77,228	\$ 77,471	\$ (243)	\$ 249,042	31.11%
	June 30, 2022	\$ 67,296	\$ 67,296	\$ —	\$ 273,228	24.63%
	June 30, 2021	\$ 84,111	\$ 84,111	\$ —	\$ 341,083	24.66%
	June 30, 2020	\$ 93,281	\$ 92,945	\$ 336	\$ 378,268	24.57%
	June 30, 2019	\$ 105,505	\$ 105,505	\$ —	\$ 425,746	24.78%
	June 30, 2018	\$ 114,074	\$ 114,074	\$ —	\$ 462,476	24.67%
	June 30, 2017	\$ 135,964	\$ 135,964	\$ —	\$ 548,022	24.81%
	June 30, 2016	\$ 136,230	\$ 136,230	\$ —	\$ 551,091	24.72%
	June 30, 2015	\$ 110,672	\$ 110,672	\$ —	\$ 503,969	21.96%
Teachers' Retirement System	June 30, 2024	\$ 6,743,548	\$ 6,744,363	\$ (815)	\$ 33,751,490	19.98%
	June 30, 2023	\$ 6,150,705	\$ 6,075,124	\$ 75,581	\$ 30,784,307	19.73%
	June 30, 2022	\$ 5,694,658	\$ 5,720,585	\$ (25,927)	\$ 28,746,383	19.90%
	June 30, 2021	\$ 5,149,226	\$ 5,138,579	\$ 10,647	\$ 27,015,877	19.02%
	June 30, 2020	\$ 5,699,460	\$ 5,727,972	\$ (28,512)	\$ 26,960,551	21.25%
	June 30, 2019	\$ 5,390,430	\$ 5,406,129	\$ (15,699)	\$ 25,791,530	20.96%
	June 30, 2018	\$ 4,172,073	\$ 4,172,073	\$ —	\$ 24,810,977	16.82%
	June 30, 2017	\$ 3,441,446	\$ 3,441,446	\$ —	\$ 24,116,646	14.27%
	June 30, 2016	\$ 3,317,494	\$ 3,317,494	\$ —	\$ 23,265,070	14.26%
	June 30, 2015	\$ 2,877,327	\$ 2,877,327	\$ —	\$ 21,880,798	13.15%

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

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	June 30, 2024	0.014991%	\$ 894,302	\$ 249,042	359.10%	71.20%
	June 30, 2023	0.011470%	\$ 766,020	\$ 273,228	280.36%	67.44%
	June 30, 2022	0.014439%	\$ 337,714	\$ 341,083	99.01%	87.62%
	June 30, 2021	0.015003%	\$ 632,370	\$ 378,268	167.18%	76.21%
	June 30, 2020	0.016890%	\$ 696,971	\$ 425,746	163.71%	76.74%
	June 30, 2019	0.018132%	\$ 745,413	\$ 462,476	161.18%	76.88%
	June 30, 2018	0.022342%	\$ 907,383	\$ 548,022	165.57%	76.33%
	June 30, 2017	0.023701%	\$ 1,121,157	\$ 551,091	203.44%	72.34%
	June 30, 2016	0.020000%	\$ 893,009	\$ 503,969	177.20%	76.20%
	June 30, 2015	0.020000%	\$ 766,214	\$ 462,668	165.61%	77.99%
Teachers Retirement System	June 30, 2024	0.213934%	\$ 63,162,505	\$ 30,784,307	205.18%	76.29%
	June 30, 2023	0.212652%	\$ 69,052,215	\$ 28,746,383	240.21%	72.85%
	June 30, 2022	0.207564%	\$ 18,357,651	\$ 27,015,877	67.95%	92.03%
	June 30, 2021	0.207840%	\$ 50,346,983	\$ 26,960,551	186.74%	77.01%
	June 30, 2020	0.211360%	\$ 45,448,115	\$ 25,791,530	176.21%	78.56%
	June 30, 2019	0.208299%	\$ 38,664,756	\$ 24,810,977	155.84%	80.27%
	June 30, 2018	0.210033%	\$ 39,035,280	\$ 24,116,646	161.86%	79.33%
	June 30, 2017	0.210600%	\$ 43,449,128	\$ 23,265,070	186.76%	76.06%
	June 30, 2016	0.210000%	\$ 31,545,208	\$ 21,880,798	144.17%	81.44%
	June 30, 2015	0.210000%	\$ 27,084,970	\$ 21,948,297	123.40%	84.03%

**MIDDLE GEORGIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

Changes of assumptions

Employees' Retirement System:

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to the rates of mortality, retirement, withdrawal, and salary increases. This also included a change in the long-term assumed investment rate of return to 7.00%. These assumption changes were first reflected in the calculation of the June 30, 2021 Total Pension Liability.

On April 21, 2022, the Board adopted a new funding policy which, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the System's asset performance. After studying the parameters of this new policy, the assumption for future COLAs was set at 1.05%. Previously, no future COLAs were assumed. In addition, the funding policy set the assumed rate of return at 7.20% for the June 30, 2021 valuation and established a new Transitional Unfunded Actuarial Accrued Liability as of June 30, 2021 which will be amortized over a closed 20-year period.

