



# **SAVANNAH STATE UNIVERSITY**

Annual Financial Report  
(Reviewed)  
Fiscal Year 2019

Savannah, Georgia



**SAVANNAH STATE UNIVERSITY**  
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# Financial Section





## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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**To the Board of Regents of the  
University System of Georgia and  
Savannah State University  
Atlanta, Georgia**

We have reviewed the accompanying financial statements of Savannah State University (the "University"), which is part of the University System of Georgia (an organizational unit of the State of Georgia), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

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

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the financial position, the changes in financial position, and cash flows of only that portion of the University System of Georgia that is attributable to the transactions of Savannah State University. They do not purport to, and do not present fairly the financial position of the University System of Georgia (an organizational unit of the State of Georgia), as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our accountant's conclusion is not modified with respect to this matter.

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**Other Matters*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the information regarding the University's pension and other postemployment benefit (OPEB) plans on pages 38 - 43, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the management's discussion and analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited or reviewed the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

***Supplementary Information***

The supplementary information includes the balance sheet (non-GAAP basis) on pages 45, the statement of funds available and expenditures compared to budget (non-GAAP basis) on pages 46 - 47, and the statement of changes to fund balance by program and funding source (non-GAAP basis) on pages 48 - 49, which are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed the supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.



Atlanta, Georgia  
September 13, 2019

# Financial Statements (GAAP Basis)



**SAVANNAH STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**  
**See Independent Accountant's Review Report**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$	1,879,067
Cash and Cash Equivalents (Externally Restricted)		1,246,878
Accounts Receivable, net		
Federal Financial Assistance		2,101,570
Other		3,136,826
Inventories		66,876
Prepaid Items		68,292
Total Current Assets		<u>8,499,509</u>

**Non-Current Assets**

Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund		844,039
Notes Receivable, net		694,030
Non-current Cash (Externally Restricted)		134,495
Short-term Investments (Externally Restricted)		34,175
Investments (Externally Restricted)		8,885,490
Capital Assets, net		151,596,748
Total Non-Current Assets		<u>162,188,977</u>

**TOTAL ASSETS**

170,688,486

**DEFERRED OUTFLOWS OF RESOURCES**

\$ 13,481,736

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



**SAVANNAH STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**  
**See Independent Accountant's Review Report**

**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 1,892,581
Salaries Payable	271,158
Benefits Payable	97,648
Advances (Including Tuition and Fees)	2,923,630
Deposits Held for Other Organizations	3,594,440
Other Liabilities	2,287
Lease Purchase Obligations - External	2,803,066
Pollution Remediation	174,500
Compensated Absences	1,172,626
<b>Total Current Liabilities</b>	<u>12,931,936</u>

**Non-Current Liabilities**

Lease Purchase Obligations - External	89,759,992
Compensated Absences	652,895
Net Other Post Employment Benefits Liability	49,939,053
Net Pension Liability	34,730,881
<b>Total Non-Current Liabilities</b>	<u>175,082,821</u>
<b>TOTAL LIABILITIES</b>	<u>188,014,757</u>

**DEFERRED INFLOWS OF RESOURCES**

11,807,030

**NET POSITION**

Net Investment in Capital Assets	55,373,263
Restricted for:	
Nonexpendable	9,054,161
Expendable	879,809
Unrestricted (Deficit)	<u>(80,958,798)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (15,651,565)</u>

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

**SAVANNAH STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2019**  
**See Independent Accountant's Review Report**

**OPERATING REVENUES**

Student Tuition and Fees (net)	\$	11,863,094
Grants and Contracts		
Federal		9,942,082
State		17,740
Other		451,212
Sales and Services		1,462,019
Rents and Royalties		45,765
Auxiliary Enterprises		
Residence Halls		12,475,059
Bookstore		180,964
Food Services		7,414,404
Parking/Transportation		780,433
Health Services		483,649
Intercollegiate Athletics		3,756,312
Other Organizations		79,322
Other Operating Revenues		480,445
		<hr/>
Total Operating Revenues		49,432,500
		<hr/>

**OPERATING EXPENSES**

Faculty Salaries		14,803,445
Staff Salaries		19,210,396
Employee Benefits		14,531,339
Other Personal Services		352,398
Travel		579,148
Scholarships and Fellowships		6,266,745
Utilities		4,124,461
Supplies and Other Services		25,047,667
Depreciation		7,239,353
		<hr/>
Total Operating Expenses		92,154,952
		<hr/>
Operating Income (Loss)	\$	(42,722,452)
		<hr/>

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

**SAVANNAH STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2019**  
**See Independent Accountant's Review Report**

**NONOPERATING REVENUES (EXPENSES)**

State Appropriations	\$	25,664,982
Grants and Contracts		
Federal		14,937,902
Gifts		1,605,632
Investment Income		1,017,038
Interest Expense		(4,426,183)
		<hr/>
Net Nonoperating Revenues		38,799,371
		<hr/>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		(3,923,081)
		<hr/>
Special Item		2,958,080
		<hr/>
Change in Net Position		(965,001)
Net Position (Deficit), Beginning of Year		(14,686,564)
		<hr/>
Net Position (Deficit), End of Year	\$	<u><u>(15,651,565)</u></u>

