

# ANNUAL FINANCIAL REPORT 2024

Including Independent Auditor's Report



**KENNESAW STATE UNIVERSITY**  
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**For the Fiscal Year Ended June 30, 2024**

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# INTRODUCTION



**KENNESAW  
STATE UNIVERSITY**

**KENNESAW, GEORGIA**



## Message from the President

I am grateful to present Kennesaw State University's Annual Financial Report for Fiscal Year 2024, which reflects KSU's strategic financial progress and allocations over the past year. Consistent growth in enrollment continues to contribute to KSU's positive financial health by positively impacting tuition, fees, auxiliary, and state-appropriated funding. We are proud to have received an "Award of Distinction for Excellent Financial Reporting," from the Georgia Department of Audits and Accounts. It signifies KSU's eighth consecutive annual commendation and recognizes our ongoing commitment and dedication to excellence in financial reporting, controls, and transparency.

KSU benefits from enrollment growth at both the undergraduate and graduate levels, with an expected first-time freshman class of over 9,500 (a >10% increase) and total enrollment expected to exceed 47,500 (a >5% increase), matriculating in Fall 2024.

Our students remain at the heart of our mission, and we are committed to not only challenging them academically, but also ensuring they thrive. An emphasis on learning outcomes, retention, and progression includes hiring new faculty to meet increasing course demand and launching block scheduling for entering freshmen in Fall 2024, while simultaneously advancing digital instruction, learning analytics, and workforce-aligned degree programs. These advancements complement KSU's holistic student success efforts, including our Flight28 initiative for first-time freshmen and our "You Matter - Wellbeing@KSU" campaign, among others. These student-centered initiatives serve to strengthen students' connection to KSU and positively impact their educational experience on the path to graduation.

As an R2 institution, research is a core component of KSU's mission. In FY24, KSU faculty and staff earned more than 171 external funding grants and contracts, totaling more than \$20.5 million from the National Science Foundation, the Health Resources & Services Administration, and the National Institutes of Health.

With the support of the University System of Georgia (USG) and the Board of Regents, KSU is offering new degree programs that address emerging workforce needs, growing our research infrastructure, and enhancing our teaching and athletics facilities.

- A new degree program in artificial intelligence will enroll its first class in Fall 2024.
- Construction has begun on the new I-STEM building, a \$60 million research and academic facility on the Marietta campus.
- Renovations are completed on the Crawford Lab Building, constructed in 1962, including enhanced research and teaching spaces for the sciences, engineering, and architecture.
- A \$12.5 million renovation of the baseball stadium on the Kennesaw campus is underway as the Owls debut on the national competitive stage in Conference USA.



The university advancement office continues to provide strong leadership in engagement, fundraising, and stewardship. In FY24, KSU doubled our alumni donors and now has the largest number of alumni donors in school history. Further, we entered the public phase of the Campaign for KSU and raised our initial campaign goal from \$125 million to \$200 million. And according to the most recent endowment growth report from the National Association of College & University Business Officers (NACUBO), the KSU Foundation scored in the top 5 percent nationally in annual endowment growth with a 19.1 percent increase in value.

These milestones, and many others, are a testament to KSU's growing reputation and impact. This is truly an exciting moment in KSU's history, and the perfect time to launch our new strategic plan. KSU is serving more students than ever before, proudly serving our communities and the State of Georgia, and emerging as a top public research institution in the nation.

With our new plan, we are setting our sights even higher and are as committed as ever to academic excellence, innovative research, strong community partnerships, economic opportunity, and operational effectiveness. Kennesaw State University is well-positioned for continued growth in the new fiscal year and will continue our commitment to pursuing excellence in financial reporting and to ensuring appropriate controls in all financial processes and systems.

We offer our sincerest thanks for the support and guidance of the University System of Georgia, the Georgia General Assembly, and the Governor's Office.

Sincerely,

A handwritten signature in black ink that reads 'Kathy S. Schwaig'.

Kathy S. Schwaig  
President



Letter of Transmittal

August 15, 2024

To: Dr. Kathy Schwaig,  
President  
Kennesaw State University

The Annual Financial Report (AFR) for Kennesaw State University includes the financial statements for the year ended June 30, 2024, as well as other useful information to help ensure the Institution's accountability and integrity to the public. The AFR also includes the Management Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the Institution's financial position as a result of operations for the fiscal year ended June 30, 2024.

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

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

Sincerely,

Aaron D. Howell, CPA  
Chief Financial Officer



# FINANCIALS



## INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the Board of Regents of the University System of Georgia  
and  
Dr. Kathy Schwaig, President  
Kennesaw State University

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities, discretely presented component unit, and fiduciary activities of the Kennesaw State University (University), a unit of the University System of Georgia, which is an organizational unit of the State of Georgia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, discretely presented component unit, and fiduciary activities of the University as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the discretely presented component unit were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The other auditors audited the financial statements of the discretely presented component unit in accordance with GAAS but not in accordance with *Government Auditing Standards*.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the University are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only those portions of the business-type activities, discretely presented component unit, and fiduciary activities of the State of Georgia that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2024, the changes in its financial position or, where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

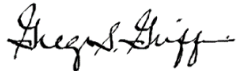
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,



Greg S. Griffin  
State Auditor

December 18, 2024

# KENNESAW STATE UNIVERSITY

## Management's Discussion and Analysis

### Introduction

Kennesaw State University (University) is one of the 26 institutions of higher education of the University System of Georgia (USG). The University, offering instruction on campuses in Kennesaw and Marietta, Georgia, was founded in 1963 and has nationally ranked degrees in business, engineering, and first-year programs, as well as premier teaching, nursing, architecture, science, and math programs. This broad range of educational opportunities attracts a highly qualified faculty and a student body exceeding 45,000 students in the fall of fiscal year 2024, making it the third largest Institution in the USG. The University had a 4.4% increase in enrollment which exceeded the average for comprehensive universities in Georgia. Comparison numbers follow:

	STUDENT HEADCOUNT	STUDENT FTE
FY 2024	45,152	40,357
FY 2023	43,268	38,575
FY 2022	42,983	38,292

### Overview of the Financial Statements and Financial Analysis

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

### Statement of Net Position

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

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University and how much the University owes vendors. The difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources (net position), is one indicator of the University's financial health. Increases or decreases in net position provide an indicator of the improvement or decline of the University's financial health when considered in conjunction with other non-financial conditions, such as facilities and enrollment. Net Position is divided into three major categories.

The first category is the net investment in capital assets. It provides the University's equity in property, plant and equipment owned by the University.

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

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

The following table summarizes the Statement of Net Position:

<b>CONDENSED STATEMENT OF NET POSITION</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
<b>ASSETS</b>				
Current Assets	\$ 249,353,205	\$ 254,937,760	\$ (5,584,555)	(2.19)%
Capital Assets, Net	726,081,246	708,581,480	17,499,766	2.47 %
Intangible Right-to-Use Assets, Net	10,478,133	7,762,341	2,715,792	34.99 %
Other Assets	7,196,459	12,584,207	(5,387,748)	(42.81)%
<b>TOTAL ASSETS</b>	<b>993,109,043</b>	<b>983,865,788</b>	<b>9,243,255</b>	<b>0.94 %</b>
<b>DEFERRED OUTFLOWS</b>	<b>170,974,824</b>	<b>220,226,557</b>	<b>(49,251,733)</b>	<b>(22.36)%</b>
<b>LIABILITIES</b>				
Current Liabilities	64,161,283	60,897,328	3,263,955	5.36 %
Non-Current Liabilities	765,095,563	829,971,751	(64,876,188)	(7.82)%
<b>TOTAL LIABILITIES</b>	<b>829,256,846</b>	<b>890,869,079</b>	<b>(61,612,233)</b>	<b>(6.92)%</b>
<b>DEFERRED INFLOWS</b>	<b>170,709,450</b>	<b>153,726,187</b>	<b>16,983,263</b>	<b>11.05 %</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	439,813,200	406,063,744	33,749,456	8.31 %
Restricted, Non-Expendable	4,862,308	5,059,381	(197,073)	(3.90)%
Restricted, Expendable	10,388,275	10,274,535	113,740	1.11 %
Unrestricted (Deficit)	(290,946,212)	(261,900,581)	(29,045,631)	(11.09)%
<b>TOTAL NET POSITION</b>	<b>\$ 164,117,571</b>	<b>\$ 159,497,079</b>	<b>\$ 4,620,492</b>	<b>2.90 %</b>

Total assets increased by \$9,243,255, which was due to an increase in net capital assets of \$17,499,766 and an increase in intangible right-to-use assets of \$2,715,792, partially offset by a decrease in current assets of \$5,584,555 and a decrease in other assets of \$5,387,748. Overall, total assets had a relatively small increase of 0.9%. In current assets, cash and cash equivalents decreased by \$6,305,451. Cash and cash equivalents were impacted by several variables, including the timing of purchases made by the University and receipts from customers and affiliated organizations. KSU's loss before other revenues, expenses, gains or losses were \$3,956,405, contributing to the slight decrease in cash. Capital assets, net, increased with activity related to more extensive renovation work (e.g., Marietta Campus Recreation and Wellness Center, Carmichael Student Center Bookstore), and typical roof, HVAC, and data center upgrades across the campuses. The University also made significant investments in research equipment throughout the year. Intangible right-to-use (IRTU) assets include the University's right to use an underlying asset for a lease or subscription term. Subscription-based information technology arrangements (SBITAs) were recognized for the first time in fiscal year 2023 with the adoption of GASB Statement No. 96. The increase in SBITAs reflects new software purchases, primarily related to public safety and auxiliary operations. Other assets decreased due to externally restricted investments moving to externally restricted cash and cash equivalents (in current assets) to take advantage of beneficial banking interest rates.

