

University of West Georgia



Fiscal Year 2017
Annual Financial Report

Carrollton, Georgia



**BOARD OF REGENTS OF
THE UNIVERSITY SYSTEM OF GEORGIA**

UNIVERSITY OF WEST GEORGIA
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2017

Introductory Section

| | |
|----------------------------|---|
| Message from the President | 2 |
| Letter of Transmittal | 3 |

Financial Section

| | |
|--|----|
| Management's Discussion and Analysis | 5 |
| Financial Statements (GAAP Basis) | |
| Statement of Net Position | 12 |
| Statement of Revenues, Expenses, and Changes in Net Position | 15 |
| Statement of Cash Flows | 17 |
| Notes to the Financial Statements | 20 |

Required Supplementary Information

| | |
|--|----|
| Schedule of Contributions for Defined Benefit Pension Plan | 42 |
| Schedule of Proportionate Share of Net Pension Liability | 43 |
| Notes to the Required Supplemental Information for Pension Plans | 44 |

Supplementary Information

| | |
|---|----|
| Balance Sheet (Non-GAAP Basis) | 46 |
| Summary Budget Comparison and Surplus Analysis Report (Non-GAAP Basis) | 47 |
| Statement of Funds Available and Expenditures Compared to Budget (Non-GAAP Basis) | 48 |
| Statement of Changes to Fund Balance by Program and Funding Source (Non-GAAP Basis) | 50 |

INTRODUCTORY SECTION



UNIVERSITY OF WEST GEORGIA

Message from the President

Thanks to the efforts of UWG faculty, staff and students, UWG enjoyed yet another banner year in many areas including degrees conferred, enrollment, economic development and fundraising. This marks several years in a row where the university has received high acclaim for distinguished record achievements. I want to personally thank you, the campus community, for your hard work and indelible efforts as we continue our mission to become the nation's best comprehensive university, sought after as the best place to work, learn and succeed. As we look back over the year, several notable areas of success stand out:

Record Strategic Growth

UWG saw its seventh year in a row of record enrollment when 13,308 students joined the pack in the Fall of 2017, an increase of 4 percent from the previous year. UWG Newnan experienced a 6.6% increase in enrollment. The university welcomed a record-breaking 2,340 new freshmen. Those freshmen also entered with the highest average grade point average in UWG history. UWG also conferred more degrees than any other year at 2,618 and achieved the highest four-year graduation rate in institutional history.

Regional Economic Impact

According to an annual study released by the University System of Georgia, UWG reached a \$518 million regional economic impact - up \$100 million in four years. During FY17, the university welcomed 33 new employees and will hire an additional 82 new faculty and staff in FY18. UWG has continued its commitment to equity and merit salary increases by investing \$10.05 million recurring over the last four years.

National Recognition

UWG continued to make its presence and impact known by elevating positions on academic program national rankings. In FY17, U.S. News & World Report ranked five online programs among the top 100 in the nation-nursing, MBA, education, computer science and all online bachelor programs. SR Education, which ranks online college degrees, positioned three bachelor's programs in the top 12 - computer science, online criminal justice and online sociology - and the public administration graduate program as the second in the nation. Other rankings named all UWG Ed.D. degrees as third in the nation and online doctoral degrees as eighth.

Record Fundraising

UWG continues to achieve record fundraising and continued success in "The New West" capital campaign, now at \$29M toward our \$50M goal. We continue to have great success in our fundraising efforts and the capital campaign with the generous support of the community and friends of the university. Their contributions and gifts have a lasting effect to our campus and help transform the lives of our students through aiding strategic growth and providing significant scholarship funding for our students.

Education Partnerships

Helping to better prepare students for college and employment, UWG spearheaded the creation of the Carrollton-Carroll County Education Collaborative (CCEC) with West Georgia Technical College (WGTC), the two local school systems, and a local preparatory school inclusive of leadership from each of these organizations, and local business leaders. Through the CCEC, the partners are expanding opportunities for students from preschool through 12th grade. The collaborative works to ensure students graduate high school prepared to enter the workforce as productive employees or to excel at two-year or four-year colleges or universities with the focused goal of every 18 year old being enrolled, employed or enlisted upon graduation.

As evidenced with the CCEC, we believe a strong regionally based partnership between UWG and WGTC supports and promotes the availability of transformative opportunities and pathways for students. In FY 2017 we continued to increase the number of articulation agreements with WGTC while also working to promote the West in Thirty program and the expansion of 2 + 2 delivery programs with WGTC and Georgia Highlands College in Douglasville, LaGrange, Rome and Dallas for degree pathways including criminology, psychology, business, and integrated health studies.

On behalf of everyone at the University of West Georgia, thank you for your support.

Dr. Kyle Marrero
UWG President

Letter of Transmittal

August 16, 2017

To Dr. Kyle Marrero, President, University of West Georgia,

The Annual Financial Report (AFR) for the University of West Georgia (Institution) includes the financial statements for the year ended June 30, 2017, as well as other useful information to help ensure the Institution's accountability and integrity to the public. The AFR also includes the Management Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the Institution's financial position as a result of operations for the fiscal year ended June 30, 2017.

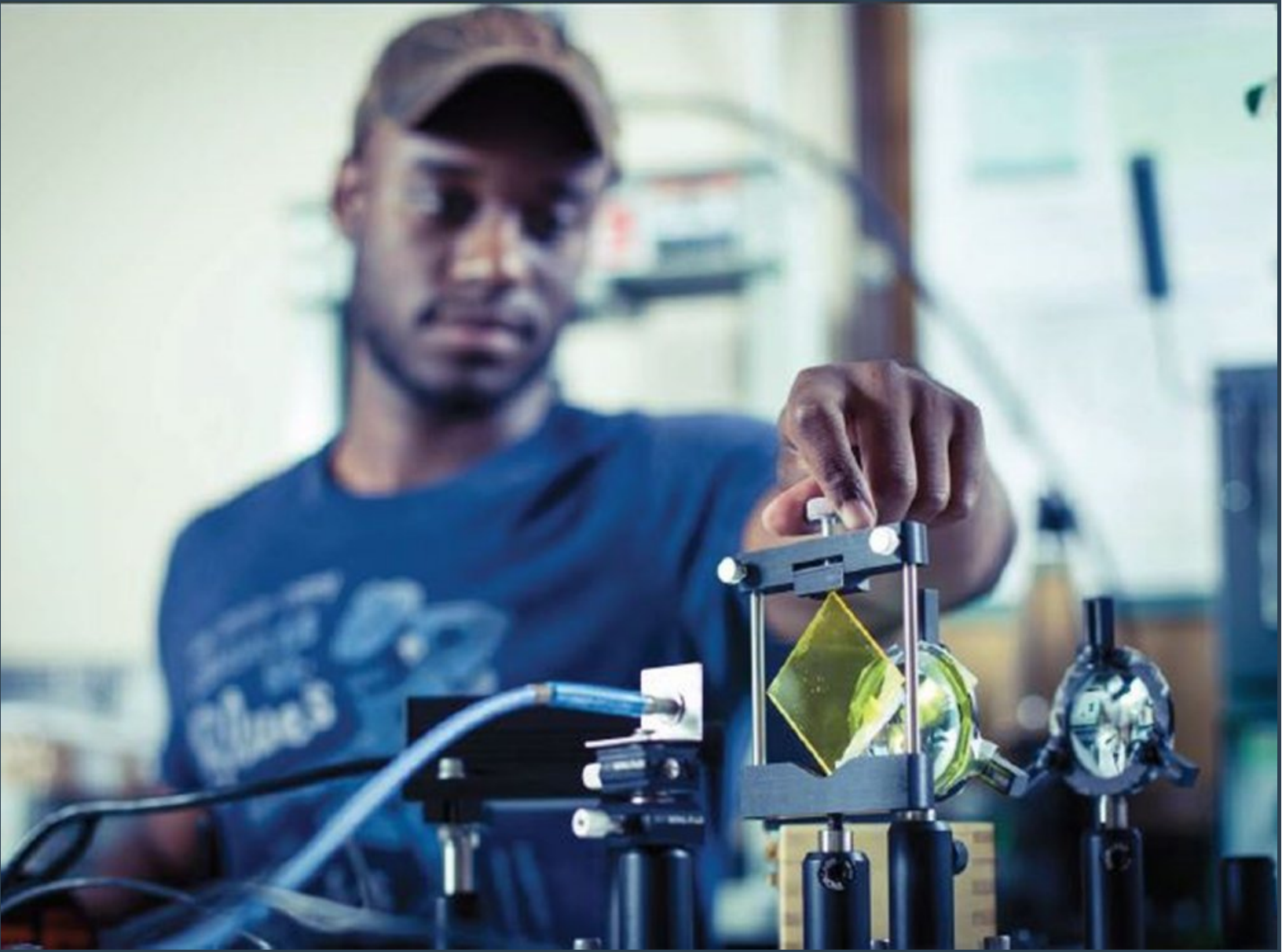
The University of West Georgia's management is responsible for the accuracy of this information and for the completeness and fairness of its presentation, including all disclosures. We believe the information is accurate and fairly presents the Institute's financial position, revenues, expenses and other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

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

Respectfully submitted,

James R. Sutherland, CPA
Senior Vice President for Business and Finance

FINANCIAL SECTION



UNIVERSITY OF WEST GEORGIA

UNIVERSITY OF WEST GEORGIA

Management's Discussion and Analysis

Introduction

University of West Georgia (Institution) is one of the 28 institutions of higher education of the University System of Georgia. As a comprehensive university, West Georgia offers disciplinary, interdisciplinary, and professional programs at the baccalaureate and graduate levels. Of its 87 programs of study, 43 operate at the Bachelor's level, 29 at the Master's and Specialist's levels, and four (4) are doctoral. In addition, the University offers nine (9) Post-Baccalaureate and two (2) Post-Master's certificate programs. The University has achieved national recognition in areas such as academic debate, faculty-directed undergraduate research, and athletic competition.

| | STUDENT HEADCOUNT | STUDENT FTE |
|---------|-------------------|-------------|
| FY 2017 | 13,308 | 11,877 |
| FY 2016 | 12,834 | 11,530 |
| FY 2015 | 12,206 | 11,074 |

Overview of the Financial Statements and Financial Analysis

The Institution is pleased to present its financial statements for fiscal year 2017. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the Institution's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2017 and fiscal year 2016.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2017 and includes all assets and liabilities, both current and noncurrent. 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 Institution and how much the Institution 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 Institution's equity in property, plant and equipment owned by the Institution.