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

**SAVANNAH STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2019**  
**See Independent Accountant's Review Report**

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 38,038,289
Grants and Contracts (Exchange)	10,864,278
Payments to Suppliers	(41,899,479)
Payments to Employees	(34,839,279)
Payments for Scholarships and Fellowships	(6,266,745)
Loans Issued to Students	(90,855)
Collection of Loans from Students	129,791
Net Cash Used by Operating Activities	<u>(34,064,000)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	25,664,982
Agency Funds Transactions - Receipts	42,126,915
Agency Funds Transactions - Disbursements	(40,710,060)
Gifts and Grants Received for Other Than Capital Purposes	15,733,154
Other Non-Capital Financing Receipts	681,264
Net Cash Flows Provided by Non-Capital Financing Activities	<u>43,496,255</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(2,257,799)
Principal Paid on Capital Debt and Leases	(2,562,401)
Interest Paid on Capital Debt and Leases	(4,702,585)
Net Cash Used by Capital and Related Financing Activities	<u>(9,522,785)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	1,656,600
Purchase of Investments	(1,240,224)
Net Cash Provided by Investing Activities	<u>416,376</u>
Net Increase in Cash and Cash Equivalents	325,846
Cash and Cash Equivalents, Beginning of Year	<u>2,934,594</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,260,440</u></u>

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

**SAVANNAH STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2019**  
**See Independent Accountant's Review Report**

RECONCILIATION OF OPERATING LOSS TO  
NET CASH USED BY OPERATING ACTIVITIES:

Operating Loss	\$ (42,722,452)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	7,239,353
Operating Expenses Related to Noncash Gifts	717,016
Change in Assets and Liabilities:	
Receivables, net	218,331
Inventories	(304)
Prepaid Items	20,817
Notes Receivable, Net	38,935
Accounts Payable	(329,623)
Salaries Payable	(46,930)
Advances (Including Tuition and Fees)	(479,303)
Other Liabilities	222
Compensated Absences	(223,887)
Pollution Remediation	174,500
Claims and Judgments	(190,381)
Net Pension Liability	(236,261)
Other Post-Employment Benefit Liability	1,037,536
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	3,924,076
Deferred Outflows of Resources	(3,205,645)
	<hr/>
Net Cash Used by Operating Activities	<u>\$ (34,064,000)</u>

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

Noncapital Financing Activities Noncash Items:	
Noncapital Gifts	<u>\$ 717,016</u>
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	<u>\$ 155,835</u>
Capital Financing Activities Noncash Items:	
Gift of Capital Assets	<u>\$ 2,958,080</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ 271,143</u>
Accrual of Capital Financing Interest Payable	<u>\$ 225,927</u>
Investing Activities Noncash Items:	
Unrealized Gain (Loss) on Investments	<u>\$ (639,562)</u>

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

# Notes to the Financial Statements



**SAVANNAH STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**  
See Independent Accountant's Review Report

**Note 1 Summary of Significant Accounting Policies**

**Nature of Operations**

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

**Reporting Entity**

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

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

The accompanying basic financial statements are intended to supplement the State's 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 University. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2019, 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](http://sao.georgia.gov/comprehensive-annual-financial-reports).

**Basis of Accounting and Financial Statement Presentation**

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

The University's business-type activities 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 2019, the University adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The adoption of this Statement does not have a significant impact on the University's financial statements.

For fiscal year 2019, the University adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The adoption of this Statement does not have a significant impact on the University's financial statements.

**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. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

**Short-Term Investments**

Short-Term Investments consist of investments of 90 days - 13 months. These include certificates of deposits or other time-restricted investments with original maturities of six months or more when purchased. Funds are not readily available and there is a penalty for early withdrawal. Short-Term Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Short-Term Investments restricted as to use by a third party are reported as externally restricted.

**Investments**

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

**Accounts Receivable**

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

**Inventories**

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

**Prepaid Items**

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items.



**Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or acquisition value (entry price) at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed \$100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation, which also includes amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, and copyrights, as well as software, is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

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

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

**Capital Liability Reserve Fund**

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

**Deferred Outflows of Resources**

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

**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 University 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.

**Pollution Remediation Obligations**

Pollution remediation obligations are recorded when the University knows that a site is polluted and one or more obligating events have occurred. The amount recorded is an estimate of the current value of potential outlays for cleanup, calculated using the “expected cash flows” measurement technique.

**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 position that is applicable to a future reporting period.

**Other Post-Employment Benefit (OPEB) Liability**

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

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

**Pensions and Net Pension Liability**

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

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

**Net Position**

The University's net position is classified as follows:

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

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

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

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

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

#### **Income Taxes**

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

#### **Classification of Revenues and Expenses**

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

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

#### **Scholarship Allowances**

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements.