Total deferred outflows of resources decreased by \$49,251,733, which was due to a decrease in deferred outflows on defined benefit pension plans of \$43,166,861, a decrease in deferred outflows on debt refunding of \$92,035, and a decrease in deferred outflows on Other Post-Employment Benefit (OPEB) plans of \$5,992,837. Deferred outflows of resources for pensions and OPEB are tied to changes in assumptions for measuring the corresponding liability, differences between expected and actual experience in health care plans (e.g., claims) and pensions, and differences in expected and actual investment income. Changes in liability due to these events are deferred and expensed in future years.

Total liabilities decreased by \$61,612,233 due to a decrease in non-current liabilities of \$64,876,188 and an increase in current liabilities of \$3,263,955. Most of the decrease in non-current liabilities was due to a reduction in the University's proportionate share of net pension and net OPEB liability. Pension and OPEB liabilities represent the benefits that current and former employees have earned and are expected to be paid after they retire. Net pension and net OPEB liability decreased by \$9,972,845 and \$45,364,094, respectively, based on actuarial changes. The changes in pensions and OPEB significantly impact deferred inflows of resources, deferred outflows of resources, and pension/OPEB expenses. Notes payable decreased with the typical annual payments.

Total deferred inflows of resources increased by \$16,983,263, which was due to an increase in the University's deferred inflows on the OPEB plan of \$22,494,909, a decrease in deferred inflows on Public Private Partnership (PPP) arrangements of \$3,449,175, a decrease in deferred inflows on defined benefit pension plans of \$1,604,429, a decrease in deferred inflows related to leases of \$340,113, and a decrease in deferred gain on debt refunding of \$117,929. Deferred inflows for OPEB and pensions relate to changes in assumptions, experience, and investment earnings that affect the corresponding liability and are recognized as revenue in future periods.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of \$4,620,492. This change in net position is due to an increase in net investment in capital assets resulting from a decrease in notes payable due to annual payments and additional capital investments in facility upgrades and equipment made by the University. The net investment in capital assets was offset mainly by the increase in the unrestricted (deficit) net position, leading to a relatively modest overall increase in total net position.

### Statement of Revenues, Expenses, and Changes in Net Position

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

The following table summarizes Revenues, Expenses and Changes in Net Position:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2024	June 30, 2023	Increase/ (Decrease)	% Change
Operating Revenue	\$ 354,568,012	\$ 344,064,486	\$ 10,503,526	3.05 %
Operating Expense	716,493,796	654,638,239	61,855,557	9.45 %
Operating Income/Loss	(361,925,784)	(310,573,753)	(51,352,031)	(16.53)%
Non-Operating Revenue and Expense	357,969,379	345,351,271	12,618,108	3.65 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	(3,956,405)	34,777,518	(38,733,923)	(111.38)%
Other Revenues, Expenses, Gains, and Losses	8,576,897	8,399,916	176,981	2.11 %
Change in Net Position	4,620,492	43,177,434	(38,556,942)	(89.30)%
Net Position at beginning of year	159,497,079	116,319,645	43,177,434	37.12 %
Net Position at End of Year	\$ 164,117,571	\$ 159,497,079	\$ 4,620,492	2.90 %

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

#### Revenues

Operating revenues increased by \$10,503,526. Operating revenues were impacted by an increase of \$1,542,388 in student tuition and fees, an increase of \$2,616,424 in grants and contracts, an increase of \$5,614,817 in auxiliary revenues, and an increase of \$689,946 in sales and service revenues. Auxiliary revenues continue to increase due to enrollment growth, new housing, and renovation work that has expanded services to students. The most significant increases are related to dining and bookstore operations.

Non-operating revenue and expenses, which includes state appropriations, non-operating grants and contracts, and interest expense, increased by \$12,618,108 primarily due to an increase of \$17,902,990 in state appropriations offset

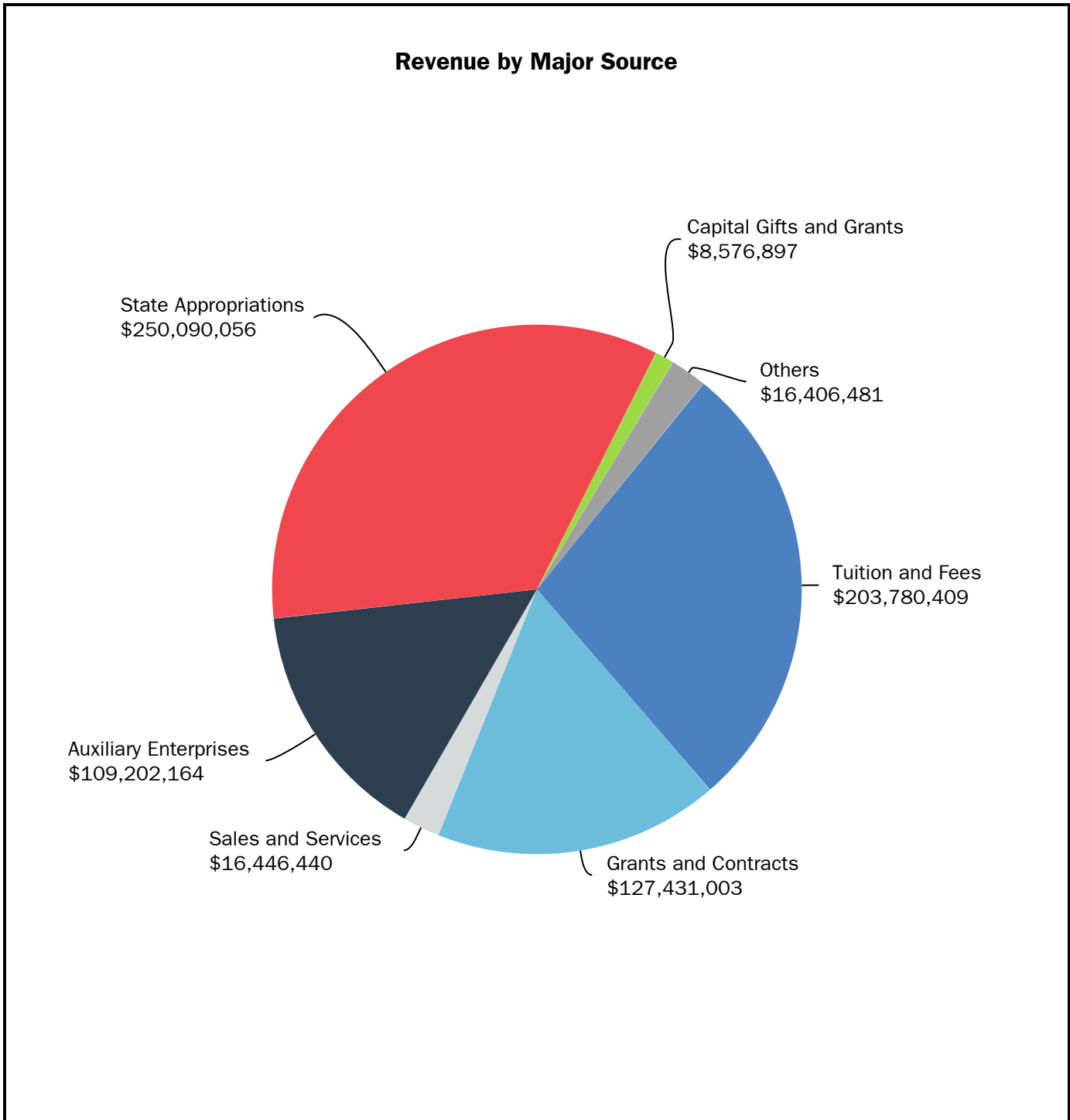
by a decrease in grants and contracts of \$3,995,710. State appropriations increased due to additional funding for a cost-of-living adjustment and enrollment growth. Grants and contracts were affected by the lower amount of available Higher Education Emergency Relief Funds (HEERF). The grant ended in fiscal year 2024.

Other revenues, expenses, gains, and losses increased by \$176,981, remaining stable with prior year revenues.