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 Institution 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 Institution for any lawful purpose.

| CONDENSED STATEMENT OF NET POSITION | June 30, 2017 | June 30, 2016 | Increase/ (Decrease) | % Change |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------|
| ASSETS | | | | |
| Current Assets | \$ 61,926,152 | \$ 56,101,466 | \$ 5,824,686 | 10.38 % |
| Capital Assets, Net | 297,903,766 | 306,272,607 | (8,368,841) | (2.73)% |
| Other Assets | 4,215,480 | 3,978,345 | 237,135 | 5.96 % |
| TOTAL ASSETS | 364,045,398 | 366,352,418 | (2,307,020) | (0.63)% |
| DEFERRED OUTFLOWS | 27,962,032 | 13,737,434 | 14,224,598 | 103.55 % |
| LIABILITIES | | | | |
| Current Liabilities | 18,579,376 | 18,012,065 | 567,311 | 3.15 % |
| Non-Current Liabilities | 245,818,503 | 226,685,163 | 19,133,340 | 8.44 % |
| TOTAL LIABILITIES | 264,397,879 | 244,697,228 | 19,700,651 | 8.05 % |
| DEFERRED INFLOWS | 396,488 | 5,394,685 | (4,998,197) | (92.65)% |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 131,543,432 | 135,399,912 | (3,856,480) | (2.85)% |
| Restricted, Non-Expendable | — | — | — | — % |
| Restricted, Expendable | 3,782,674 | 3,446,952 | 335,722 | 9.74 % |
| Unrestricted | (8,113,043) | (8,848,925) | 735,882 | (8.32)% |
| TOTAL NET POSITION | \$ 127,213,063 | \$ 129,997,939 | \$ (2,784,876) | (2.14)% |

Total assets decreased \$(2,307,020) which was due to an increase in current assets of \$5,824,686, a decrease in net capital assets of \$(8,368,841), and an increase in other assets of \$237,135. The increase in current assets was primarily due to an increase of \$6,436,959 in the category of Cash and Cash Equivalents. The decrease in capital assets was primarily due to an increase of \$12,298,715 in the category of Accumulated Depreciation.

Total deferred outflows of resources increased by \$14,224,598, which was primarily due to the Institution'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 increased \$19,700,651 which was due to an increase in current liabilities of \$567,311 and an increase in non-current liabilities of \$19,133,340. The increase in non-current liabilities was primarily due to an increase in the category of Net Pension Liability. Net Pension Liability increased \$22,789,574 related to the Institution'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.

Total deferred inflows of resources decreased by \$4,998,197, which was primarily due to the Institution'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.

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 a decrease in net position of \$(2,784,876). This change in net position is primarily in the category of Net Investment in Capital Assets, in the amount of \$(3,856,480).

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 Institution, both operating and non-operating, and the expenses paid by the Institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the Institution. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the Institution. 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 Institution. 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 Institution without the Legislature directly receiving commensurate goods and services for those revenues.

| CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION | June 30, 2017 | June 30, 2016 | Increase/ (Decrease) | % Change |
|--|----------------------|----------------------|-----------------------------|-----------------|
| Operating Revenue | \$ 128,672,968 | \$ 122,590,414 | \$ 6,082,554 | 4.96 % |
| Operating Expense | 202,275,689 | 189,091,157 | 13,184,532 | 6.97 % |
| Operating Income/Loss | (73,602,721) | (66,500,743) | (7,101,978) | 10.68 % |
| Non-Operating Revenue and Expense | 69,535,578 | 65,610,444 | 3,925,134 | 5.98 % |
| Income (Loss) before Other Revenues, Expenses, Gains, or Losses | (4,067,143) | (890,299) | (3,176,844) | 356.83 % |
| Other Revenues, Expenses, Gains, Losses and Special Items | 1,282,267 | 5,295,617 | (4,013,350) | (75.79)% |
| Change in Net Position | (2,784,876) | 4,405,318 | (7,190,194) | (163.22)% |
| Net Position at beginning of year | 129,997,939 | 125,592,621 | 4,405,318 | 3.51 % |
| Net Position at End of Year | \$ 127,213,063 | \$ 129,997,939 | \$ (2,784,876) | (2.14)% |

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

Revenues

For the years ended June 30, 2017 and June 30, 2016, revenues by source were as follows:

| REVENUES BY SOURCE | June 30, 2017 | June 30, 2016 | Increase/ (Decrease) | % Change |
|--|-----------------------|-----------------------|-----------------------------|-----------------|
| Tuition and Fees | \$ 67,102,516 | \$ 64,567,962 | \$ 2,534,554 | 3.93 % |
| Federal Appropriations | — | — | — | — % |
| Grants and Contracts | 4,066,100 | 3,943,621 | 122,479 | 3.11 % |
| Sales and Services | 546,404 | 656,927 | (110,523) | (16.82)% |
| Auxiliary Enterprises | 46,077,661 | 42,923,353 | 3,154,308 | 7.35 % |
| Other Operating Revenues | 10,880,287 | 10,498,551 | 381,736 | 3.64 % |
| Total Operating Revenues | 128,672,968 | 122,590,414 | 6,082,554 | 4.96 % |
| State Appropriations | 52,460,243 | 49,871,591 | 2,588,652 | 5.19 % |
| Grants and Contracts | 24,940,373 | 24,256,354 | 684,019 | 2.82 % |
| Gifts | 672,100 | 664,517 | 7,583 | 1.14 % |
| Investment Income | 451,522 | 187,473 | 264,049 | 140.85 % |
| Other Nonoperating Revenues | 130,241 | (95,973) | 226,214 | (235.71)% |
| Total Nonoperating Revenues | 78,654,479 | 74,883,962 | 3,770,517 | 5.04 % |
| State Capital Gifts and Grants | 2,349,827 | 4,840,073 | (2,490,246) | (51.45)% |
| Other Capital Gifts and Grants | 62,399 | 455,544 | (393,145) | (86.30)% |
| Total Capital Gifts and Grants | 2,412,226 | 5,295,617 | (2,883,391) | (54.45)% |
| Additions to Permanent and Term Endowments | — | — | — | — % |
| Extraordinary Items | — | — | — | — % |
| Total Revenues | \$ 209,739,673 | \$ 202,769,993 | \$ 6,969,680 | 3.44 % |

Operating revenues increased by \$6,082,554, which was primarily due to an increase in Auxiliary Enterprises revenues and Tuition and Fees.

Nonoperating revenues increased by \$3,770,517, which was primarily due to an increase in State appropriations.

Total Capital Gifts and Grants decreased by \$2,883,391, which was primarily due to decreased GSFIC (Georgia State Financing and Investment Commission) funded capital projects.

Special Items for the year included a loss on the sale of land and buildings in Newnan, Georgia (see Note 1).

Expenses

For the years ended June 30, 2017 and June 30, 2016, expenses by functional classification were as follows:

| EXPENSES BY FUNCTIONAL CLASSIFICATION | June 30, 2017 | June 30, 2016 | Increase/ (Decrease) | % Change |
|---------------------------------------|--------------------|--------------------|----------------------|-----------------|
| Instruction | 72,604,315 | 69,332,995 | 3,271,320 | 4.72 % |
| Research | 1,924,119 | 1,887,065 | 37,054 | 1.96 % |
| Public Service | 332,089 | 378,081 | (45,992) | (12.16)% |
| Academic Support | 20,231,070 | 18,073,565 | 2,157,505 | 11.94 % |
| Student Services | 15,412,008 | 13,634,575 | 1,777,433 | 13.04 % |
| Institutional Support | 23,092,164 | 18,158,761 | 4,933,403 | 27.17 % |
| Plant Operations and Maintenance | 18,564,731 | 20,286,983 | (1,722,252) | (8.49)% |
| Scholarships and Fellowships | 8,315,435 | 8,493,836 | (178,401) | (2.10)% |
| Auxiliary Enterprises | 41,799,758 | 38,845,296 | 2,954,462 | 7.61 % |
| Patient Care | — | — | — | 0.00 % |
| Unallocated Expenses | — | — | — | 0.00 % |
| Total Operating Expenses | 202,275,689 | 189,091,157 | 13,184,532 | 6.97 % |
| Interest Expense | 9,118,901 | 9,273,518 | (154,617) | (1.67)% |
| Special Items | (1,129,959) | — | (1,129,959) | 100.00 % |
| Total Nonoperating Expenses | 7,988,942 | 9,273,518 | (1,284,576) | (13.85)% |
| | | | | |
| Total Expenses | 210,264,631 | 198,364,675 | 11,899,956 | 6.00 % |

Compensation and employee benefits increased by \$17,191,776 and primarily affected the Auxiliary Enterprises, Institutional Support, and Instruction categories.