To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$18,614,608.

**Special Item**

In fiscal year 2019, Georgia Southern University transferred the Coastal Georgia Center, located in downtown Savannah, to Savannah State University. The building and equipment are valued at \$2,951,435 and \$6,645, respectively.

**Note 2 Deposits and Investments**

Cash and cash equivalents and investments as of June 30, 2019 are classified in the accompanying statement of net position as follows:

Cash and Cash Equivalents	\$	1,879,067
Cash and Cash Equivalents (Externally Restricted)		1,246,878
Noncurrent Cash (Externally Restricted)		134,495
Noncurrent Short Term Investments (Externally Restricted)		34,175
Noncurrent Investments (Externally Restricted)		8,885,490
	<u>\$</u>	<u>12,180,105</u>

Cash on hand, deposits and investments as of June 30, 2019 consist of the following:

Cash on Hand	\$	2,080
Deposits with Financial Institutions		3,292,535
Investments		8,885,490
	<u>\$</u>	<u>12,180,105</u>

**A. Deposits with Financial Institutions**

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

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home

Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

6. Letters of credit issued by a Federal Home Loan Bank.
7. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

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

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

At June 30, 2019, the bank balances of the University's deposits totaled \$4,213,951. Of these deposits, \$0 were exposed to custodial credit risk.

## **B. Investments**

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

The following table summarizes the valuation of the University's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2019.

	Fair Value
Investment Pools	
Board of Regents	
Legal Fund	\$ 856,072
Total Return Fund	8,029,418
Total Investments	\$ 8,885,490

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

### Board of Regents Pooled Investment Program

The USG serves as fiscal agent for various units of the University System of Georgia and affiliated organizations. The USG pools the monies of these organizations with the USG's monies for investment purposes. The investment pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The fair value of the investments is determined daily. The pool does not issue shares.

Each participant is allocated a pro rata share of each pooled investment fund balance at fair value along with a pro rata share of the pooled fund's investment returns.

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

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

**1. Legal Fund**

The Legal Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides an opportunity for greater return and modest principal growth to the extent possible with the securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between five and ten years, with a maximum of thirty years for any individual investment. The overall character of the portfolio is Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Legal Fund at June 30, 2019 was \$856,072, of which 100% is invested in debt securities. The Effective Duration of the Fund is 3.81 years.

**2. Total Return Fund**

The Total Return Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers greater overall equity exposure and is appropriate for investing longer term funds such as endowments. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents.

The equity allocation shall range between 60% and 80%, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Total Return Fund at June 30, 2019 was \$8,029,418, of which 29% is invested in debt securities. The Effective Duration of the Fund is 5.14 years.

Interest Rate Risk

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

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for managing credit quality risk is contained in the investment policy guidelines for the various pooled investment funds, colleges, universities, and foundations:

1. In the Legal Fund, all debt issues must be eligible investments under O.C.G.A § 50-17-59 and 50-17-63. The Legal Fund is unrated.
2. In the Total Return Fund, total fixed income portfolios should have an average credit quality rating of at least A. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1 or other high quality short-term debt instruments rated at least AA+. The Total Return Fund is unrated.

### Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2019:

Student Tuition and Fees	\$	2,669,242
Auxiliary Enterprises and Other Operating Activities		2,314,862
Federal Financial Assistance		2,101,570
Georgia State Financing and Investment Commission		155,835
Due From Other USG Institutions		888,039
Other		2,490,728
		<hr/>
		10,620,276
Less: Allowance for Doubtful Accounts		<hr/>
		4,537,841
		<hr/>
Net Accounts Receivable	\$	<u><u>6,082,435</u></u>

### Note 4 Inventories

Inventories consisted of the following at June 30, 2019:

Consumable Supplies	\$	61,388
Merchandise for Resale		5,488
		<hr/>
Total	\$	<u><u>66,876</u></u>

### Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2019. 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 University for amounts canceled under these provisions. As the University 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 University 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, 2019, the allowance for uncollectible loans was \$7,157.

## Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2019 are shown below:

	Balance July 1, 2018	Special Item and Other Transfers	Additions	Reductions	Balance June 30, 2019
Capital Assets, Not Being Depreciated:					
Land	\$ 1,240,219	\$ —	\$ —	\$ —	\$ 1,240,219
Construction Work-in-Progress	—	—	1,369,768	49,350	1,320,418
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,240,219</b>	<b>—</b>	<b>1,369,768</b>	<b>49,350</b>	<b>2,560,637</b>
Capital Assets, Being Depreciated/Amortized:					
Infrastructure	925,236	—	—	—	925,236
Building and Building Improvements	223,306,669	5,677,875	—	—	228,984,544
Facilities and Other Improvements	4,436,200	—	—	—	4,436,200
Equipment	10,348,211	7,895	778,516	—	11,134,622
Library Collections	8,889,474	—	158,865	5,770	9,042,569
Capitalized Collections	55,285	—	—	—	55,285
<b>Total Capital Assets Being Depreciated/Amortized</b>	<b>247,961,075</b>	<b>5,685,770</b>	<b>937,381</b>	<b>5,770</b>	<b>254,578,456</b>
Less: Accumulated Depreciation/Amortization					
Infrastructure	13,879	—	33,309	—	47,188
Building and Building Improvements	79,536,164	2,726,440	6,141,481	—	88,404,085
Facilities and Other Improvements	2,680,117	—	87,785	—	2,767,902
Equipment	5,468,179	1,250	787,958	—	6,257,387
Library Collections	7,858,972	—	187,438	5,770	8,040,640
Capitalized Collections	23,761	—	1,382	—	25,143
<b>Total Accumulated Depreciation/Amortization</b>	<b>95,581,072</b>	<b>2,727,690</b>	<b>7,239,353</b>	<b>5,770</b>	<b>105,542,345</b>
<b>Total Capital Assets, Being Depreciated/Amortized, Net</b>	<b>152,380,003</b>	<b>2,958,080</b>	<b>(6,301,972)</b>	<b>—</b>	<b>149,036,111</b>
<b>Capital Assets, net</b>	<b>\$ 153,620,222</b>	<b>\$ 2,958,080</b>	<b>\$ (4,932,204)</b>	<b>\$ 49,350</b>	<b>\$ 151,596,748</b>

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

Fiscal Year	Depreciation Expense
2019	\$ 7,239,353
2018	\$ 7,495,697
2017	\$ 7,128,355

## Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2019:

	Current Liabilities
Prepaid Tuition and Fees	\$ 576,981
Other - Advances	2,346,649
<b>Totals</b>	<b>\$ 2,923,630</b>



## Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion
Leases					
Lease Purchase Obligations	\$ 95,125,459	\$ —	\$ 2,562,401	\$ 92,563,058	\$ 2,803,066
Other Liabilities					
Compensated Absences	2,049,408	816,439	1,040,326	1,825,521	1,172,626
Claims and Judgments	190,381	—	190,381	—	—
Pollution Remediation	—	174,500	—	174,500	174,500
Total	<u>2,239,789</u>	<u>990,939</u>	<u>1,230,707</u>	<u>2,000,021</u>	<u>1,347,126</u>
Total Long-Term Obligations	<u>\$ 97,365,248</u>	<u>\$ 990,939</u>	<u>\$ 3,793,108</u>	<u>\$ 94,563,079</u>	<u>\$ 4,150,192</u>

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

### Pollution Remediation

University is responsible for pollution remediation at all institutional sites including, but not limited to ground contamination, storage/treatment/disposal of hazardous materials, and asbestos abatement. Pollution remediation obligations reflect estimates that have the potential to change due to such items as price increases or reductions, new technology, or changes in applicable laws or regulations. There are no expected recoveries that have reduced this liability.

## Note 9 Deferred Outflows and Inflows of Resources

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

### Deferred Outflow of Resources

Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	7,924,861
Deferred Outflow on OPEB Plan (See Note 17)	5,556,875
<b>Total Deferred Outflows of Resources</b>	<u>\$ 13,481,736</u>

### Deferred Inflow of Resources

Deferred Gain on Debt Refunding	\$ 3,660,427
Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	1,537,997
Deferred Inflow on OPEB Plan (See Note 17)	6,608,606
<b>Total Deferred Inflows of Resources</b>	<u>\$ 11,807,030</u>

### Deferred Gain on Debt Refunding

In December 2016, the SSU Real Estate Foundation refunded bonds associated with University capital leases and passed the perceived economic advantages of the refund to the University. The net savings to the University resulting from this refund was \$4,338,285 for the difference in the cash flow requirements between the original lease and the revised lease. During the year, \$271,143 was amortized leaving an unamortized balance of \$3,660,427 at year end.

## Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2019 is as follows:

Net Investment in Capital Assets	\$ 55,373,263
Restricted for	
Nonexpendable	
Permanent Endowment	9,054,161
Expendable	
Sponsored and Other Organized Activities	—
Federal Loans	855,933
Institutional Loans	23,876
Sub-Total	879,809
Unrestricted	
Auxiliary Enterprises Operations	(2,936,918)
Auxiliary Enterprises Renewals and Replacement Reserve	11,924,077
Reserve for Encumbrances	2,636,849
Reserve for Inventory	58,552
Capital Liability Reserve Fund	844,039
Other Unrestricted	(93,485,397)
Sub-Total	(80,958,798)
Total Net Position	\$ (15,651,565)

Other unrestricted net position is reduced by \$50,990,784 related to the recording of net OPEB liability, deferred inflow of resources, and deferred outflow of resources related to OPEB plan. Other unrestricted net position is also reduced by \$28,344,017 related to the recording of net pension liability, deferred inflow of resources, and deferred outflow of resources related to defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation, student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in Net Position for the year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Net Investments in Capital Assets	\$ 54,563,192	\$ 7,778,280	\$ 6,968,209	\$ 55,373,263
Restricted Net Position	8,907,627	25,348,936	24,322,593	9,933,970
Unrestricted Net Position	(78,157,383)	70,266,812	73,068,227	(80,958,798)
Total Net Position	\$ (14,686,564)	\$ 103,394,028	\$ 104,359,029	\$ (15,651,565)

## Note 11 Endowments

### Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation for the endowment accounts was \$361,477 and is reflected as non-expendable restricted net position.