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

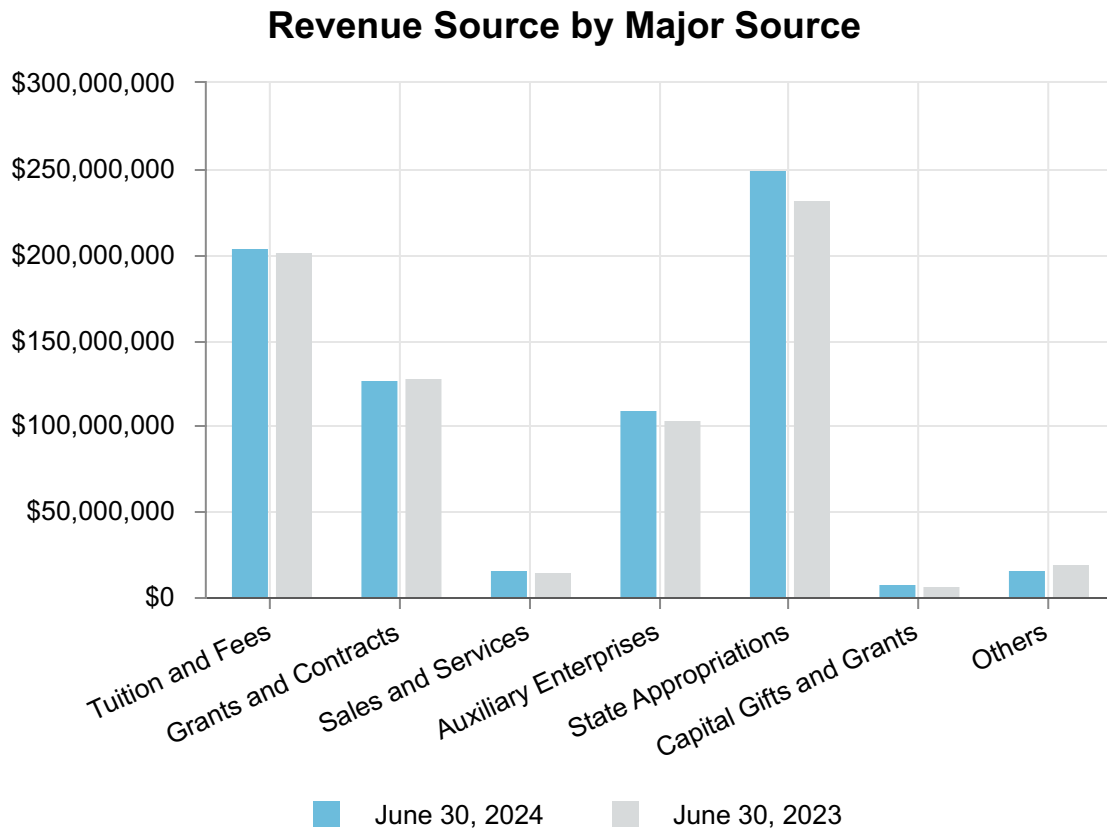
<b>REVENUES BY SOURCE</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Tuition and Fees	\$ 203,780,409	\$ 202,238,021	\$ 1,542,388	0.76 %
Grants and Contracts	26,825,383	24,208,959	2,616,424	10.81 %
Sales and Services	16,446,440	15,756,494	689,946	4.38 %
Auxiliary Enterprises	109,202,164	103,587,347	5,614,817	5.42 %
Other Operating Revenues	(1,686,384)	(1,726,335)	39,951	2.31 %
<b>Total Operating Revenues</b>	<b>354,568,012</b>	<b>344,064,486</b>	<b>10,503,526</b>	<b>3.05 %</b>
State Appropriations	250,090,056	232,187,066	17,902,990	7.71 %
Grants and Contracts	100,605,620	104,601,330	(3,995,710)	(3.82)%
Gifts	6,037,068	15,908,972	(9,871,904)	(62.05)%
Investment Income	12,095,848	6,851,908	5,243,940	76.53 %
Other Nonoperating Revenues	(40,051)	(2,877,009)	2,836,958	98.61 %
<b>Total Nonoperating Revenues</b>	<b>368,788,541</b>	<b>356,672,267</b>	<b>12,116,274</b>	<b>3.40 %</b>
State Capital Gifts and Grants	3,991,463	1,048,342	2,943,121	280.74 %
Other Capital Gifts and Grants	4,585,434	6,151,089	(1,565,655)	(25.45)%
<b>Total Capital Gifts and Grants</b>	<b>8,576,897</b>	<b>7,199,431</b>	<b>1,377,466</b>	<b>19.13 %</b>
Special Items	—	(464,378)	464,378	100.00 %
Extraordinary Items	—	1,664,863	(1,664,863)	(100.00)%
<b>Total Revenues</b>	<b>\$ 731,933,450</b>	<b>\$ 709,136,669</b>	<b>\$ 22,796,781</b>	<b>3.21 %</b>

Revenue by source (state appropriations, grants and contracts, tuition and fees, auxiliaries, gifts, and other sources) for fiscal year 2024 is depicted by the following chart:





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



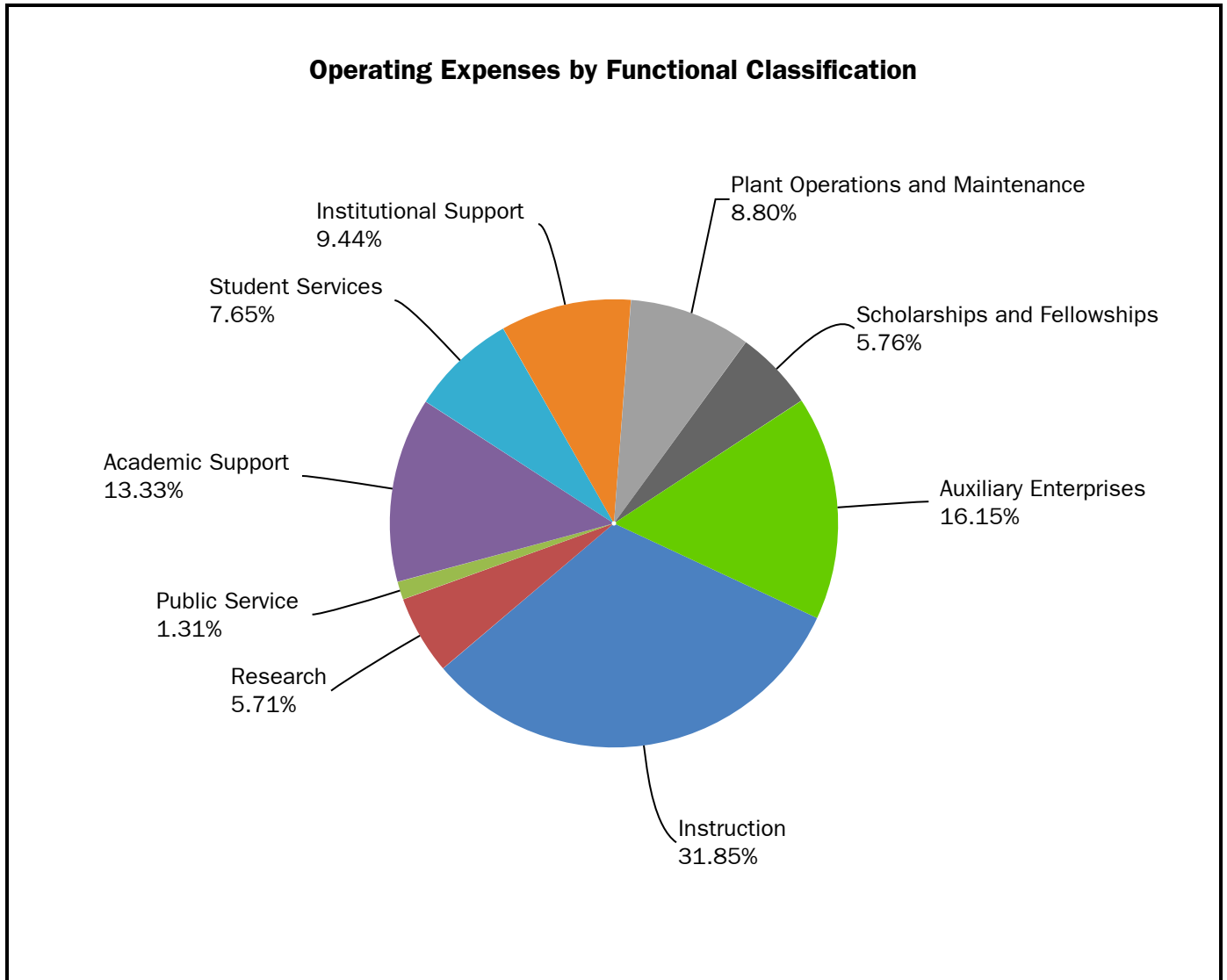
## Expenses

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

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2024	June 30, 2023	Increase/ (Decrease)	% Change
Instruction	\$ 228,232,293	\$ 235,365,523	\$ (7,133,230)	(3.03)%
Research	40,878,284	17,444,957	23,433,327	134.33 %
Public Service	9,356,588	8,320,586	1,036,002	12.45 %
Academic Support	95,476,779	74,792,057	20,684,722	27.66 %
Student Services	54,812,460	47,773,481	7,038,979	14.73 %
Institutional Support	67,612,339	61,517,270	6,095,069	9.91 %
Plant Operations and Maintenance	63,083,176	56,146,645	6,936,531	12.35 %
Scholarships and Fellowships	41,294,745	44,038,908	(2,744,163)	(6.23)%
Auxiliary Enterprises	115,747,132	109,238,812	6,508,320	5.96 %
<b>Total Operating Expenses</b>	<b>716,493,796</b>	<b>654,638,239</b>	<b>61,855,557</b>	<b>9.45 %</b>
Interest Expense	10,819,162	11,320,996	(501,834)	(4.43)%
<b>Total Nonoperating Expenses</b>	<b>10,819,162</b>	<b>11,320,996</b>	<b>(501,834)</b>	<b>(4.43)%</b>
<b>Total Expenses</b>	<b>\$ 727,312,958</b>	<b>\$ 665,959,235</b>	<b>\$ 61,353,723</b>	<b>9.21 %</b>

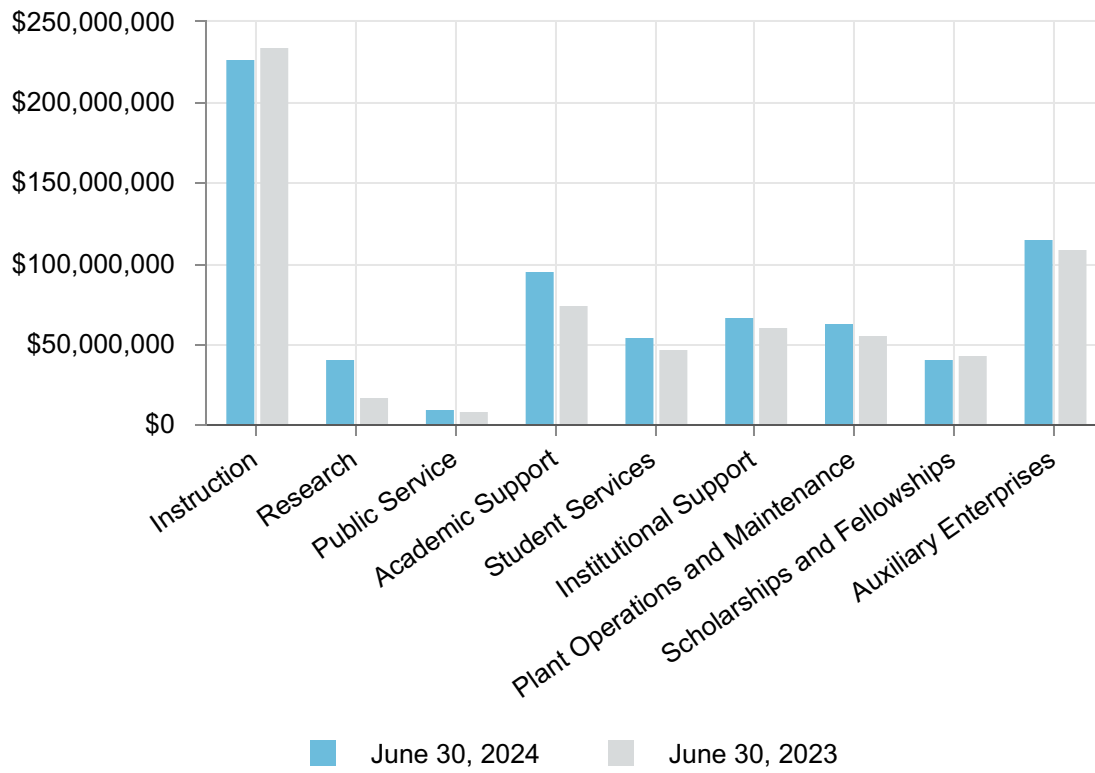
Total operating expenses were \$716,493,796 in fiscal year 2024, an increase of \$61,855,557 compared to fiscal year 2023. For fiscal year 2024, all functional classifications, except Instruction and Scholarships and Fellowships, experienced an increase in expenses. Most classifications increased due to higher salaries and benefits tied to cost-of-living adjustments. Research increased significantly as the University focused on dedicating and tracking faculty time spent on research to reflect better the efforts of the institution to grow its research activities. This effort led to a decrease in instructional expenses related to faculty salaries and benefits. Academic support increased due to investments in technology, graduate assistants, and personnel costs. Auxiliary enterprises increased due to higher payroll, cost of goods sold in dining and bookstore operations, and repairs and maintenance for housing. Scholarships and fellowships expense decreased as fewer HEERF funds were available for use compared to the prior fiscal year. The HEERF grant is now closed. Plant and operations maintenance increased with additional expenses for salaries and benefits, maintenance supplies, architecture fees, and additional depreciation on facilities placed into service.

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



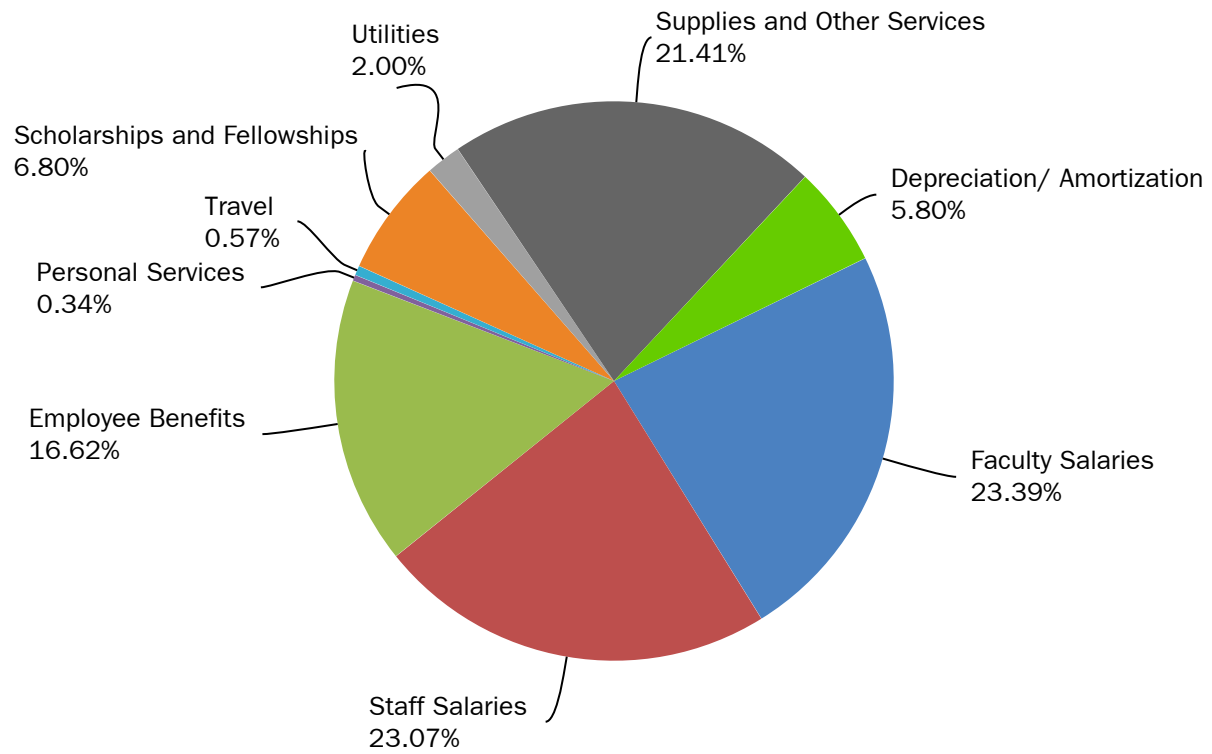
Operating expenses by functional classification for the years ended June 30, 2024, and June 30, 2023, is depicted by the following chart:

### Operating Expenses by Functional Classification

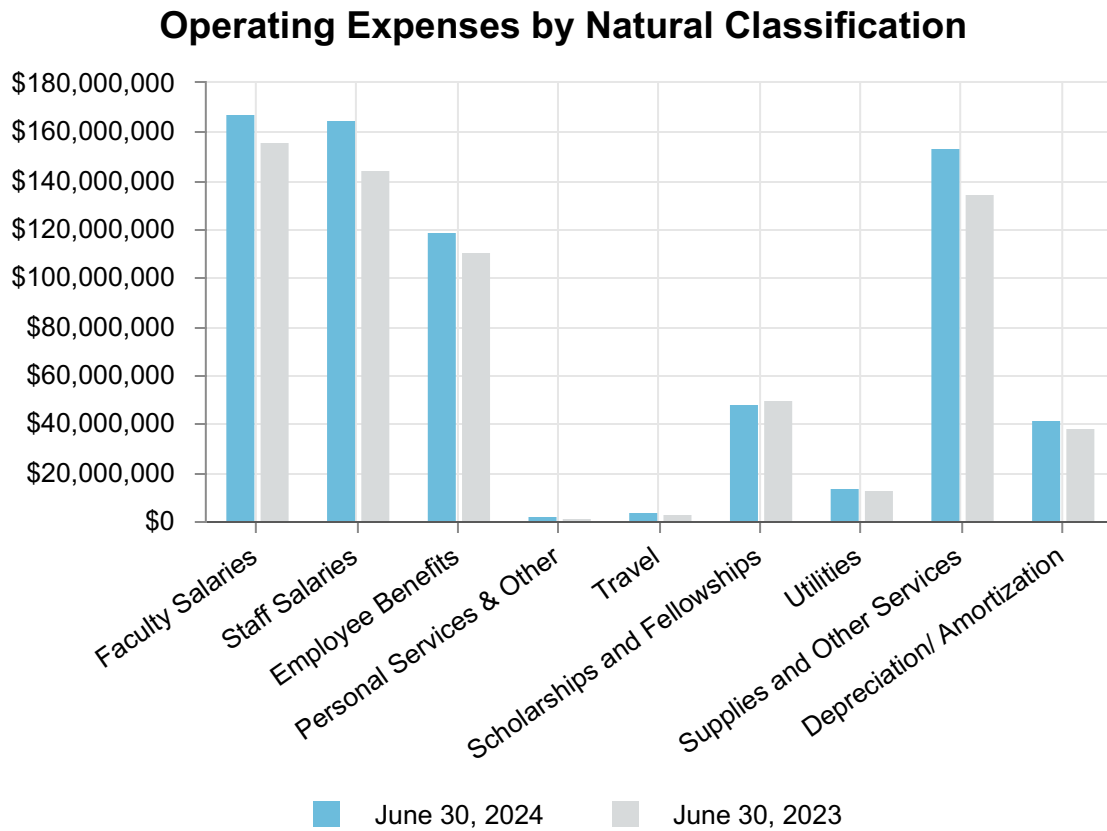


The following chart depicts the fiscal year 2024 operating expenses by natural classification:

## Operating Expenses by Natural Classification



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



## Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2024 and June 30, 2023 were as follows:

CONDENSED STATEMENT OF NET CASH FLOWS		
	June 30, 2024	June 30, 2023
Cash Provided (Used) by:		
Operating Activities	\$ (306,716,615)	\$ (256,352,022)
Non-Capital Financing Activities	360,657,743	350,598,907
Capital and Related Financing Activities	(77,323,453)	(80,633,185)
Investing Activities	17,076,874	6,530,060
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,305,451)</b>	<b>20,143,760</b>
Cash and Cash Equivalents, beginning of year	213,275,917	193,132,157
Cash and Cash Equivalents, end of year	\$ 206,970,466	\$ 213,275,917

## Capital & Intangible Right-to-Use Assets

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

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2024	June 30, 2023	Increase (Decrease)	% Change
Land	\$ 45,283,891	\$ 43,214,057	\$ 2,069,834	4.79 %
Capitalized Collections, not depreciated	4,951,773	4,930,933	20,840	0.42 %
Construction Work-in-Progress	28,645,123	37,786,332	(9,141,209)	(24.19)%
Infrastructure	8,911,590	9,489,896	(578,306)	(6.09)%
Building and Building Improvements	590,201,288	578,431,169	11,770,119	2.03 %
Facilities and Other Improvements	9,372,928	6,869,429	2,503,499	36.44 %
Equipment	36,657,885	25,598,248	11,059,637	43.20 %
Library Collections	646,398	795,640	(149,242)	(18.76)%
Capitalized Collections, depreciated	1,410,370	1,465,776	(55,406)	(3.78)%
<b>Capital Assets, net of accumulated depreciation</b>	<b>\$ 726,081,246</b>	<b>\$ 708,581,480</b>	<b>\$ 17,499,766</b>	<b>2.47 %</b>

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

INTANGIBLE RIGHT-TO-USE ASSETS, net of accumulated amortization	June 30, 2024	June 30, 2023	Increase (Decrease)	% Change
Intangibles in Progress	\$ —	\$ 365,225	\$ (365,225)	(100.00)%
Land and Land Improvements	666,221	745,867	(79,646)	(10.68)%
Building and Building Improvements	1,240,947	1,609,726	(368,779)	(22.91)%
Equipment	467,920	278,285	189,635	68.14 %
Subscription Based IT Arrangements (SBITAs)	8,103,045	4,763,238	3,339,807	70.12 %
<b>Intangible Right-to-Use Assets, net of accumulated amortization</b>	<b>\$ 10,478,133</b>	<b>\$ 7,762,341</b>	<b>\$ 2,715,792</b>	<b>34.99 %</b>

For additional information concerning capital and intangible right-to-use assets, see Notes 1, 6, 8, and 13 in the Notes to the Financial Statements.

### **Long-Term Liabilities**

Kennesaw State University had long-term liabilities of \$264,546,921 excluding pension and OPEB liability; of which \$23,930,498 was reflected as current liability at June 30, 2024.

For additional information concerning long-term liabilities, see Note 8 and 13 in the Notes to the Financial Statements.

### **Notes to the Financial Statements**

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

### **Economic Outlook**

Kennesaw State University is not aware of any currently known facts, decisions, or conditions that are expected to significantly effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global impact on virtually all types of business operations. The University's overall financial position is strong. The University anticipates that current fiscal year operations will remain consistent compared to fiscal year 2024. Enrollment is projected to continue to increase with students returning in the fall. The University will continue to maintain a close watch over resources to facilitate the University's ability to react to unknown internal and external issues.





# FINANCIAL

# STATEMENTS

**KENNESAW STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Kennesaw State University	Component Unit
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 201,581,812	\$ 5,365,274
Cash and Cash Equivalents (Externally Restricted)	5,388,654	—
Short-term Investments	—	22,252,760
Accounts Receivable, net		
Federal Financial Assistance	4,261,395	—
Affiliated Organizations	4,227,993	—
Component Unit	2,194,996	—
Primary Government	—	169,969
Pledges and Contributions	—	1,374,511
Other	9,046,302	226,030
Investment in Financing Lease Arrangements - Primary Government	—	8,709,207
Inventories	2,855,681	—
Prepaid Items	19,796,372	43,063
<b>Total Current Assets</b>	<b>249,353,205</b>	<b>38,140,814</b>
<b>Non-Current Assets</b>		
Accounts Receivable, net		
Component Units	2,888,928	—
Due From USO - Capital Liability Reserve Fund	1,941,223	—
Pledges and Contributions	—	16,923,359
Other	1,382,915	—
Investments	443,997	—
Notes Receivable, net	539,396	—
Investment in Financing Lease Arrangements - Primary Government	—	191,742,689
Non-current Cash (Externally Restricted)	—	53,236,606
Short-term Investments (Externally Restricted)	—	111,278,578
Investments (Externally Restricted)	—	27,345,198
Capital Assets, net	726,081,246	66,990,357
Intangible Right-to-Use Assets, net	10,478,133	3,975,956
<b>Total Non-Current Assets</b>	<b>743,755,838</b>	<b>471,492,743</b>
<b>TOTAL ASSETS</b>	<b>993,109,043</b>	<b>509,633,557</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 170,974,824</b>	<b>\$ —</b>

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

**KENNESAW STATE UNIVERSITY  
STATEMENT OF NET POSITION  
JUNE 30, 2024**

	Kennesaw State University	Component Unit
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 17,421,253	\$ 6,597,016
Salaries Payable	595,931	—
Benefits Payable	997,540	—
Contracts Payable	1,468,512	—
Retainage Payable	1,031,368	—
Due to Affiliated Organizations	360	—
Due to Component Unit	209,288	—
Due to Primary Government	—	1,658,827
Advances (Including Tuition and Fees)	17,711,578	726,776
Deposits	53,790	—
Deposits Held for Other Organizations	617,571	—
Other Liabilities	123,594	—
Subscription Obligations	1,531,744	—
Notes Payable - External	1,899,441	700,575
Notes Payable - Component Units	8,629,413	—
Lease Obligations - External	446,580	50,291
Lease Obligations - Primary Government	—	187,711
Lease Obligations - Component Unit	164,499	—
Revenue Bonds and Notes Payable	—	13,375,000
Compensated Absences	11,258,821	—
<b>Total Current Liabilities</b>	<b>64,161,283</b>	<b>23,296,196</b>
<b>Non-Current Liabilities</b>		
Subscription Obligations	2,892,960	—
Notes Payable - External	40,100,557	—
Notes Payable - Component Units	191,007,407	—
Lease Obligations - External	541,488	548,586
Lease Obligations - Primary Government	—	3,274,786
Lease Obligations - Component Unit	1,378,290	—
Revenue Bonds and Notes Payable	—	293,545,508
Compensated Absences	4,695,721	—
Net Other Post-Employment Benefits Liability	213,572,751	—
Net Pension Liability	310,906,389	—
<b>Total Non-Current Liabilities</b>	<b>765,095,563</b>	<b>297,368,880</b>
<b>TOTAL LIABILITIES</b>	<b>829,256,846</b>	<b>320,665,076</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>170,709,450</b>	<b>—</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	439,813,200	(21,739,138)
Restricted for:		
Nonexpendable	4,862,308	97,898,946
Expendable	10,388,275	60,504,353
Unrestricted (Deficit)	(290,946,212)	52,304,320
<b>TOTAL NET POSITION</b>	<b>\$ 164,117,571</b>	<b>\$ 188,968,481</b>