Supplies and Other Services decreased by \$4,444,560 and primarily affected the Auxiliary Enterprises and the Plant Operations and Maintenance categories.

Statement of Cash Flows

The final statement presented by the University of West Georgia is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the Institution during the year. Cash flow information can be used to evaluate the financial viability of the Institution's ability to meet financial obligations as they mature. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the Institution. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Cash Flows for the Years Ended June 30, 2017 and 2016, Condensed

| CONDENSED STATEMENT OF NET CASH FLOWS | | |
|--|----------------------|----------------------|
| | June 30, 2017 | June 30, 2016 |
| Cash Provided (Used) by: | | |
| Operating Activities | \$ (54,824,984) | \$ (52,979,194) |
| Non-Capital Financing Activities | 77,801,144 | 75,664,591 |
| Capital and Related Financing Activities | (16,990,723) | (18,571,170) |
| Investing Activities | 451,522 | 187,473 |
| NET CHANGE IN CASH | \$ 6,436,959 | \$ 4,301,700 |
| Cash, beginning of year (restated) | 50,471,235 | 46,169,535 |
| CASH, end of year | \$ 56,908,194 | \$ 50,471,235 |

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2017 and June 30, 2016 were as follows:

| CAPITAL ASSETS, net of accumulated depreciation | June 30, 2017 | June 30, 2016 | Increase (Decrease) | % Change |
|--|-----------------------|-----------------------|-----------------------|----------------|
| Land | \$ 11,593,445 | \$ 12,483,645 | \$ (890,200) | (7.13)% |
| Capitalized Collections | 94,574 | 18,900 | 75,674 | 400.39 % |
| Construction Work-in-Progress | 3,142,946 | 11,177,487 | (8,034,541) | (71.88)% |
| Software Development-in-Progress | — | — | — | 0.00 % |
| Infrastructure | 9,235,487 | 4,668,695 | 4,566,792 | 97.82 % |
| Building and Building Improvements | 257,864,167 | 262,089,676 | (4,225,509) | (1.61)% |
| Facilities and Other Improvements | 5,632,713 | 5,141,756 | 490,957 | 9.55 % |
| Equipment | 8,158,258 | 8,403,620 | (245,362) | (2.92)% |
| Capital Leases | — | — | — | 0.00 % |
| Library Collections | 2,182,176 | 2,244,449 | (62,273) | (2.77)% |
| Capitalized Collections | — | 44,379 | (44,379) | (100.00)% |
| Water, Timber, Mineral Rights, and Easements | — | — | — | 0.00 % |
| Patents, Trademarks, and Copyrights | — | — | — | 0.00 % |
| Software | — | — | — | 0.00 % |
| Capital Assets, net of accumulated depreciation | \$ 297,903,766 | \$ 306,272,607 | \$ (8,368,841) | (2.73)% |

The University had two significant capital asset additions in fiscal year 2017. The Murphy Building, an administrative building, was completed and placed into service at a cost of \$5,235,934. Additionally, the electrical substation was relocated at a cost of \$4,818,895.

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

Long Term Liabilities

The University of West Georgia had Long-Term Liabilities of \$252,375,513 of which \$6,559,305 was reflected as current liability at June 30, 2017.

For additional information concerning Long-Term Liabilities, see Note 8 in the 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 post-employment benefits, capital assets and a report of operating expenses by function.

Economic Outlook

The University is not aware of any currently known facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. The University's overall financial position is strong and the University anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the University's ability to react to unknown internal and external issues.

FINANCIAL STATEMENTS



UNIVERSITY OF WEST GEORGIA

**UNIVERSITY OF WEST GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2017**

University of West Georgia

ASSETS

Current Assets

| | | |
|---|----|-------------------|
| Cash and Cash Equivalents | \$ | 56,908,194 |
| Short-term Investments | | — |
| Accounts Receivable, net | | |
| Federal Financial Assistance | | 925,344 |
| State General Appropriations | | — |
| Margin Allocation Funds | | — |
| Affiliated Organizations | | 64,904 |
| Component Units | | — |
| Primary Government | | — |
| Other | | 1,821,187 |
| Notes Receivable, net | | — |
| Due From Other Funds | | — |
| Investment in Capital Leases - Primary Government | | — |
| Investment in Capital Leases - Other | | — |
| Inventories | | 1,589,644 |
| Prepaid Items | | 616,879 |
| Other Assets | | — |
| Total Current Assets | | 61,926,152 |

Non-Current Assets

| | | |
|---|--|--------------------|
| Cash and Cash Equivalents | | — |
| Accounts Receivable, net | | |
| Affiliated Organizations | | — |
| Component Units | | — |
| Primary Government | | — |
| Due From USO - Capital Liability Reserve Fund | | 1,357,248 |
| Due From Institution - Capital Liability Reserve Fund | | — |
| Pledges & Contributions | | — |
| Other | | — |
| Investments | | — |
| Notes Receivable, net | | 2,858,232 |
| Due From Other Funds | | — |
| Investment in Capital Leases - Primary Government | | — |
| Investment in Capital Leases - Other | | — |
| Other Assets | | — |
| Non-current Cash (Externally Restricted) | | — |
| Short-term Investments (Externally Restricted) | | — |
| Investments (Externally Restricted) | | — |
| Capital Assets, net | | 297,903,766 |
| Total Non-Current Assets | | 302,119,246 |
| TOTAL ASSETS | | 364,045,398 |

DEFERRED OUTFLOWS OF RESOURCES

| | | |
|---|-----------|-------------------|
| Deferred Loss on Debt Refunding | | 1,449,791 |
| Deferred Loss on Defined Benefit Pension Plan | | 26,512,241 |
| Accumulated Decrease in Fair Value of Hedging Instruments | | — |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | \$ | 27,962,032 |

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

**UNIVERSITY OF WEST GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2017**

University of West Georgia

LIABILITIES

Current Liabilities

| | | |
|--|----|-------------------|
| Accounts Payable | \$ | 3,490,972 |
| Salaries Payable | | 708,046 |
| Benefits Payable | | 2,027,081 |
| Contracts Payable | | 118,396 |
| Retainage Payable | | 78,180 |
| Due to Affiliated Organizations | | — |
| Due to Component Units | | — |
| Due to Primary Government | | — |
| Due to Other Funds | | — |
| Due to USO - Capital Liability Reserve Fund | | — |
| Advances (Including Tuition and Fees) | | 5,028,985 |
| Deposits | | — |
| Deposits Held for Other Organizations | | 512,140 |
| Other Liabilities | | 56,271 |
| Notes and Loans Payable | | — |
| Lease Purchase Obligations - External | | — |
| Lease Purchase Obligations - Component Units | | 3,844,803 |
| Revenue Bonds & Notes Payable | | — |
| Liabilities Under Split Interest Agreements | | — |
| Interest Rate Swap | | — |
| Pollution Remediation | | — |
| Claims & Judgments | | 700 |
| Compensated Absences | | 2,713,802 |
| Total Current Liabilities | | 18,579,376 |

Non-Current Liabilities

| | | |
|--|--|--------------------|
| Due to Affiliated Organizations | | — |
| Due to Component Units | | — |
| Due to Primary Government | | — |
| Due to Other Funds | | — |
| Due to USO - Capital Liability Reserve Fund | | — |
| Due to USO - Capital Liability Reserve Fund | | — |
| Advances (Including Tuition and Fees) | | 2,295 |
| Other Liabilities | | — |
| Notes and Loans Payable | | — |
| Lease Purchase Obligations - External | | — |
| Lease Purchase Obligations - Component Units | | 163,773,451 |
| Revenue Bonds & Notes Payable | | — |
| Liabilities Under Split Interest Agreements | | — |
| Interest Rate Swap | | — |
| Pollution Remediation | | — |
| Claims & Judgments | | — |
| Compensated Absences | | 1,659,066 |
| Other Post Employment Benefits Obligation | | — |
| Net Pension Liability | | 80,383,691 |
| Total Non-Current Liabilities | | 245,818,503 |
| TOTAL LIABILITIES | | 264,397,879 |

DEFERRED INFLOWS OF RESOURCES

| | | |
|---------------------------------|--|---|
| Deferred Gain on Debt Refunding | | — |
|---------------------------------|--|---|

| | |
|---|-----------------------|
| Deferred Funds Received in Advance of Timing Requirements | — |
| Deferred Service Concession Arrangements | — |
| Deferred Gain on Defined Benefit Pension Plan | 396,488 |
| Accumulated Increase in Fair Value of Hedging Instruments | — |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>396,488</u> |
| | |
| NET POSITION | |
| Net Investment in Capital Assets | 131,543,432 |
| Restricted for: | |
| Nonexpendable | — |
| Expendable | 3,782,674 |
| Unrestricted | <u>(8,113,043)</u> |
| TOTAL NET POSITION | <u>\$ 127,213,063</u> |