Teachers Retirement System:

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, withdrawal and salary increases.

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

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

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

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

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
June 30, 2024	\$ 1,308,359	\$ 1,308,359	\$ —	\$ 49,223,514	2.66%
June 30, 2023	\$ 1,414,855	\$ 1,414,855	\$ —	\$ 46,120,231	3.07%
June 30, 2022	\$ 2,064,136	\$ 2,064,136	\$ —	\$ 45,698,393	4.52%
June 30, 2021	\$ 1,572,771	\$ 1,572,771	\$ —	\$ 41,001,406	3.84%
June 30, 2020	\$ 1,398,379	\$ 1,398,379	\$ —	\$ 40,781,337	3.43%
June 30, 2019	\$ 2,200,673	\$ 2,200,673	\$ —	\$ 39,359,398	5.59%
June 30, 2018	\$ 2,243,370	\$ 2,243,370	\$ —	\$ 32,807,451	6.84%
June 30, 2017	\$ 1,413,982	\$ 1,413,982	\$ —	\$ 36,410,047	3.88%

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

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

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2024	1.394137%	\$ 44,296,577	\$ 46,120,231	96.05%	6.44%
June 30, 2023	1.410479%	\$ 55,873,615	\$ 45,698,393	122.27%	5.08%
June 30, 2022	1.339888%	\$ 67,437,643	\$ 41,001,406	164.48%	3.74%
June 30, 2021	1.360397%	\$ 72,559,757	\$ 40,781,337	177.92%	2.91%
June 30, 2020	1.372136%	\$ 61,355,994	\$ 39,359,398	155.89%	3.13%
June 30, 2019	1.416091%	\$ 62,460,249	\$ 32,807,451	190.38%	1.69%
June 30, 2018	1.419890%	\$ 59,915,466	\$ 36,410,047	164.56%	0.19%

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

**MIDDLE GEORGIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual experience.
- Trend rate schedule was updated to reflect anticipated future experience.
- The Catastrophic Drug Claim Fund assumption was updated from \$200,000 annually to a one time cost of \$130,000 to reflect the elimination of the catastrophic gap effective January 1, 2024 as part of the Inflation Reduction Act.
- The discount rate was updated from 3.54% as of June 30, 2022, to 3.69% as of June 30, 2023.
- The Expected Return on Assets was changed from 4.36% to 5.40%.
- The HRA trend rate assumption was updated from 4.00% to 2.00% to reflect anticipated future experience as a result of the constant HRA amount from 2016 through 2023, and the decrease in HRA amount effective January 1, 2024.

Changes in Plan Since Prior Valuation

The following plan amendments were reflected since the prior measurement date:

- Effective January 1, 2024, the Health Reimbursement Account (HRA) for medicare eligible retirees was decreased from \$2,736 to \$2,640 to purchase individual coverage and from \$5,472 to \$5,280 for dual coverage.

Supplementary Information

**MIDDLE GEORGIA STATE UNIVERSITY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2024
(UNAUDITED)**

ASSETS

Cash and Cash Equivalents	\$	10,861,181.60
Investments		1,173,732.51
Accounts Receivable		
Federal Financial Assistance		171,748.50
Other		7,056,424.23
Prepaid Expenditures		100,566.15
Other Assets		112,900.00
		<hr/>
Total Assets	\$	<u><u>19,476,552.99</u></u>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$	211,685.94
Encumbrance Payable		11,412,126.90
Accounts Payable		1,249,209.79
Unearned Revenue		2,155,017.81
Funds Held for Others		111,262.53
		<hr/>
Total Liabilities	\$	<u>15,139,302.97</u>

Fund Balances

Reserved		
Department Sales and Services	\$	800,763.93
Indirect Cost Recoveries		297,036.29
Technology Fees		568,953.42
Restricted/Sponsored Funds		914,293.89
Uncollectible Accounts Receivable		895,647.97
Tuition Carry - Forward		852,193.55
Unreserved		
Surplus		8,360.97
		<hr/>
Total Fund Balances	\$	<u>4,337,250.02</u>
		<hr/>
Total Liabilities and Fund Balances	\$	<u><u>19,476,552.99</u></u>

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

**MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Original Appropriation	Final Budget	Funds Available Compared to Budget	
			Current Year Revenues	Prior Year Reserve Carry-Over
Public Service / Special Funding Initiatives				
State Appropriation				
State General Funds	\$ 3,391,877.00	\$ 3,391,877.00	\$ 3,391,877.00	\$ —
Total Public Service / Special Funding Initiatives	\$ 3,391,877.00	\$ 3,391,877.00	\$ 3,391,877.00	\$ —
Teaching				
State Appropriation				
State General Funds	\$ 51,342,781.00	\$ 53,939,549.00	\$ 53,939,549.00	\$ —
Federal Funds				
Federal Funds Not Specifically Identified	16,873,695.00	19,835,203.00	19,605,202.93	—
Other Funds	37,186,091.00	41,214,085.00	39,798,485.55	3,217,898.89
Total Teaching	\$ 105,402,567.00	\$ 114,988,837.00	\$ 113,343,237.48	\$ 3,217,898.89
Total Operating Activity	\$ 108,794,444.00	\$ 118,380,714.00	\$ 116,735,114.48	\$ 3,217,898.89