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

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

	Kennesaw State University	Component Unit
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (net)	\$ 203,780,409	\$ —
Grants and Contracts		
Federal	10,825,316	—
State	2,473,200	—
Other	13,526,867	—
Sales and Services	16,446,440	222,491
Rents and Royalties	525,001	36,333,041
Auxiliary Enterprises		
Residence Halls	23,803,688	—
Bookstore	16,004,931	—
Food Services	30,691,559	—
Parking	10,608,479	—
Health Services	3,799,292	—
Intercollegiate Athletics	16,563,117	—
Other Organizations	7,731,098	—
Gifts and Contributions	—	16,301,545
Endowment Income	—	2,716,312
Other Operating Revenues	(2,211,385)	—
<b>Total Operating Revenues</b>	<b>354,568,012</b>	<b>55,573,389</b>
<b>OPERATING EXPENSES</b>		
Faculty Salaries	167,560,644	—
Staff Salaries	165,311,191	3,929,671
Employee Benefits	119,045,035	823,924
Other Personal Services	2,443,478	—
Travel	4,070,009	232,328
Scholarships and Fellowships	48,715,939	11,646,353
Utilities	14,364,493	2,733,858
Supplies and Other Services	153,411,994	10,787,774
Depreciation and Amortization	41,571,013	5,847,687
<b>Total Operating Expenses</b>	<b>716,493,796</b>	<b>36,001,595</b>
<b>Operating Income (Loss)</b>	<b>\$ (361,925,784)</b>	<b>\$ 19,571,794</b>

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

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

	Kennesaw State University	Component Unit
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	\$ 250,090,056	\$ —
Grants and Contracts		
Federal	95,603,000	—
State	114	—
Other	5,002,506	—
Gifts	6,037,068	—
Investment Income	12,095,848	14,104,010
Interest Expense	(10,819,162)	(10,907,361)
Other Nonoperating Revenues (Expenses)	(40,051)	(1,384,318)
	<hr/>	<hr/>
Net Nonoperating Revenues (Expenses)	357,969,379	1,812,331
	<hr/>	<hr/>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(3,956,405)	21,384,125
	<hr/>	<hr/>
Capital Grants and Gifts		
State	3,991,463	—
Other	4,585,434	—
Additions to Permanent and Term Endowments	—	2,725,343
	<hr/>	<hr/>
Total Other Revenues, Expenses, Gains or Losses	8,576,897	2,725,343
	<hr/>	<hr/>
Change in Net Position	4,620,492	24,109,468
	<hr/>	<hr/>
Net Position, Beginning of Year, As Originally Reported	159,497,079	164,859,013
	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 164,117,571</u>	<u>\$ 188,968,481</u>

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

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

	<u>Kennesaw State University</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments from Customers	\$ 334,170,878
Grants and Contracts (Exchange)	15,137,346
Payments to Suppliers	(272,445,815)
Payments to Employees	(335,406,037)
Payments for Scholarships and Fellowships	(48,715,939)
Loans Issued to Students	41,701
Other Receipts	351,093
Other Payments	150,158
Net Cash Used by Operating Activities	<u>(306,716,615)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State Appropriations	250,090,056
Gifts and Grants Received for Other Than Capital Purposes	110,626,924
Other Non-Capital Financing Receipts	2,185
Other Non-Capital Financing Payments	(61,422)
Net Cash Flows Provided by Non-Capital Financing Activities	<u>360,657,743</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Gifts and Grants Received	5,326,111
Proceeds from Sale of Capital Assets	52,715
Purchases of Capital and Intangible Right-to Use Assets	(59,395,904)
Principal Paid on Capital Debt and Leases	(12,461,319)
Interest Paid on Capital Debt and Leases	(10,845,056)
Net Cash Used by Capital and Related Financing Activities	<u>(77,323,453)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales and Maturities of Investments	4,862,308
Investment Income	12,214,566
Net Cash Provided by Investing Activities	<u>17,076,874</u>
Net Decrease in Cash and Cash Equivalents	(6,305,451)
Cash and Cash Equivalents, Beginning of Year	<u>213,275,917</u>
Cash and Cash Equivalents, End of Year	<u>\$ 206,970,466</u>

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

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

	Kennesaw State University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (361,925,784)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation and Amortization	41,571,013
Operating Expenses Related to Noncash Gifts	158,135
Change in Assets and Liabilities:	
Receivables, net	(5,435,085)
Inventories	463,070
Prepaid Items	142,399
Notes Receivable, Net	41,701
Accounts Payable	745,919
Salaries Payable	100,938
Benefits Payable	68,096
Retainage Payable	15,705
Deposits	7,772
Advances (Including Tuition and Fees)	1,062,535
Other Liabilities	(48,624)
Funds Held for Others	150,158
Compensated Absences	1,632,620
Due to Affiliated Organizations	159,691
Net Pension Liability	(9,972,845)
Net Other Post-Employment Benefit Liability	(45,364,094)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	20,550,367
Deferred Outflows of Resources	49,159,698
Net Cash Used by Operating Activities	<u>\$ (306,716,615)</u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Noncapital Financing Activities Noncash Items:	
Noncapital Gifts	<u>\$ 158,135</u>
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	<u>\$ 4,444,476</u>
Current Year Accruals Related to Capital Financing Activities	<u>\$ 369,005</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (33,528)</u>
Accrual of Capital Asset Related Payables	<u>\$ 3,219,976</u>
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	<u>\$ 323,599</u>
Intangible Right-to-Use Assets Acquired by Incurring SBITAs	<u>\$ 3,334,448</u>
Amortization of Capital Financing Activities Advances and Deferred Inflows	<u>\$ 3,449,175</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ 25,894</u>
Other Capital Financing Activities Noncash Items	<u>\$ (205,520)</u>
Unrealized Gain (Loss) on Investments	<u>\$ (118,718)</u>

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

**KENNESAW STATE UNIVERSITY  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2024**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Receivables	
Other	\$ 13,599,271
<b>Total Assets</b>	<u>13,599,271</u>
<b>LIABILITIES</b>	
Cash Overdraft	11,091,198
Due to Component Units	263,389
Advances	2,171,052
Deposits held for other organizations	12,330
<b>Total Liabilities</b>	<u>13,537,969</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 61,302</u>



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

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 133,814,511
State Financial Aid	113,167,649
Other Financial Aid	18,805,875
Clubs and Other Organizations Fund Raising	3,475,413
Public-Private Partnership Passthrough	<u>24,934,272</u>
Total Additions	<u>294,197,720</u>
DEDUCTIONS	
Scholarships and Other Student Support	265,788,036
Student Organizations Support	5,043,439
Public-Private Partnership Passthrough	<u>24,934,272</u>
Total Deductions	<u>295,765,747</u>
Net Increase in Fiduciary Net Position	<u>(1,568,027)</u>
Net Position, Beginning of Year	<u>1,629,329</u>
Net Position, End of Year	<u><u>\$ 61,302</u></u>

**NOTES TO THE**

**FINANCIAL**

**STATEMENTS**



**KENNESAW STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Note 1 Summary of Significant Accounting Policies**

**Nature of Operations**

Kennesaw State University (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 Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the University. In addition, a discretely presented component unit of the State, as discussed below, has been included since it has been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2024, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Discretely Presented Component Unit

The below organization is a legally separate, tax-exempt component unit of the State. Although the State (primary government) is not fiscally accountable for this entity, it has been determined that the nature and significance of the relationship between the primary government and the below organization is such that exclusion from these departmental financial statements would render them misleading. The below organization met the requirements for discrete presentation as defined by GASB Codification Sections 2100 and 2600. The below organization's fiscal year ends on June 30 each year. Separately issued financial statements are available from the following address.

- Kennesaw State University Foundation, Inc., 3391 Town Point Drive, Suite 4530/Mail drop 9101, Kennesaw, GA 30144.