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2017

| | University of West Georgia | |
|--------------------------------|----------------------------|--------------|
| OPERATING REVENUES | | |
| Student Tuition and Fees (net) | \$ | 67,102,516 |
| Federal Appropriations | | — |
| Grants and Contracts | | |
| Federal | | 1,933,328 |
| State | | 510,202 |
| Other | | 1,622,570 |
| Sales and Services | | 546,404 |
| Rents and Royalties | | 164,535 |
| Auxiliary Enterprises | | |
| Residence Halls | | 19,633,356 |
| Bookstore | | 2,903,849 |
| Food Services | | 12,053,976 |
| Parking/Transportation | | 1,836,274 |
| Health Services | | 2,306,132 |
| Intercollegiate Athletics | | 6,949,795 |
| Other Organizations | | 394,279 |
| Gifts and Contributions | | — |
| Endowment Income | | — |
| Other Operating Revenues | | 10,715,752 |
| | | 128,672,968 |
| Total Operating Revenues | | 128,672,968 |
| OPERATING EXPENSES | | |
| Faculty Salaries | | 43,459,858 |
| Staff Salaries | | 50,724,867 |
| Employee Benefits | | 34,640,819 |
| Other Personal Services | | 711,276 |
| Travel | | 1,581,589 |
| Scholarships and Fellowships | | 10,927,462 |
| Utilities | | 3,862,031 |
| Supplies and Other Services | | 42,216,527 |
| Depreciation | | 14,151,260 |
| | | 202,275,689 |
| Total Operating Expenses | | 202,275,689 |
| Operating Income (Loss) | \$ | (73,602,721) |

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

UNIVERSITY OF WEST GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2017

| | University of West Georgia |
|---|----------------------------|
| NONOPERATING REVENUES (EXPENSES) | |
| State Appropriations | \$ 52,460,243 |
| Grants and Contracts | |
| Federal | 24,940,373 |
| State | — |
| Other | — |
| Gifts | 672,100 |
| Investment Income | 451,522 |
| Interest Expense | (9,118,901) |
| Other Nonoperating Revenues (Expenses) | 130,241 |
| | <hr/> |
| Net Nonoperating Revenues | 69,535,578 |
| | <hr/> |
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | (4,067,143) |
| | <hr/> |
| Capital Grants and Gifts | |
| Federal | — |
| State | 2,349,827 |
| Other | 62,399 |
| Additions to Permanent and Term Endowments | — |
| Special Item | (1,129,959) |
| Extraordinary Item | — |
| | <hr/> |
| Total Other Revenues, Expenses, Gains or Losses | 1,282,267 |
| | <hr/> |
| Change in Net Position | (2,784,876) |
| | <hr/> |
| Net Position, Beginning of Year, As Originally Reported | 129,997,939 |
| Prior Year Adjustments | — |
| Net Position, Beginning of Year, Restated | 129,997,939 |
| | <hr/> |
| Net Position-End of Year | \$ 127,213,063 |
| | <hr/> <hr/> |

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

**UNIVERSITY OF WEST GEORGIA
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

| | University of West Georgia |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Payments from Customers | \$ 124,890,889 |
| Federal Appropriations | — |
| Grants and Contracts (Exchange) | 4,238,613 |
| Payments to Suppliers | (77,691,451) |
| Payments to Employees | (95,101,157) |
| Payments for Scholarships and Fellowships | (10,927,462) |
| Loans Issued to Students | (714,162) |
| Collection of Loans from Students | 477,027 |
| Other Receipts | — |
| Other Payments | 2,719 |
| Net Cash Used by Operating Activities | <u>(54,824,984)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| State Appropriations | 52,460,243 |
| Agency Funds Transactions - Receipts | 196,568,088 |
| Agency Funds Transactions - Disbursements | (196,569,378) |
| Gifts and Grants Received for Other Than Capital Purposes | 25,399,669 |
| Transfer of Endowments to Affiliated Organization | — |
| Other Noncapital Financing Receipts | — |
| Other Noncapital Financing Payments | (57,478) |
| Net Cash Flows Provided by Non-capital Financing Activities | <u>77,801,144</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Capital Gifts and Grants Received | 3,365,197 |
| Proceeds from Sale of Capital Assets | 1,096,708 |
| Purchases of Capital Assets | (9,054,222) |
| Principal Paid on Capital Debt and Leases | (3,357,469) |
| Interest Paid on Capital Debt and Leases | (9,040,937) |
| Net Cash Used by Capital and Related Financing Activities | <u>(16,990,723)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Proceeds from Sales and Maturities of Investments | — |
| Investment Income | 451,522 |
| Purchase of Investments | — |
| Net Cash Provided by Investing Activities | <u>451,522</u> |
| Net Increase in Cash and Cash Equivalents | 6,436,959 |
| Cash and Cash Equivalents, Beginning of year | <u>50,471,235</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 56,908,194</u> |

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

| | |
|---|-------------|
| Extinguishment of Capital Debt | \$ — |
| Adjustments to Capital Debt Beginning Balance Ran Through Current Year Activity | \$ — |
| Recognition of Capital Financing Activities Advances and Deferred Inflows | \$ — |
| Amortization of Deferred Gain/Loss of Capital Debt Refunded | \$ (77,964) |
| Accrual of Capital Financing Interest Payable | \$ — |
| Edit Description Other Capital Financing Activities Noncash Items | \$ — |
| Edit Description Other Capital Financing Activities Noncash Items | \$ — |
| Edit Description Other Capital Financing Activities Noncash Items | \$ — |
| Unrealized Gain/Loss on Investments | \$ — |
| Gift of Investments | \$ — |
| Edit Description Other Investing Activities Noncash Items | \$ — |
| Edit Description Other Investing Activities Noncash Items | \$ — |
| Edit Description Other Investing Activities Noncash Items | \$ — |

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

NOTES TO THE FINANCIAL STATEMENTS



UNIVERSITY OF WEST GEORGIA

UNIVERSITY OF WEST GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's Comprehensive Annual Financial Report (CAFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the Institution. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2017, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

The Institution's business-type activities 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.

New Accounting Pronouncements

For fiscal year 2017, the Institution adopted Governmental Accounting Standards Board (GASB) Statement No. 82, Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73. This Statement addresses accounting and financial reporting issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

For fiscal year 2017, the Institution adopted Governmental Accounting Standards Board (GASB) Statement No. 80, Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The adoption of this Statement does not have a significant impact on the Institution's financial statements.

For fiscal year 2017, the Institution adopted GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. The adoption of this Statement does not have a significant impact on the Institution's financial statements.

For fiscal year 2017, the Institution adopted GASB Statement No. 77, Tax Abatement Disclosures. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The adoption of this Statement does not have a significant impact on the Institution's financial statements.

For fiscal year 2017, the Institution adopted GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution other postemployment benefit (OPEB) plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions. The adoption of this Statement does not have a significant impact on the Institution's financial statements.

Future Accounting Pronouncements

In fiscal year 2018, the Institution will adopt Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The provisions of this Statement establish accounting and financial reporting standards for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. Implementation of this Statement will require the Institution to record a liability for its proportionate share of the OPEB Liability of plans in which it participates. Actuarial estimates are currently being made to determine the Institution's liability, the effects of which are believed to be material.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool (Ga Fund 1) and the Board of Regents Short-Term Investment Pool.

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 Institution's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

Consumable supplies and resale inventories are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the Institution'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 Institution, 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.

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 Institution's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the Institution's contribution to the Fund.

Deferred Outflows of Resources

Deferred outflows of resources consist of the consumption of net assets by an institution that are applicable to a future reporting period.

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 other organizations result primarily from the Institution acting as an agent or fiduciary, for another entity. Deposits held for others include scholarships, fellowships, study abroad deposits and other funds held for various governments, companies, clubs or individuals.

Claims and Judgments

An estimated loss from claims and judgments is recognized when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Compensated Absences

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

Non-current Liabilities

Non-current liabilities include: (1) liabilities that will not be paid within the next fiscal year; (2) capital lease 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 assets by an institution that are applicable to a future reporting period.

Pensions and Net Pension Liability

The net pension liability represents the unfunded pension liability which is 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 fiduciary net position, additions to/deductions from 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 Institution's net position is classified as follows:

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

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

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

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

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

Income Taxes

The Institution, 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 non-operating 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.
- Non-operating 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 No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, such as state appropriations and investment income.
- Operating expense includes activities that have the characteristics of exchange transactions.
- Non-operating expense includes activities that have the characteristics of non-exchange transactions, such as capital financing costs and costs related to investment activity.

Special Item

During fiscal year 2017, the Institution sold land and buildings located in Newnan, Georgia. Total proceeds from the sale were \$877,965 and the net book value of the assets sold were \$2,007,924. This resulted in a loss on sale of assets of \$1,129,959.