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

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

## Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2019.

## Note 13 Leases

### Lease Obligations

The University is obligated under various operating lease agreements for the acquisition or use of real property (land, buildings, and office facilities) and equipment, and is also obligated under capital leases and installment purchase agreements for the acquisition of real property.

#### *Capital Leases*

The University acquires certain real property through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest cash payments related to capital leases for fiscal year 2019 were \$2,562,401 and \$4,702,585 respectively. Interest rates range from 4.486% to 6.292%.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2019:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2019	Outstanding Balance per Lease Schedules at June 30, 2019
	( + )	( - )	( = )	
Leased Buildings and Building Improvements	\$ 110,333,789	\$ 38,008,864	\$ 72,324,925	\$ 92,563,058

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Tiger Point	SSU Real Estate Foundation	\$ 6,160,185	30 years	2012	2041	\$ 5,518,268 (1)
Tiger Place	SSU Real Estate Foundation	8,182,797	30 years	2012	2041	7,323,387 (1)
Camillia Hubert	SSU Real Estate Foundation	4,821,572	30 years	2012	2041	4,319,866 (1)
University Commons	SSU Real Estate Venture	24,586,826	25 years	2010	2033	19,810,000 (1)
University Village	SSU Real Estate Venture	29,229,205	25 years	2008	2032	21,705,000 (1)
Sports Complex	SSU Real Estate Foundation	4,233,413	30 years	2013	2041	3,928,377 (1)
Student Building C	SSU Real Estate Foundation	15,369,019	30 years	2013	2041	14,301,617 (1)
Student Center/ Stadium	USG Foundation	17,750,772	30 years	2011	2041	15,656,543 (1)
Total Leases		<u>\$ 110,333,789</u>				<u>\$ 92,563,058</u>

(1) These capital leases are related party transactions.

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

#### Operating Leases

The University leases land, facilities, office and computer equipment, and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the University has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The University's operating lease expense for fiscal 2019 was \$476,194.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2019, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2020	\$ 8,032,862	\$ —
2021	8,166,950	—
2022	8,310,470	—
2023	8,461,843	—
2024	8,622,827	—
2025 through 2029	46,200,532	—
2030 through 2034	41,172,239	—
2035 through 2039	21,870,405	—
2040 through 2044	7,639,221	—
Total Minimum Lease Payments	158,477,349	\$ —
Less: Interest	52,018,704	
Less: Executory Costs	13,895,587	
Principal Outstanding	<u>\$ 92,563,058</u>	

## Note 14. Retirement Plans

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

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

#### General Information about the Teachers Retirement System

##### Plan description

All teachers of the University as defined in O.C.G.A. § 47-3-60 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at [trsga.com/publications](http://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 2019. The University's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual the University payroll. The University's contributions to TRS totaled \$4,463,149 for the year ended June 30, 2019.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the University reported a liability for its proportionate share of the net pension liability for TRS. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The University's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2018. At June 30, 2018, the University's TRS proportion was 0.187106%, which was an decrease of (0.001038)% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the University recognize \$3,812,325 pension expense of for TRS. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,299,233	\$ 71,581
Changes of assumptions	524,076	—
Net difference between projected and actual earnings on pension plan investments	—	949,610
Changes in proportion and differences between contributions and proportionate share of contributions	638,403	516,806
Contributions subsequent to the measurement date	4,463,149	—
Total	<u>\$ 7,924,861</u>	<u>\$ 1,537,997</u>

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	TRS
2020	\$ 2,081,165
2021	\$ 931,234
2022	\$ (1,055,119)
2023	\$ (62,783)
2024	\$ 29,218

### Actuarial assumptions

The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 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, 2017 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 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	Long-term expected real rate of return*
Fixed income	30.00%	(0.50)%
Domestic large equities	39.80%	9.00 %
Domestic mid equities	3.70%	12.00 %
Domestic small equities	1.50%	13.50 %
International developed market equities	19.40%	8.00 %
International emerging market equities	5.60%	12.00 %
Alternatives		10.50 %
Total	<u>100.00%</u>	

\* Rates shown are net of inflation

### Discount rate

The discount rate used to measure the total TRS 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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of (7.50%), as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (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	\$ 57,975,786	\$ 34,730,881	\$ 15,575,897

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial reports which are publicly available at [trsga.com/publications](http://trsga.com/publications).