See Component Unit Note 20 for additional information related to the discretely presented component unit.

## **Basis of Accounting and Financial Statement Presentation**

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

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

The University reports the following fiduciary funds:

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

## **New Accounting Pronouncements**

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

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

## **Cash and Cash Equivalents**

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

## **Investments**

Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The University accounts for its investments at fair value. Changes in the fair value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position.

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

## **Accounts Receivable**

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

## **Inventories**

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

**Prepaid Items**

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

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair market value 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 USG. GSFIC issues bonds for and on behalf of the State of Georgia, pursuant to powers granted to it in the Constitution of the State of Georgia and the Act creating the GSFIC. The bonds so issued constitute direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

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

**Intangible Right-To-Use Assets**

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

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

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

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

**Capital Liability Reserve Fund**

The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term 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 lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The balance included on the University's Statement of Net Position as Due from USO - Capital Liability Reserve Fund of \$1,941,223 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**

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

**Deposits Held for Other Organizations**

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

**Compensated Absences**

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

**Non-current Liabilities**

Non-current liabilities include: (1) liabilities that will not be paid within the next fiscal year and (2) lease obligations with contractual maturities greater than one year.

**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) and Net 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 and Employees' Retirement System of Georgia. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Public-Private and Public-Public Partnerships**

A public-private or public-public partnership (PPP) is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset. Some PPP's are service concession arrangements.

### **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 and intangible right-to-use assets. To the extent debt has been incurred but not yet expended for capital assets or intangible right-to-use assets, such amounts are not included as a component of net investment in capital assets. The term "debt obligations" as used in this definition does not include debt of the GSFIC as discussed previously in Note 1 - Capital Assets section.

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

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

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

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

### **Income Taxes**

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

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

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

- Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain federal, state and local grants and contracts, and (3) sales and services.

- Nonoperating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenue by GASB Statements No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, such as state appropriations and investment income.
- Operating expense includes activities that have the characteristics of exchange transactions.
- Nonoperating expense includes activities that have the characteristics of non-exchange transactions, such as capital financing costs and costs related to investment activity.

### **Scholarship Allowances**

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state, or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition and fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$84,836,381.

### **Special Items**

Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence are considered special items.

In fiscal year 2024, the University had no special items.

### **Extraordinary Items**

Significant transactions or other events that are both unusual in nature and infrequent in occurrence are considered extraordinary items.

In fiscal year 2024, the University had no extraordinary items.



## Note 2 Deposits and Investments

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

### Statement of Net Position

Current

Cash and Cash Equivalents	\$	201,581,812
Cash and Cash Equivalents (Externally Restricted)		5,388,654

Noncurrent

Investments		443,997
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### Statement of Fiduciary Net Position

Cash and Cash Equivalents		(11,091,198)
	\$	<u>196,323,265</u>

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

Cash on Hand	\$	43,600
Deposits with Financial Institutions		170,154,713
Investments		26,124,952
	\$	<u>196,323,265</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 up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

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

At June 30, 2024, the bank balances of the University's deposits totaled \$172,618,332. Of these deposits, \$0 were exposed to custodial credit risk. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the University.

**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. All investments conform to and are consistent with donor intent, Board of Regents policy and applicable federal and state laws.

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

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

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

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

The following table summarizes the valuation of the University's investments measured at fair value as of June 30, 2024.

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u> <u>Level 1</u>
Investment type:		
Equity Securities - Domestic	\$ 377,079	\$ 377,079
Other	<u>66,918</u>	<u>66,918</u>
	443,997	<u><u>\$ 443,997</u></u>
Investment Pools		
Board of Regents		
Short-Term Fund	<u>25,680,955</u>	
Total Investments	<u><u>\$ 26,124,952</u></u>	

### Board of Regents Pooled Investment Program

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

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

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

#### **1. Short-Term Fund**

The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and § 50-17-63. The average maturities of investments in this fund will typically range between daily and four years, and the fund will typically have an overall average duration of  $\frac{3}{4}$  - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Short-Term Fund at June 30, 2024 was \$25,680,955, of which 100% is invested in debt securities. The Effective Duration of the Fund is 1.08 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's policy for managing interest rate risk attempts to match investments with expected cash requirements.

### Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University policy for managing custodial credit risk is:

1. The USG has appointed a federally regulated banking institution as custodian. The custodian performs its duties to the standards of professional custodian and is liable to the USG for claims, losses, liabilities and expenses arising from its failure to exercise ordinary care, its willful misconduct, or its failure to otherwise act in accordance with the contract.
2. All securities transactions are to be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve.
3. Repurchase agreements are to be collateralized by United States Treasury securities at 102% of the market value of the investment at all times.

At June 30, 2024, \$0 was uninsured and held by the investment's counterparty's trust department or agent, but not in the University's name.

### 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 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 Short-Term Fund, all debt issues must be eligible investments under O.C.G.A § 50-17-59 and 50-17-63. Other investment portfolios of debt securities funds also must meet the eligible investment criteria under the same code section.

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University policy requires diversification of investments to reduce overall portfolio risk while maintaining market rates of return and has no exposure to concentration of credit risk at June 30, 2024.

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Exposure to foreign currency credit risk is limited to funds maintained in foreign accounts for the Study Abroad Program. The University does not have a formal policy for managing foreign currency risk and does not have any exposure to foreign currency risk at June 30, 2024.

## **Note 3 Accounts Receivable**

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

	<u>Business Type Activities</u>	<u>Fiduciary Fund</u>
Student Tuition and Fees	\$ 7,447,418	\$ 124,597
Auxiliary Enterprises and Other Operating Activities	4,000,151	
Federal Financial Assistance	4,261,395	858,872
Georgia Student Finance Commission		12,615,802
Georgia State Financing and Investment Commission	3,363,531	
Due from Affiliated Organizations	4,227,993	
Due from Component Unit	5,083,923	
Due From Other USG Institutions	1,952,823	
Lease Receivable	1,532,181	
Other	1,484,120	
	<u>33,353,535</u>	<u>13,599,271</u>
Less: Allowance for Doubtful Accounts	<u>7,409,783</u>	
Net Accounts Receivable	<u>\$ 25,943,752</u>	<u>\$ 13,599,271</u>

## **Note 4 Inventories**

Inventories consisted of merchandise for resale of \$2,855,681 at June 30, 2024.

## **Note 5 Notes and Loans Receivable**

Notes receivable consists of resources made available for financial loans to students of the University. The Nurse Faculty Loan Program (NFLP) comprises the majority of the loans receivable at June 30, 2024. The NFLP offers loans to students enrolled in advanced education nursing degree programs who are committed to become nurse faculty. In exchange for full-time post-graduation employment as nurse faculty, the program authorizes cancellation of up to 85% of any such loan (plus interest thereon). Allowances for uncollectible loans are reported based on management's best estimate considering type, age, collection history, and other factors considered appropriate. At June 30, 2024, the allowance for uncollectible loans was \$0.

## Note 6 Capital and Intangible Right-to-Use Assets

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

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 43,214,057	\$ 2,069,834	\$ —	\$ 45,283,891
Capitalized Collections	4,930,933	20,840	—	4,951,773
Construction Work-in-Progress	37,786,332	43,490,117	52,631,326	28,645,123
<b>Total Capital Assets Not Being Depreciated</b>	<b>85,931,322</b>	<b>45,580,791</b>	<b>52,631,326</b>	<b>78,880,787</b>
<b>Capital Assets, Being Depreciated</b>				
Infrastructure	18,407,203	135,451	—	18,542,654
Building and Building Improvements	987,528,743	39,350,977	—	1,026,879,720
Facilities and Other Improvements	14,144,875	3,205,903	—	17,350,778
Equipment	82,893,971	20,604,620	2,956,306	100,542,285
Library Collections	26,566,073	53,856	57,431	26,562,498
Capitalized Collections	2,463,448	—	—	2,463,448
<b>Total Capital Assets Being Depreciated</b>	<b>1,132,004,313</b>	<b>63,350,807</b>	<b>3,013,737</b>	<b>1,192,341,383</b>
<b>Less: Accumulated Depreciation</b>				
Infrastructure	8,917,307	713,757	—	9,631,064
Building and Building Improvements	409,097,574	27,580,858	—	436,678,432
Facilities and Other Improvements	7,275,446	702,404	—	7,977,850
Equipment	57,295,723	9,511,455	2,922,778	63,884,400
Library Collections	25,770,433	203,098	57,431	25,916,100
Capitalized Collections	997,672	55,406	—	1,053,078
<b>Total Accumulated Depreciation</b>	<b>509,354,155</b>	<b>38,766,978</b>	<b>2,980,209</b>	<b>545,140,924</b>
<b>Total Capital Assets, Being Depreciate Net</b>	<b>622,650,158</b>	<b>24,583,829</b>	<b>33,528</b>	<b>647,200,459</b>
<b>Capital Assets, net</b>	<b>\$ 708,581,480</b>	<b>\$ 70,164,620</b>	<b>\$ 52,664,854</b>	<b>\$ 726,081,246</b>

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. At June 30, 2024, GSFIC had \$3,074,935 construction in progress for incomplete GSFIC managed projects for the University.