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported at gross with a contra revenue account of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the Institution, 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 Institution's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the Institution has recorded contra revenue for scholarship allowances. Student tuition and fees and auxiliary revenues reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$22,085,050 and \$263,385, respectively.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2017 are classified in the accompanying statement of net position as follows:

| | | |
|--|----|-------------------|
| Cash & Cash Equivalents | \$ | 56,908,194 |
| Short-Term Investments | | — |
| Investments | | — |
| Non Current - Cash | | — |
| Non Current - Investments | | — |
| Cash (Externally Restricted) | | — |
| Short Term Investments (Externally Restricted) | | — |
| Investments (Externally Restricted) | | — |
| | \$ | <u>56,908,194</u> |

Cash on hand, deposits and investments as of June 30, 2017 consist of the following:

| | | |
|---|-----------|-------------------|
| Cash on Hand | \$ | 154,180 |
| Deposits with Financial Institutions | | 22,707,126 |
| Investments | | 34,046,888 |
| Pooled Assets Held on Behalf of Component Units | | — |
| | <u>\$</u> | <u>56,908,194</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 Institution's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the Institution) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

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

At June 30, 2017, the bank balances of the Institution's deposits totaled \$23,353,037. Of these deposits, \$22,979,042 were exposed to custodial credit risk as follows:

| | | |
|--|-----------|-------------------|
| Uninsured and uncollateralized | \$ | — |
| Uninsured and collateralized with securities held by the pledging financial institution | | — |
| Uninsured and collateralized with securities held by the pledging financial institution's trust departments or agents, but not in the Institution's name | | 22,979,042 |
| | <u>\$</u> | <u>22,979,042</u> |

B. Investments

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

Investment Pools

The Board of Regents Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The fair value of investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. Participation in the Board of Regents Investment Pool is voluntary. The Board of Regents Investment Pool is not rated. Additional information on the Board of Regents Investment Pool is disclosed in the audited Financial Statements of the University System of Georgia. This audit can be obtained from the Georgia Department of Audits - Education Audit Division or on their web site at <http://www.audits.ga.gov>.

The Effective Duration of the Short Term Fund is 0.429 years. Of the Institution's total investment in the Short Term Fund, 100% is invested in debt securities.

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, \$1 per share. The Georgia Fund 1 Investment Pool is an AAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 26 days.

Interest Rate Risk

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

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2017:

| | | |
|--|----|------------------|
| Student Tuition and Fees | \$ | 838,579 |
| Auxiliary Enterprises and Other Operating Activities | | 1,389,588 |
| Federal Financial Assistance | | 925,344 |
| State General Appropriations Allotment | | — |
| Georgia Student Finance Commission | | — |
| Georgia State Financing and Investment Commission | | 300,149 |
| Margin Allocation Funds | | — |
| Due from Affiliated Organizations | | 64,904 |
| Due from Component Units | | — |
| Due From Other USG Institutions | | 1,357,248 |
| Other | | 444,790 |
| | | <hr/> 5,320,602 |
| Less: Allowance for Doubtful Accounts | | 1,151,919 |
| | | <hr/> |
| Net Accounts Receivable | \$ | <u>4,168,683</u> |

Note 4 Inventories

Inventories consisted of the following at June 30, 2017:

| | | |
|------------------------|----|------------------|
| Consumable Supplies | \$ | 109,924 |
| Merchandise for Resale | | <u>1,479,720</u> |
| | | <hr/> |
| Total | \$ | <u>1,589,644</u> |

Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2017. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the Institution for amounts canceled under these provisions. As the Institution determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The Institution has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2017, the allowance for uncollectible loans was \$0.

Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2017 are shown below:

| | Beginning Balances July 1, 2016 | Special Item and Other Transfers | Additions | Reductions | Balance June 30, 2017 |
|---|---------------------------------------|--|---------------------|----------------------|--------------------------|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 12,483,645 | \$ (890,200) | \$ — | \$ — | \$ 11,593,445 |
| Capitalized Collections | 18,900 | 44,379 | 31,295 | | 94,574 |
| Construction Work-in-Progress | 11,177,487 | | 7,096,531 | 15,131,072 | 3,142,946 |
| Software Development-in-Progress | — | | | | — |
| Total Capital Assets Not Being Depreciated | 23,680,032 | (845,821) | 7,127,826 | 15,131,072 | 14,830,965 |
| Capital Assets, Being Depreciated/Amortized: | | | | | |
| Infrastructure | 6,601,298 | | 4,818,895 | — | 11,420,193 |
| Building and Building Improvements | 363,778,715 | (1,458,538) | 7,725,801 | 900,638 | 369,145,340 |
| Facilities and Other Improvements | 8,476,905 | | 844,212 | — | 9,321,117 |
| Equipment | 27,937,060 | | 1,926,677 | 541,566 | 29,322,171 |
| Capital Leases | — | | | | — |
| Library Collections | 18,925,911 | | 509,028 | 100,551 | 19,334,388 |
| Capitalized Collections | 44,379 | (44,379) | — | | — |
| Water, Timber, Mineral Rights, and Easements | — | | | | — |
| Patents, Trademarks, and Copyrights | — | | | | — |
| Software | — | | | | — |
| Total Capital Assets Being Depreciated/Amortized | 425,764,268 | (1,502,917) | 15,824,613 | 1,542,755 | 438,543,209 |
| Less: Accumulated Depreciation/Amortization | | | | | |
| Infrastructure | 1,932,603 | | 252,103 | | 2,184,706 |
| Building and Building Improvements | 101,689,039 | (340,814) | 10,845,083 | 912,135 | 111,281,173 |
| Facilities and Other Improvements | 3,335,149 | | 353,255 | | 3,688,404 |
| Equipment | 19,533,440 | | 2,136,313 | 505,840 | 21,163,913 |
| Capital Leases | — | | | | — |
| Library Collections | 16,681,462 | | 564,506 | 93,756 | 17,152,212 |
| Capitalized Collections | — | | | | — |
| Water, Timber, Mineral Rights, and Easements | — | | | | — |
| Patents, Trademarks, and Copyrights | — | | | | — |
| Software | — | | | | — |
| Total Accumulated Depreciation/Amortization | 143,171,693 | (340,814) | 14,151,260 | 1,511,731 | 155,470,408 |
| Total Capital Assets, Being Depreciated/Amortized, Net | 282,592,575 | (1,162,103) | 1,673,353 | 31,024 | 283,072,801 |
| Capital Assets, net | \$ 306,272,607 | \$ (2,007,924) | \$ 8,801,179 | \$ 15,162,096 | \$ 297,903,766 |

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the Institution when complete. For projects managed by the Institution, the Institution retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2017, GSFIC did not transfer any capital additions to the Institution related to GSFIC managed projects. In addition, at June 30, 2017, GSFIC had construction in progress of approximately \$4,800,360 for incomplete GSFIC managed projects for the Institution.

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

| Fiscal Year | Depreciation Expense |
|-------------|-------------------------|
| 2017 | \$ 14,151,260 |
| 2016 | \$ 13,928,608 |
| 2015 | \$ 13,121,727 |

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2017:

| | Current Liabilities | Non-Current Liabilities |
|--------------------------|---------------------|----------------------------|
| Prepaid Tuition and Fees | \$ 3,607,265 | \$ — |
| Research | 702,401 | — |
| Other - Advances | 719,319 | 2,295 |
| Totals | \$ 5,028,985 | \$ 2,295 |

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2017 was as follows:

| | Beginning Balance July 1, 2016 | Additions | Reductions | Balance June 30, 2017 | Current Portion |
|---|--------------------------------------|---------------|--------------|--------------------------|--------------------|
| Lease Purchase Obligations | \$ 170,975,723 | \$ — | \$ 3,357,469 | \$ 167,618,254 | \$ 3,844,803 |
| Other Liabilities | | | | | |
| Compensated Absences | 4,023,958 | 3,608,288 | 3,259,378 | 4,372,868 | 2,713,802 |
| Net Pension Liability | 57,594,117 | 22,789,574 | — | 80,383,691 | — |
| Notes and Loans Payable | — | — | — | — | — |
| Claims and Judgments | 6,245 | 700 | 6,245 | 700 | 700 |
| Other Post Employment Benefits Obligation | — | — | — | — | — |
| Pollution Remediation | — | — | — | — | — |
| Total | 61,624,320 | 26,398,562 | 3,265,623 | 84,757,259 | 2,714,502 |
| Total Long-Term Obligations | \$ 232,600,043 | \$ 26,398,562 | \$ 6,623,092 | \$ 252,375,513 | \$ 6,559,305 |

Note 9 Service Concessions Arrangements

For the year ended June 30, 2017, the Institution did not have any service concession arrangements.