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

**MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	\$ —	\$ 3,391,877.00	\$ —	\$ 3,391,877.00	\$ —	\$ —
Total Public Service / Special Funding Initiatives	\$ —	\$ 3,391,877.00	\$ —	\$ 3,391,877.00	\$ —	\$ —
Teaching						
State Appropriation						
State General Funds	\$ —	\$ 53,939,549.00	\$ —	\$ 53,938,641.63	\$ 907.37	\$ 907.37
Federal Funds						
Federal Funds Not Specifically Identified	—	19,605,202.93	-230,000.07	19,605,202.93	230,000.07	—
Other Funds	—	43,016,384.44	1,802,299.44	39,424,198.39	1,789,886.61	3,592,186.05
Total Teaching	\$ —	\$ 116,561,136.37	\$ 1,572,299.37	\$ 112,968,042.95	\$ 2,020,794.05	\$ 3,593,093.42
Total Operating Activity	\$ —	\$ 119,953,013.37	\$ 1,572,299.37	\$ 116,359,919.95	\$ 2,020,794.05	\$ 3,593,093.42

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

**MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2023 Surplus	Prior Year Adjustments	Other Adjustments
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	\$ —	\$ —	\$ —	\$ 1,120.36	\$ —
Total Public Service / Special Funding Initiatives	\$ —	\$ —	\$ —	\$ 1,120.36	\$ —
Teaching					
State Appropriation					
State General Funds	\$ 11,128.71	\$ —	\$ -11,128.71	\$ 3,797.75	\$ —
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Other Funds	3,230,133.91	-3,217,898.89	-12,235.02	3,456.46	-159,865.94
Total Teaching	\$ 3,241,262.62	\$ -3,217,898.89	\$ -23,363.73	\$ 7,254.21	\$ -159,865.94
Total Operating Activity	\$ 3,241,262.62	\$ -3,217,898.89	\$ -23,363.73	\$ 8,374.57	\$ -159,865.94
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	\$ 735,782.03	\$ —	\$ —	\$ —	\$ 159,865.94
Budget Unit Totals	\$ 3,977,044.65	\$ -3,217,898.89	\$ -23,363.73	\$ 8,374.57	\$ —

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

**MIDDLE GEORGIA STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Early Return of Fiscal Year 2024 Surplus	Excess (Deficiency) of Funds Available Over/Under Expenditures	Ending Fund Balance/(Deficit) June 30, 2024	Analysis of Ending Fund Balance			
				Reserved	Surplus/(Deficit)	Total	
Public Service / Special Funding Initiatives							
State Appropriation							
State General Funds	\$ —	\$ —	\$ 1,120.36	\$ —	\$ 1,120.36	\$ 1,120.36	
Total Public Service / Special Funding Initiatives	\$ —	\$ —	\$ 1,120.36	\$ —	\$ 1,120.36	\$ 1,120.36	
Teaching							
State Appropriation							
State General Funds	\$ —	\$ 907.37	\$ 4,705.12	\$ —	\$ 4,705.12	\$ 4,705.12	
Federal Funds							
Federal Funds Not Specifically Identified	—	—	—	—	—	—	
Other Funds	—	3,592,186.05	3,435,776.57	3,433,241.08	2,535.49	3,435,776.57	
Total Teaching	\$ —	\$ 3,593,093.42	\$ 3,440,481.69	\$ 3,433,241.08	\$ 7,240.61	\$ 3,440,481.69	
Total Operating Activity	\$ —	\$ 3,593,093.42	\$ 3,441,602.05	\$ 3,433,241.08	\$ 8,360.97	\$ 3,441,602.05	
Prior Year Reserves							
Not Available for Expenditure							
Uncollectible Accounts Receivable	\$ —	\$ —	\$ 895,647.97	\$ 895,647.97	\$ —	\$ 895,647.97	
Budget Unit Totals	\$ —	\$ 3,593,093.42	\$ 4,337,250.02	\$ 4,328,889.05	\$ 8,360.97	\$ 4,337,250.02	
				Departmental Sales and Services	\$ 800,763.93	\$ —	\$ 800,763.93
				Indirect Cost Recovery	297,036.29	—	297,036.29
				Technology Fees	568,953.42	—	568,953.42
				Restricted/Sponsored Funds	914,293.89	—	914,293.89
				Tuition Carry-Forward	852,193.55	—	852,193.55
				Uncollectible Accounts Receivable	895,647.97	—	895,647.97
				Surplus	—	8,360.97	8,360.97
					\$ 4,328,889.05	\$ 8,360.97	\$ 4,337,250.02

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

MIDDLE GEORGIA STATE UNIVERSITY

100 University Parkway
Macon, Ga 31206

www.mga.edu