**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 2019, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University and the covered employees made the required contributions of \$842,463 (9.24%) and \$547,055 (6.00%), respectively.

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

**Note 15 Risk Management**

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2019, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The University's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue



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

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

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

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

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

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

## **Note 16 Contingencies**

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

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

## Note 17 Post-Employment Benefits Other Than Pension Benefits

### Board of Regents Retiree Health Benefit Plan

#### Plan Description

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

#### Benefits

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2019, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

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

The University's membership in the Plan consisted of the following at June 30, 2019:

Active Employees	561
Retirees or Beneficiaries Receiving Benefits	151
Retirees Receiving Life Insurance Only	<u>65</u>
Total	<u><u>777</u></u>

#### Contributions

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

The University pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2019 plan year, the employer rate was approximately 90% of the total health insurance cost for eligible retirees and the retiree rate was approximately 10%. With regard to life insurance, the employer covers the total premium cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2019, the University contributed \$1,706,369 to the plan for current premiums or claims.

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

At June 30, 2019, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2018. An expected total OPEB liability as

of June 30, 2018 was determined using standard roll-forward techniques. The University's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the University's proportion was 1.132212%, which was a decrease of (0.026667)% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the University recognized OPEB expense of \$3,876,901. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,482,357	\$ —
Changes of assumptions	—	5,606,157
Net difference between projected and actual earnings on OPEB plan investments	10,656	—
Changes in proportion and differences between contributions and proportionate share of contributions	357,493	1,002,449
Contributions subsequent to the measurement date	<u>1,706,369</u>	<u>—</u>
Total	<u>\$ 5,556,875</u>	<u>\$ 6,608,606</u>

The University's contributions subsequent to the measurement date of \$1,706,369 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2020	\$	(581,421)
2021	\$	(581,421)
2022	\$	(581,421)
2023	\$	(564,989)
2024	\$	(247,981)
Thereafter	\$	(200,867)

Actuarial assumptions

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of May 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2018 3.87% from Bond Buyer Index Interest Rate as of 6/30/2017 3.58% from Bond Buyer Index Long-term Rate of Return 4.50% General Inflation 2.50% Salary Growth 4.00%
Mortality Rates	Healthy: RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014  Disabled: RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females)
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.1%
Medicare Eligible	4.5%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.5%
Year Ultimate Trend is Reached	2030 for Pre-Medicare Eligible, 2019 for Medicare Eligible
Experience Study	Based on the experience of the Teachers Retirement System of Georgia. The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience studies, which covered the five-year period ending June 30, 2014. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation for the Plan were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend was reset based on current conditions. The discount rate was updated from 3.58% to 3.87% as of June 30, 2018. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect the current Teachers Retirement System of Georgia.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.1%	70%
Equity Allocation	3.98%	30%

Discount rate

The Plan's projected fiduciary net position at the end of 2022 is \$0, based on the valuation completed for the fiscal year ending June 30, 2018. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2022. Therefore, the long-term expected

rate of return on Plan investments of 4.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.87% from the Bond Buyer.

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

The following presents the the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate (3.87%):

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
Proportionate Share of the Net OPEB Liability	\$ 59,580,395	\$ 49,939,053	\$ 42,398,625

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 42,111,323	\$ 49,939,053	\$ 60,238,190
Pre-Medicare Eligible	6.1% decreasing to 3.5%	7.1% decreasing to 4.5%	8.1% decreasing to 5.5%
Medicare Eligible	3.5%	4.5%	5.5%

OPEB plan fiduciary net position:

Detailed information about the Plan's fiduciary net position is available in the USG Consolidated Annual Financial Report which is publicly available at [usg.edu/fiscal\\_affairs/financial\\_reporting/](http://usg.edu/fiscal_affairs/financial_reporting/).

## Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2019 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 13,359,048	\$ 1,652,323	\$ 6,936,083	\$ —	\$ 63,227
Research	283,195	206,285	138,551	—	47,154
Public Service	77,160	1,072,626	382,074	—	50,755
Academic Support	986,717	3,517,811	1,492,390	—	128,858
Student Services	1,834	2,592,461	1,039,707	1,000	100,585
Institutional Support	93,492	3,531,507	2,045,339	351,398	63,956
Plant Operations and Maintenance	1,999	2,898,206	1,192,776	—	6,045
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	—	3,739,177	1,304,419	—	118,568
Unallocated Expenses	—	—	—	—	—
Total Operating Expenses	<u>\$ 14,803,445</u>	<u>\$ 19,210,396</u>	<u>\$ 14,531,339</u>	<u>\$ 352,398</u>	<u>\$ 579,148</u>