Note 10 Net Position

The breakdown of business type activity net position for the Institution fund at June 30, 2017 is as follows:

NET POSITION

| | |
|--|-----------------------|
| Net Investment in Capital Assets | \$ 131,543,432 |
| <hr/> | |
| Restricted for | |
| Nonexpendable | |
| Permanent Endowment | — |
| <hr/> | |
| Expendable | |
| Sponsored and Other Organized Activities | 555,800 |
| Federal Loans | 2,873,539 |
| Institutional Loans | 353,335 |
| Term Endowments | — |
| Quasi-Endowments | — |
| Capital Projects | — |
| Sub-Total | <u>3,782,674</u> |
| | |
| Unrestricted | |
| Auxiliary Enterprises Operations | 7,542,684 |
| Auxiliary Enterprises Renewals & Replacement Reserve | 9,983,638 |
| Reserve for Encumbrances | 21,944,865 |
| Reserve for Inventory | 156,751 |
| Capital Liability Reserve Fund | 1,357,248 |
| Health Insurance Reserve | — |
| Other Unrestricted | (49,098,229) |
| Sub-Total | <u>(8,113,043)</u> |
| Total Net Position | <u>\$ 127,213,063</u> |

Changes in Net Position for the year ended June 30, 2017 are as follows:

| | Balance July 1, 2016 | Additions | Reductions | Balance June 30, 2017 |
|-----------------------------------|-------------------------|-----------------------|-----------------------|--------------------------|
| Net Investments in Capital Assets | \$ 135,399,912 | \$ 11,178,836 | \$ 13,027,392 | \$ 133,551,356 |
| Restricted Net Position | 3,446,952 | 31,418,699 | 31,082,977 | 3,782,674 |
| Unrestricted Net Position | (8,848,925) | 177,060,774 | 178,332,816 | (10,120,967) |
| Total Net Position | <u>\$ 129,997,939</u> | <u>\$ 219,658,309</u> | <u>\$ 222,443,185</u> | <u>\$ 127,213,063</u> |

Note 11 Endowments

Donor Restricted Endowments

For the year ended June 30, 2017, the Institution did not have any donor-restricted endowments.

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2017. This amount is not reflected in the accompanying basic financial statements.

Note 13 Leases

Lease Obligations

The Institution is obligated under various capital and operating lease agreements for the acquisition or use of real property and equipment.

Capital Leases

The Institution acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the Institution. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The Institution's principal and interest expenditures related to capital leases for fiscal year 2017 were \$3,357,469 and \$9,118,901, respectively. Interest rates range from 4.24% to 6.91%.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2017:

| Description | Gross Amount | Less: Accumulated Depreciation | Net, Assets Held Under Capital Lease at June 30, 2017 | Outstanding Balances per Lease Schedules at June 30, 2017 |
|--|-----------------------|--------------------------------|---|---|
| | (+) | 0 | (=) | |
| Leased Land & Land Improvements | \$ 4,202,011 | \$ — | \$ 4,202,011 | \$ 3,815,640 |
| Leased Work In-progress | | | — | — |
| Leased Infrastructure | — | — | — | |
| Leased Equipment | 3,227,268 | 3,226,580 | 688 | 2,930,523 |
| Leased Buildings & Building Improvements | 173,002,300 | 42,730,722 | 130,271,578 | 157,094,880 |
| Leased Facilities and Other Improvements | 4,159,691 | 1,455,892 | 2,703,799 | 3,777,211 |
| Total Assets Held Under Capital Lease | \$ 184,591,270 | \$ 47,413,194 | \$ 137,178,076 | \$ 167,618,254 |

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2017, are as follows:

| Year Ending June 30: | Real Property and Equipment | |
|------------------------------|-----------------------------|------------------|
| | Capital Leases | Operating Leases |
| 2018 | \$ 13,831,591 | \$ 199,754 |
| 2019 | 14,025,949 | 155,388 |
| 2020 | 14,215,142 | 66,304 |
| 2021 | 14,407,940 | 18,530 |
| 2022 | 14,593,188 | 7,565 |
| 2023 through 2027 | 75,897,007 | |
| 2028 through 2032 | 71,830,673 | |
| 2033 through 2037 | 59,735,132 | |
| 2038 through 2042 | 36,093,082 | |
| 2043 through 2047 | — | |
| 2048 through 2052 | — | |
| 2053 through 2057 | — | |
| Total minimum lease payments | 314,629,704 | \$ 447,541 |
| Less: Interest | 118,009,639 | |
| Less: Executory costs | 29,001,811 | |
| Principal Outstanding | \$ 167,618,254 | |

Note 14. Retirement Plans

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

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

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

Summary of Significant Accounting Policies

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

General Information about the Teachers Retirement System

Plan description

All teachers of the Institution as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the

authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2017. USGs contractually required contribution rate for the year ended June 30, 2017 was 14.27% of annual the Institution payroll. The Institution's contributions to TRS totaled \$7,034,933 for the year ended June 30, 2017.

General Information about the Employees' Retirement System

Plan description

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

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. Institution's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2017 was 24.69% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. Institution's contributions

to ERS totaled \$55,341 for the year ended June 30, 2017. 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, 2017, the Institution reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2016 was determined using standard roll-forward techniques. The Institution's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2016. At June 30, 2016, the Institution's TRS proportion was 0.387765%, which was an increase of 0.011388% from its proportion measured as of June 30, 2015. At June 30, 2016, the Institution's ERS proportion was 0.008106%, which was a increase of 0.000838% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Institution recognized pension expense of \$3,515,328 for TRS and \$(26,513) for ERS. At June 30, 2017, the Institution reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | TRS | | ERS | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Deferred Outflow of Resources | Deferred Inflows of Resources | Deferred Outflow of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 1,191,788 | \$ 395,602 | \$ — | \$ 886 |
| Changes of assumptions | 2,073,496 | — | 3,248 | — |
| Net difference between projected and actual earnings on pension plan investments | 10,120,360 | — | 38,986 | — |
| Changes in proportion and differences between contributions and proportionate share of contributions | 5,967,054 | — | 27,035 | — |
| Contributions subsequent to the measurement date | 7,034,933 | — | 55,341 | — |
| Total | <u>\$ 26,387,631</u> | <u>\$ 395,602</u> | <u>\$ 124,610</u> | <u>\$ 886</u> |

The Institution's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | TRS | ERS |
|---------------------|--------------|-----------|
| 2018 | \$ 3,455,984 | \$ 26,336 |
| 2019 | \$ 3,455,980 | \$ 7,998 |
| 2020 | \$ 7,325,440 | \$ 21,019 |
| 2021 | \$ 4,491,313 | \$ 13,030 |
| 2022 | \$ 228,379 | \$ — |
| Thereafter | \$ — | \$ — |

Actuarial assumptions

The total pension liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

| | |
|---------------------------|--|
| Inflation | 2.75% |
| Salary increases | 3.25% - 9.00%, average, including inflation |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

Employees' Retirement System

| | |
|---------------------------|--|
| Inflation | 2.75% |
| Salary increases | 3.25 – 7.00%, including inflation |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

| Asset class | TRS target allocation | ERS target allocation | Long-term expected real rate of return* |
|---|-----------------------|-----------------------|---|
| Fixed income | 30.00% | 30.00% | (0.50)% |
| Domestic large equities | 39.80% | 37.20% | 9.00 % |
| Domestic mid equities | 3.70% | 3.40% | 12.00 % |
| Domestic small equities | 1.50% | 1.40% | 13.50 % |
| International developed market equities | 19.40% | 17.80% | 8.00 % |
| International emerging market equities | 5.60% | 5.20% | 12.00 % |
| Alternatives | —% | 5.00% | 10.50 % |
| Total | 100.00% | 100.00% | |

* Rates shown are net of the 2.75% assumed rate of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.50%. 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.

The following presents the Institution's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Institution's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Teachers Retirement System:

| | 1% Decrease 6.50% | Current discount rate 7.50% | 1% Increase 8.50% |
|--|-------------------------|-----------------------------------|-------------------------|
| Proportionate share of the net pension liability | \$ 124,521,365 | \$ 80,000,243 | \$ 43,344,438 |

Employees' Retirement System:

| | 1% Decrease 6.50% | Current discount rate 7.50% | 1% Increase 8.50% |
|--|-------------------------|-----------------------------------|-------------------------|
| Proportionate share of the net pension liability | \$ 519,643 | \$ 383,448 | \$ 267,383 |

Pension plan fiduciary net position

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

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2017, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The Institution and the covered employees made the required contributions of 9.24% and 6%, 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 2017, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

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

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

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

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

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the Official Code of Georgia Annotated Section 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 Institution, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

Note 17 Post-Employment Benefits Other Than Pension Benefits

Pursuant to the general powers conferred by the Official Code of Georgia Annotated Section 20-3-31, the Board of Regents of the University System of Georgia has established group health and life insurance programs for regular employees of the University System of Georgia. It is the policy of the Board of Regents to permit employees of the University System of Georgia eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System of Georgia pay the employer portion for group insurance for affected individuals. With regard to life insurance, the employer covers the total 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 employee.

The Board of Regents Retiree Health Benefit Plan is a single-employer, defined benefit plan. Financial statements and required supplementary information for the Plan are included in the publicly available Consolidated Annual Financial Report of the University System of Georgia. The Institution pays the employer portion of health insurance for its eligible retirees based on rates that are established annually by the Board of Regents for the upcoming plan year.

As of June 30, 2017, there were 486 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2017, the Institution recognized \$2,082,041 in expenses, which was net of \$482,784 of participant contributions.

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2017 are shown below:

| Functional Classification | Natural Classification | | | | |
|----------------------------------|------------------------|----------------------|----------------------|-------------------|---------------------|
| | Faculty Salaries | Staff Salaries | Employee Benefits | Personal Services | Travel |
| Instruction | \$ 36,290,730 | \$ 8,434,375 | \$ 13,039,224 | \$ 95,223 | \$ 800,714 |
| Research | 345,611 | 441,968 | 154,032 | — | 68,533 |
| Public Service | 19,066 | 153,928 | 48,205 | 13,458 | 9,123 |
| Academic Support | 4,524,488 | 6,927,743 | 3,555,227 | — | 238,880 |
| Student Services | 426,205 | 7,518,424 | 2,294,744 | 19,078 | 149,486 |
| Institutional Support | 1,473,817 | 8,134,643 | 9,034,083 | 450,832 | 147,231 |
| Plant Operations and Maintenance | 237,708 | 4,591,019 | 3,002,587 | — | 44,747 |
| Scholarships and Fellowships | — | — | — | — | — |
| Auxiliary Enterprises | 142,233 | 14,522,767 | 3,512,717 | 132,685 | 122,875 |
| Patient Care | — | — | — | — | — |
| Unallocated Expenses | — | — | — | — | — |
| Total Operating Expenses | \$ 43,459,858 | \$ 50,724,867 | \$ 34,640,819 | \$ 711,276 | \$ 1,581,589 |

| Functional Classification | Natural Classification | | | | |
|----------------------------------|------------------------------|---------------------|-----------------------------|---------------------------|--------------------------|
| | Scholarships and Fellowships | Utilities | Supplies and Other Services | Depreciation/Amortization | Total Operating Expenses |
| Instruction | \$ 211,240 | \$ 79,438 | \$ 11,389,118 | \$ 2,264,253 | \$ 72,604,315 |
| Research | 248,049 | 1,863 | 650,384 | 13,679 | 1,924,119 |
| Public Service | — | 1,968 | 86,341 | — | 332,089 |
| Academic Support | — | 24,508 | 3,816,522 | 1,143,702 | 20,231,070 |
| Student Services | 63,403 | 17,366 | 4,124,979 | 798,323 | 15,412,008 |
| Institutional Support | 25,889 | 11,060 | 3,511,348 | 303,261 | 23,092,164 |
| Plant Operations and Maintenance | — | 1,799,395 | 5,693,547 | 3,195,728 | 18,564,731 |
| Scholarships and Fellowships | 8,315,435 | — | — | — | 8,315,435 |
| Auxiliary Enterprises | 2,063,446 | 1,926,433 | 12,944,288 | 6,432,314 | 41,799,758 |
| Patient Care | — | — | — | — | — |
| Unallocated Expenses | — | — | — | — | — |
| Total Operating Expenses | \$ 10,927,462 | \$ 3,862,031 | \$ 42,216,527 | \$ 14,151,260 | \$ 202,275,689 |

Note 19 Subsequent Event

No subsequent events requiring disclosure in the financial statements were noted.

REQUIRED SUPPLEMENTARY INFORMATION



UNIVERSITY OF WEST GEORGIA

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

| | Year Ended | Actuarially Determined Contribution (a) | Contributions in Relation to the Actuarially Determined Contribution (b) | Contribution Deficiency (Excess) (b-a) | Covered Employee Payroll (c) | Contributions as a Percentage of Covered Employee Payroll (b/c) |
|---------------------------------|------------|--|---|---|---------------------------------|---|
| Employees' Retirement System | 6/30/2017 | \$ 55,341 | \$ 55,341 | \$ — | 220,214 | 25.13% |
| | 6/30/2016 | \$ 46,712 | \$ 46,712 | \$ — | 200,704 | 23.27% |
| | 6/30/2015 | \$ 36,490 | \$ 36,490 | \$ — | 180,362 | 20.23% |
| | 6/30/2014 | \$ 33,241 | \$ 33,241 | \$ — | 251,697 | 13.21% |
| | 6/30/2013 | \$ 31,052 | \$ 31,052 | \$ — | 266,999 | 11.63% |
| | 6/30/2012 | \$ 15,154 | \$ 15,154 | \$ — | 145,572 | 10.41% |
| | 6/30/2011 | \$ 12,533 | \$ 12,533 | \$ — | 120,394 | 10.41% |
| | 6/30/2010 | \$ 8,819 | \$ 8,819 | \$ — | 83,884 | 10.51% |
| | 6/30/2009 | \$ 7,856 | \$ 7,856 | \$ — | 74,151 | 10.59% |
| | 6/30/2008 | \$ 8,230 | \$ 8,230 | \$ — | 78,576 | 10.47% |
| Teachers' Retirement System | 6/30/2017 | \$ 7,034,933 | \$ 7,034,933 | \$ — | 48,812,374 | 14.41% |
| | 6/30/2016 | \$ 6,154,630 | \$ 6,154,630 | \$ — | 42,445,253 | 14.50% |
| | 6/30/2015 | \$ 5,224,342 | \$ 5,224,342 | \$ — | 39,652,503 | 13.18% |
| | 6/30/2014 | \$ 3,778,698 | \$ 3,778,698 | \$ — | 33,120,850 | 11.41% |
| | 6/30/2013 | \$ 3,248,761 | \$ 3,248,761 | \$ — | 31,602,733 | 10.28% |
| | 6/30/2012 | \$ 3,158,430 | \$ 3,158,430 | \$ — | 30,724,027 | 10.28% |
| | 6/30/2011 | \$ 2,997,601 | \$ 2,997,601 | \$ — | 30,776,191 | 9.74% |
| | 6/30/2010 | \$ 2,681,880 | \$ 2,681,880 | \$ — | 28,899,569 | 9.28% |
| | 6/30/2009 | \$ 2,534,743 | \$ 2,534,743 | \$ — | 27,314,041 | 9.28% |
| | 6/30/2008 | \$ 2,372,082 | \$ 2,372,082 | \$ — | 25,561,228 | 9.28% |

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

| | Year Ended | Proportion of the Net Pension Liability | Proportionate Share of the Net Pension Liability | Covered Employee 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 | 6/30/2017 | 0.01% | \$ 383,448 | \$ 200,704 | 191.05% | 72.34% |
| | 6/30/2016 | 0.01% | \$ 294,456 | \$ 180,362 | 163.26% | 76.20% |
| | 6/30/2015 | 0.01% | \$ 247,241 | \$ 251,697 | 98.23% | 77.99% |
| Teachers Retirement System | 6/30/2017 | 0.39% | \$ 80,000,243 | \$ 42,445,253 | 188.48% | 76.06% |
| | 6/30/2016 | 0.38% | \$ 57,299,661 | \$ 39,652,503 | 144.50% | 81.44% |
| | 6/30/2015 | 0.35% | \$ 44,133,617 | \$ 33,120,850 | 133.25% | 84.03% |

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

**UNIVERSITY OF WEST GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Changes of assumptions

Employees' Retirement System:

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

Teachers Retirement System:

In 2010 and later, the expectation of retired life mortality was changed to the RP - 2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

SUPPLEMENTARY INFORMATION



UNIVERSITY OF WEST GEORGIA

**UNIVERSITY OF WEST GEORGIA
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2017
(UNAUDITED)**

ASSETS

| | | |
|------------------------------|----|----------------------|
| Cash and Cash Equivalents | \$ | 32,057,852.01 |
| Investments | | — |
| Accounts Receivable | | |
| State Appropriation | | — |
| Federal Financial Assistance | | 925,344.23 |
| Other | | 2,640,998.82 |
| Margin Allocation | | — |
| Prepaid Expenditures | | 52,513.00 |
| Inventories | | 153,018.21 |
| Other Assets | | 1,941.16 |
| | | <hr/> |
| Total Assets | \$ | <u>35,831,667.43</u> |

LIABILITIES AND FUND EQUITY

Liabilities

| | | |
|-----------------------|----|---------------|
| Cash Overdraft | \$ | — |
| Contracts Payable | | — |
| Accrued Payroll | | 584,447.05 |
| Payroll Withholdings | | — |
| Encumbrance Payable | | 19,797,346.36 |
| Accounts Payable | | 368,488.58 |
| Unearned Revenue | | 3,803,152.83 |
| Funds Held for Others | | 49,663.45 |
| Other Liabilities | | — |
| | | <hr/> |
| Total Liabilities | | 24,603,098.27 |

Fund Balances

| | | |
|---|----|----------------------|
| Reserved | | |
| Capital Outlay | | 877,965.00 |
| Department Sales and Services | | 5,726,832.39 |
| Indirect Cost Recoveries | | 1,287,141.08 |
| Technology Fees | | 551,299.48 |
| Restricted/Sponsored Funds | | — |
| Uncollectible Accounts Receivable | | 868,503.93 |
| Inventories | | 156,751.26 |
| Tuition Carry - Forward | | 1,724,828.50 |
| Carry-Over "Per Governor's Office of Planning and Budget" | | — |
| Early Retirement Program | | — |
| Unreserved | | |
| Surplus | | 35,247.52 |
| | | <hr/> |
| Total Fund Balances | | <u>11,228,569.16</u> |
| | | <hr/> |
| Total Liabilities and Fund Balances | \$ | <u>35,831,667.43</u> |