Functional Classification	Natural Classification				Total Operating Expenses
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	
Instruction	\$ 158,953	\$ 21,588	\$ 450,285	\$ 552,759	\$ 23,194,266
Research	353,483	1,989	331,391	208,861	1,570,909
Public Service	85,227	—	1,038,361	90,434	2,796,637
Academic Support	259,429	—	2,386,822	291,156	9,063,183
Student Services	12,825	233,852	1,096,788	639,654	5,718,706
Institutional Support	92,343	72,105	3,506,210	97,375	9,853,725
Plant Operations and Maintenance	—	1,798,772	4,012,161	1,267,189	11,177,148
Scholarships and Fellowships	3,452,816	—	358	—	3,453,174
Auxiliary Enterprises	1,851,669	1,996,155	12,225,291	4,091,925	25,327,204
Unallocated Expenses	—	—	—	—	—
<b>Total Operating Expenses</b>	<b>\$ 6,266,745</b>	<b>\$ 4,124,461</b>	<b>\$ 25,047,667</b>	<b>\$ 7,239,353</b>	<b>\$ 92,154,952</b>

### Note 19 Subsequent Event

As of June 30, 2019, the University did not have any subsequent events.

# Required Supplementary Information



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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Teachers' Retirement System	6/30/2019	\$ 4,463,149	\$ 4,463,149	\$ —	\$ 21,370,446	20.88%
	6/30/2018	\$ 3,695,861	\$ 3,695,861	\$ —	\$ 21,986,081	16.81%
	6/30/2017	\$ 3,084,334	\$ 3,084,334	\$ —	\$ 21,326,077	14.46%
	6/30/2016	\$ 3,002,678	\$ 3,002,678	\$ —	\$ 20,835,394	14.41%
	6/30/2015	\$ 2,593,064	\$ 2,593,064	\$ —	\$ 19,719,109	13.15%
	6/30/2014	\$ 2,212,636	\$ 2,212,636	\$ —	\$ 18,017,854	12.28%
	6/30/2013	\$ 2,052,066	\$ 2,052,066	\$ —	\$ 17,998,351	11.40%
	6/30/2012	\$ 1,759,365	\$ 1,759,365	\$ —	\$ 17,114,446	10.28%
	6/30/2011	\$ 1,720,598	\$ 1,720,598	\$ —	\$ 16,737,335	10.28%
	6/30/2010	\$ 1,523,853	\$ 1,523,853	\$ —	\$ 15,645,308	9.74%



**SAVANNAH STATE UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS  
FOR THE LAST FIVE FISCAL YEARS\***

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Teachers Retirement System	6/30/2019	0.187106%	\$ 34,730,881	\$ 21,986,081	157.97%	80.27%
	6/30/2018	0.188144%	\$ 34,967,142	\$ 21,326,077	163.96%	79.33%
	6/30/2017	0.210600%	\$ 39,529,835	\$ 20,835,394	189.72%	76.06%
	6/30/2016	0.210000%	\$ 28,629,659	\$ 19,719,109	145.19%	81.44%
	6/30/2015	0.210000%	\$ 22,509,556	\$ 18,017,854	124.93%	84.03%

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

**SAVANNAH STATE UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
DEFINED BENEFIT PENSION PLAN  
METHODS AND ASSUMPTIONS  
FOR FISCAL YEAR ENDED JUNE 30, 2019**

Changes of assumptions

Teachers Retirement System:

Changes of assumptions: 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.

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to 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).

**SAVANNAH STATE UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN  
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN  
FOR THE LAST THREE FISCAL YEARS\***

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
6/30/2019	\$ 1,706,369	\$ 1,706,369	\$ —	\$ 31,887,708	5.35%
6/30/2018	\$ 1,793,650	\$ 1,793,650	\$ —	\$ 32,632,413	5.50%
6/30/2017	\$ 1,154,057	\$ 1,154,057	\$ —	\$ 32,155,169	3.59%

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

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

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
6/30/2019	1.13%	\$ 49,939,053	\$ 32,632,413	153.04%	1.69%
6/30/2018	1.16%	\$ 48,901,517	\$ 32,155,169	152.08%	0.19%

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

**SAVANNAH STATE UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FOR OPEB PLAN  
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN  
METHODS AND ASSUMPTIONS  
FOR FISCAL YEAR ENDED JUNE 30, 2019**

*Changes in Assumptions Since Prior Valuation*

Expected claims costs were updated to reflect actual claims experience. Trend was reset based on current conditions. The discount rate was updated from 3.58% to 3.87% as of June 30, 2018. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect the current Teachers Retirement System of Georgia.

# Supplementary Information



**SAVANNAH STATE UNIVERSITY  
 BALANCE SHEET (NON-GAAP BASIS)  
 BUDGET FUNDS  
 JUNE 30, 2019  
 (UNAUDITED)**

ASSETS

Accounts Receivable		
Federal Financial Assistance	\$	2,101,569.52
Other		4,768,666.05
Prepaid Expenditures		63,391.62
Inventories		61,388.37
Other Assets		44,000.00
		<hr/>
Total Assets	\$	<u><u>7,039,015.56</u></u>

LIABILITIES AND FUND EQUITY

Liabilities

Cash Overdraft	\$	300,208.46
Accrued Payroll		212,762.80
Encumbrance Payable		930,277.59
Accounts Payable		86,026.35
Unearned Revenue		2,923,629.56
Other Liabilities		9,590.91
		<hr/>
Total Liabilities		<u>4,462,495.67</u>

Fund Balances

Reserved		
Department Sales and Services		630,470.88
Indirect Cost Recoveries		345,482.75
Technology Fees		329,401.59
Uncollectible Accounts Receivable		1,204,436.58
Inventories		58,540.79
Unreserved		
Surplus		8,187.30
		<hr/>
Total Fund Balances		<u>2,576,519.89</u>

Total Liabilities and Fund Balances	\$	<u><u>7,039,015.56</u></u>
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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.

**SAVANNAH STATE UNIVERSITY  
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET  
BY PROGRAM AND FUNDING SOURCE  
BUDGET FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Funds Available Compared to Budget				
	Original Appropriation	Amended Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over
Teaching					
State Appropriation					
State General Funds	\$ 25,105,384.00	\$ 25,120,726.00	\$ 25,664,982.00	\$ 25,664,982.00	\$ —
Other Funds	49,067,394.00	49,067,394.00	51,530,000.00	50,517,433.32	265,169.63
Total Teaching	<u>\$ 74,172,778.00</u>	<u>\$ 74,188,120.00</u>	<u>\$ 77,194,982.00</u>	<u>\$ 76,182,415.32</u>	<u>\$ 265,169.63</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.



**SAVANNAH STATE UNIVERSITY  
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET  
BY PROGRAM AND FUNDING SOURCE  
BUDGET FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	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)	
Teaching						
State Appropriation						
State General Funds	\$ —	\$ 25,664,982.00	\$ —	\$ 25,664,982.00	\$ —	\$ —
Other Funds	—	50,782,602.95	(747,397.05)	48,991,259.72	2,538,740.28	1,791,343.23
Total Teaching	<u>\$ —</u>	<u>\$ 76,447,584.95</u>	<u>\$ (747,397.05)</u>	<u>\$ 74,656,241.72</u>	<u>\$ 2,538,740.28</u>	<u>\$ 1,791,343.23</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.

**SAVANNAH STATE UNIVERSITY  
STATEMENT OF CHANGES TO FUND BALANCE  
BY PROGRAM AND FUNDING SOURCE  
BUDGET FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2018 Surplus	Prior Year Adjustments	Other Adjustments
Teaching					
State Appropriation					
State General Funds	\$ —	\$ —	\$ —	\$ —	\$ —
Other Funds	265,169.63	(265,169.63)	—	8,187.30	(484,438.01)
Total Teaching	265,169.63	(265,169.63)	—	8,187.30	(484,438.01)
Total Operating Activity	265,169.63	(265,169.63)	—	8,187.30	(484,438.01)
Prior Year Reserves					
Not Available for Expenditure					
Inventories	58,540.79				—
Uncollectible Accounts Receivable	719,998.57				484,438.01
Budget Unit Totals	<u>\$ 1,043,708.99</u>	<u>\$ (265,169.63)</u>	<u>\$ —</u>	<u>\$ 8,187.30</u>	<u>\$ —</u>

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

**SAVANNAH STATE UNIVERSITY  
STATEMENT OF CHANGES TO FUND BALANCE  
BY PROGRAM AND FUNDING SOURCE  
BUDGET FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Early Return of Fiscal Year 2019 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Teaching						
State Appropriation						
State General Funds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other Funds	(1,550.00)	1,791,343.23	1,313,542.52	1,305,355.22	8,187.30	1,313,542.52
Total Teaching	(1,550.00)	1,791,343.23	1,313,542.52	1,305,355.22	8,187.30	1,313,542.52
Total Operating Activity	(1,550.00)	1,791,343.23	1,313,542.52	1,305,355.22	8,187.30	1,313,542.52
Prior Year Reserves						
Not Available for Expenditure						
Inventories			58,540.79	58,540.79		58,540.79
Uncollectible Accounts Receivable			1,204,436.58	1,204,436.58		1,204,436.58
Budget Unit Totals	<u>\$ (1,550.00)</u>	<u>\$ 1,791,343.23</u>	<u>\$ 2,576,519.89</u>	<u>\$ 2,568,332.59</u>	<u>\$ 8,187.30</u>	<u>\$ 2,576,519.89</u>
			Departmental Sales and Services	\$ 630,470.88	\$ —	\$ 630,470.88
			Indirect Cost Recovery	345,482.75	—	345,482.75
			Technology Fees	329,401.59	—	329,401.59
			Uncollectible Accounts Receivable	1,204,436.58	—	1,204,436.58
			Inventories	58,540.79	—	58,540.79
			Surplus	—	8,187.30	8,187.30
				<u>\$ 2,568,332.59</u>	<u>\$ 8,187.30</u>	<u>\$ 2,576,519.89</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.



## **SAVANNAH STATE UNIVERSITY**

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