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

**UNIVERSITY OF WEST GEORGIA
SUMMARY BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS)
BUDGET FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

| | FINAL BUDGET | ACTUAL | VARIANCE |
|--|-----------------------|------------------------|------------------------|
| <u>REVENUES</u> | | | |
| State Appropriations | 52,783,218.00 | 52,783,218.00 | — |
| Other Funds | 138,974,047.00 | 128,970,311.51 | (10,003,735.49) |
| Total Revenue | <u>191,757,265.00</u> | <u>181,753,529.51</u> | <u>(10,003,735.49)</u> |
| <u>ADJUSTMENTS AND PROGRAM TRANSFERS</u> | | | |
| | | — | — |
| <u>CARRY-OVER FROM PRIOR YEARS</u> | | | |
| Transfers from Reserved Fund Balance | — | 10,587,665.60 | 10,587,665.60 |
| Total Funds Available | <u>191,757,265.00</u> | <u>192,341,195.11</u> | <u>583,930.11</u> |
| <u>EXPENDITURES</u> | | | |
| Public Service/Special Funding Initiative | 185,000.00 | 184,947.27 | 52.73 |
| Teaching | 191,572,265.00 | 181,805,909.53 | 9,766,355.47 |
| Total Expenditures | <u>191,757,265.00</u> | <u>181,990,856.80</u> | <u>9,766,408.20</u> |
| Excess of Funds Available over Expenditures | | <u>10,350,338.31</u> | |
| <u>FUND BALANCE JULY 1</u> | | | |
| Reserved | | 11,432,960.19 | |
| Unreserved | | 322,975.07 | |
| <u>ADJUSTMENTS</u> | | | |
| Prior Year Payables/Expenditures | | 200,089.43 | |
| Prior Year Receivables/Revenues | | (167,153.17) | |
| Increase (Decrease) in Inventories | | — | |
| Other Additions (Deletions) | | — | |
| Unreserved Fund Balance (Surplus) Returned to Board of Regents - University System Office | | | |
| Year Ended June 30, 2016 | | (322,975.07) | |
| Early Return of Surplus in Fiscal Year 2017 | | — | |
| Prior Year Reserved Fund Balance Included in Funds Available | | <u>(10,587,665.60)</u> | |
| <u>ENDING FUND BALANCE JUNE 30</u> | | <u>11,228,569.16</u> | |
| <u>SUMMARY OF FUND BALANCE</u> | | | |
| Reserved | | | |
| Capital Outlay | | 877,965.00 | |
| Department Sales & Services | | 5,726,832.39 | |
| Early Retirement Program | | — | |
| Indirect Cost Recovery | | 1,287,141.08 | |
| Inventories | | 156,751.26 | |
| Technology Fees | | 551,299.48 | |
| Restricted/Sponsored Funds | | — | |
| Uncollectible Accounts Receivable | | 868,503.93 | |
| Tuition Carry - Forward | | 1,724,828.50 | |
| Property Reserves | | — | |
| Total Reserved | | <u>11,193,321.64</u> | |
| Unreserved | | | |
| Surplus | | <u>35,247.52</u> | |
| Total Fund Balance | | <u>11,228,569.16</u> | |

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

**UNIVERSITY OF WEST GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Original Appropriation | Amended 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 | — | — | 185,000.00 | 185,000.00 | — |
| Tobacco Funds | — | — | — | — | — |
| State Funds - Prior Year Carry-Over | | | | | |
| Total Public Service / Special Funding Initiatives | — | — | 185,000.00 | 185,000.00 | — |
| Teaching | | | | | |
| State Appropriation | | | | | |
| State General Funds | 52,597,218.00 | 52,597,218.00 | 52,598,218.00 | 52,598,218.00 | — |
| Other Funds | 110,590,776.00 | 110,590,776.00 | 138,974,047.00 | 128,970,311.51 | 10,587,665.60 |
| Total Teaching | 163,187,994.00 | 163,187,994.00 | 191,572,265.00 | 181,568,529.51 | 10,587,665.60 |
| Total Operating Activity | 163,187,994.00 | 163,187,994.00 | 191,757,265.00 | 181,753,529.51 | 10,587,665.60 |

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

**UNIVERSITY OF WEST GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | 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 | — | 185,000.00 | — | 184,947.27 | 52.73 | 52.73 |
| Tobacco Funds | — | — | — | — | — | — |
| State Funds - Prior Year Carry-Over | | | | | | |
| Total Public Service / Special Funding Initiatives | — | 185,000.00 | — | 184,947.27 | 52.73 | 52.73 |
| Teaching | | | | | | |
| State Appropriation | | | | | | |
| State General Funds | — | 52,598,218.00 | — | 52,598,218.00 | — | — |
| Other Funds | — | 139,557,977.11 | 583,930.11 | 129,207,691.53 | 9,766,355.47 | 10,350,285.58 |
| Total Teaching | — | 192,156,195.11 | 583,930.11 | 181,805,909.53 | 9,766,355.47 | 10,350,285.58 |
| Total Operating Activity | — | 192,341,195.11 | 583,930.11 | 181,990,856.80 | 9,766,408.20 | 10,350,338.31 |

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

**UNIVERSITY OF WEST GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Beginning Fund Balance/(Deficit) | Fund Balance Carried Over from Prior Year as Funds Available | Return of Fiscal Year 2016 Surplus | Prior Year Adjustments | Other Adjustments |
|--|-------------------------------------|---|--|---------------------------|----------------------|
| Public Service / Special Funding Initiatives | | | | | |
| State Appropriation | | | | | |
| State General Funds | 4,045.81 | — | (4,045.81) | 18,315.62 | — |
| Tobacco Funds | — | — | — | — | — |
| Other Funds | — | — | — | — | — |
| Total Public Service / Special Funding Initiatives | 4,045.81 | — | (4,045.81) | 18,315.62 | — |
| Teaching | | | | | |
| State Appropriation | | | | | |
| State General Funds | 56,064.13 | — | (56,064.13) | 8,399.38 | — |
| Other Funds | 10,850,530.73 | (10,587,665.60) | (262,865.13) | 6,221.26 | (179,960.60) |
| Total Teaching | 10,906,594.86 | (10,587,665.60) | (318,929.26) | 14,620.64 | (179,960.60) |
| Total Operating Activity | 10,910,640.67 | (10,587,665.60) | (322,975.07) | 32,936.26 | (179,960.60) |
| Prior Year Reserves | | | | | |
| Not Available for Expenditure | | | | | |
| Inventories | 120,152.98 | | | | 36,598.28 |
| Uncollectible Accounts Receivable | 725,141.61 | | | | 143,362.32 |
| Budget Unit Totals | 11,755,935.26 | (10,587,665.60) | (322,975.07) | 32,936.26 | — |

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

**UNIVERSITY OF WEST GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Early Return of Fiscal Year 2017 Surplus | Excess (Deficiency) of Funds Available Over/(Under) Expenditures | Ending Fund Balance/(Deficit) | Analysis of Ending Fund Balance | | |
|---|--|---|----------------------------------|---------------------------------|-------------------|----------------------|
| | | | | Reserved | Surplus/(Deficit) | Total |
| Public Service / Special Funding Initiatives | | | | | | |
| State Appropriation | | | | | | |
| State General Funds | — | 52.73 | 18,368.35 | — | 18,368.35 | 18,368.35 |
| Tobacco Funds | — | — | — | — | — | — |
| Other Funds | — | — | — | — | — | — |
| Total Public Service / Special Funding Initiatives | — | 52.73 | 18,368.35 | — | 18,368.35 | 18,368.35 |
| Teaching | | | | | | |
| State Appropriation | | | | | | |
| State General Funds | — | — | 8,399.38 | — | 8,399.38 | 8,399.38 |
| Other Funds | — | 10,350,285.58 | 10,176,546.24 | 10,168,066.45 | 8,479.79 | 10,176,546.24 |
| Total Teaching | — | 10,350,285.58 | 10,184,945.62 | 10,168,066.45 | 16,879.17 | 10,184,945.62 |
| Total Operating Activity | — | 10,350,338.31 | 10,203,313.97 | 10,168,066.45 | 35,247.52 | 10,203,313.97 |
| Prior Year Reserves | | | | | | |
| Not Available for Expenditure | | | | | | |
| Inventories | | | 156,751.26 | 156,751.26 | | 156,751.26 |
| Uncollectible Accounts Receivable | | | 868,503.93 | 868,503.93 | | 868,503.93 |
| Budget Unit Totals | — | 10,350,338.31 | 11,228,569.16 | 11,193,321.64 | 35,247.52 | 11,228,569.16 |
| | | | | 877,965.00 | — | 877,965.00 |
| | | | | 5,726,832.39 | — | 5,726,832.39 |
| | | | | 1,287,141.08 | — | 1,287,141.08 |
| | | | | 551,299.48 | — | 551,299.48 |
| | | | | — | — | — |
| | | | | — | — | — |
| | | | | 1,724,828.50 | — | 1,724,828.50 |
| | | | | 868,503.93 | — | 868,503.93 |
| | | | | 156,751.26 | — | 156,751.26 |
| | | | | — | — | — |
| | | | | — | 35,247.52 | 35,247.52 |
| | | | | 11,193,321.64 | 35,247.52 | 11,228,569.16 |

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.



**BOARD OF REGENTS OF
THE UNIVERSITY SYSTEM OF GEORGIA**

UNIVERSITY OF WEST GEORGIA

1601 Maple Street
Carrollton, GA 30118
678-839-5000

westga.edu