Changes in intangible right-to-use assets for the year ended June 30, 2024 are shown below:

	Beginning Balances July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024
<b>Intangible Right-to-use Assets, Not Being Amortized:</b>				
Intangibles in Progress	\$ 365,225	\$ —	365,225	\$ —
<b>Intangible Right-to-use Assets, Being Amortized:</b>				
Land and Land Improvements	973,566	—	—	973,566
Building and Building Improvements	2,082,610	18,182	—	2,100,792
Equipment	543,158	327,121	—	870,279
Subscription Based IT Arrangements (SBITAs)	5,830,677	5,539,749	—	11,370,426
<b>Total Leased Assets Being Amortized</b>	<b>9,430,011</b>	<b>5,885,052</b>	<b>—</b>	<b>15,315,063</b>
<b>Less: Accumulated amortization</b>				
Land and Land Improvements	227,699	79,646	—	307,345
Building and Building Improvements	472,884	386,961	—	859,845
Equipment	264,873	137,486	—	402,359
Subscription Based IT Arrangements (SBITAs)	1,067,439	2,199,942	—	3,267,381
<b>Total Accumulated Amortization</b>	<b>2,032,895</b>	<b>2,804,035</b>	<b>—</b>	<b>4,836,930</b>
<b>Total Intangible Right-to-use Assets, Being Amortized, Net</b>	<b>7,397,116</b>	<b>3,081,017</b>	<b>—</b>	<b>10,478,133</b>
<b>Intangible Right-to-use Assets, net</b>	<b>\$ 7,762,341</b>	<b>\$ 3,081,017</b>	<b>\$ 365,225</b>	<b>\$ 10,478,133</b>

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

Fiscal Year	Depreciation & Amortization
2024	\$ 41,571,013
2023	\$ 38,877,667
2022	\$ 35,475,307

## Note 7 Advances (Including Tuition and Fees)

Business-type activities advances, including tuition and fees, consisted of the following at June 30, 2024:

	<u>Current Liabilities</u>
Prepaid Tuition and Fees	\$ 14,931,306
Grants and Contracts	513,677
Other - Advances	2,266,595
<b>Totals</b>	<b>\$ 17,711,578</b>

Fiduciary fund advances in the amount of \$2,171,052 consists of student support received prior to eligibility requirements being met.

## Note 8 Long-Term Liabilities

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

	Balance			Balance	Current
	July 1, 2023	Additions	Reductions	June 30, 2024	Portion
Lease & Subscription Obligations					
Lease Obligations	\$ 2,997,445	\$ 323,599	\$ 790,187	\$ 2,530,857	\$ 611,079
Subscription Obligations	2,786,671	3,334,448	1,696,415	4,424,704	1,531,744
Total	5,784,116	3,658,047	2,486,602	6,955,561	2,142,823
Other Liabilities					
Compensated Absences	14,321,923	12,467,573	10,834,954	15,954,542	11,258,821
Notes Payable	251,703,789	—	10,066,971	241,636,818	10,528,854
Total	266,025,712	12,467,573	20,901,925	257,591,360	21,787,675
Total Long-Term Obligations	<u>\$ 271,809,828</u>	<u>\$ 16,125,620</u>	<u>\$ 23,388,527</u>	<u>\$ 264,546,921</u>	<u>\$ 23,930,498</u>

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

### Notes Payable

#### *Financing Lease Agreements*

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

In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to financing lease agreements for fiscal year 2024 were \$10,066,971 and \$10,698,458, respectively.

The University has \$199,636,820 in outstanding notes payable due to component units for financing lease agreements.

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

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Financing Lease Arrangements at June 30, 2024	Outstanding Balances per Lease Schedules at June 30, 2024
	( + )	( - )	( = )	
Financed Land and Land Improvements	\$ 19,879,664	\$ —	\$ 19,879,664	\$ —
Finance Buildings and Building Improvements	303,696,781	125,093,960	178,602,821	241,636,818
Total Assets Held Under Finance Lease Arrangement	<u>\$ 323,576,445</u>	<u>\$ 125,093,960</u>	<u>\$ 198,482,485</u>	<u>\$ 241,636,818</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal
Central Parking Deck	KSU Foundation	28,528,584	21 years	February 2017	June 2038	21,559,536 (1)
Dining Hall Facility	KSU Foundation	17,012,109	22 years	February 2017	June 2039	13,740,224 (1)
Sports Complex	KSU Foundation	61,884,585	24 years	September 2020	June 2044	52,655,616 (1)
Student Housing (UPII)	KSU Foundation	26,768,863	29 years	August 2012	June 2041	22,323,397 (1)
Summit Student Housing	KSU Foundation	37,132,763	30 years	July 2022	June 2052	36,551,279 (1)
Student Recreation Center	KSU Foundation	43,053,851	28 years	July 2014	June 2042	33,933,046 (1)
Marietta Student Housing - Howell	KSU Foundation	9,854,543	31 years	July 2021	June 2052	9,621,269 (1)
Commons Housing	KSU Foundation	8,742,600	14 years	June 2013	June 2027	2,375,501 (1)
Courtyard Housing	KSU Foundation	18,387,400	16 years	June 2013	June 2029	6,876,952 (1)
Parking Deck	USG Real Estate Foundation	17,323,738	25 years	June 2015	June 2040	13,883,843
Housing / Dining	USG Real Estate Foundation	34,019,686	20 years	March 2019	June 2039	28,116,155
Total Financed Leases		<u>\$ 302,708,722</u>				<u>\$ 241,636,818</u>

All of the financing lease agreements above are related-party transactions (1)

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

Year Ending June 30:	Principal	Interest
2025	\$ 10,528,854	\$ 10,248,974
2026	11,002,787	9,784,397
2027	11,503,759	9,298,146
2028	11,175,872	8,803,682
2029	11,689,644	8,306,447
2030 through 2034	58,382,147	34,021,630
2035 through 2039	71,046,202	19,569,064
2040 through 2044	38,697,709	6,662,417
2045 through 2049	10,474,379	1,995,407
2050 through 2054	7,135,465	387,292
Total Minimum Lease Payments	<u>\$ 241,636,818</u>	<u>\$ 109,077,456</u>



## Note 9 Deferred Outflows and Inflows of Resources

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

### Deferred Outflows of Resources

Deferred Loss on Debt Refunding	\$ 405,379
Deferred Defined Benefit Pension Plans (See Note 14)	116,343,929
Deferred OPEB Plan (See Note 17)	54,225,516
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 170,974,824</u></b>

### Deferred Inflows of Resources

Deferred Gain on Debt Refunding	\$ 1,768,946
Deferred Inflows Public-Private or Public-Public Partnership (PPP)	43,570,256
Deferred Defined Benefit Pension Plans (See Note 14)	2,804,572
Deferred OPEB Plan (See Note 17)	117,911,189
Deferred Resources - Leases	4,654,487
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 170,709,450</u></b>

### Deferred Outflow/Inflow on Debt Refunding

The unamortized deferred loss on debt refunding at year end, related to refunding debt on two residence halls and a parking deck, is \$405,379. The unamortized deferred gain on debt refunding of \$1,768,946 relates to refunding debt on housing and dining facilities.

### Leases

At June 30, 2024, Kennesaw State University (KSU) was a participant in three lease agreements as the lessor.

In June 2011, Kennesaw State University entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) for the KSU Sports and Recreation Park on the KSU campus. The agreement for the sports and recreation park is renewable for 29 years. As of June 30, 2024, the total remaining receivables are \$3,745,704. The amortized revenue recorded in fiscal year 2024 was \$213,174 and the remaining deferred inflow of resources was \$3,122,306.

In September 2008, Kennesaw State University (KSU) entered into an agreement with Verizon Wireless for cell tower space. The agreement is renewable for 25 years. As of June 30, 2024, the total remaining receivables are \$648,718. The amortized revenue recorded in fiscal year 2024 was \$57,907 and the remaining deferred inflow of resources was \$613,750.

In August 2010, Kennesaw State University (KSU) entered into an agreement with AT&T for cell tower space. The agreement is renewable for 25 years. As of June 30, 2024, the total remaining receivables are \$970,759. The amortized revenue recorded in fiscal year 2024 was \$86,654 and the remaining deferred inflow of resources was \$918,431.

### Public-Private or Public-Public Partnerships (PPP)

At June 30, 2024, Kennesaw State University (KSU) was a participant in four Public-Private Partnerships.

In August 2001, KSU entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the residence hall ("University Place") in accordance with a contractual agreement between the two parties. Under the terms of the agreement, University received no funds upfront from KSUF, but will take full ownership of the residence hall at the end of the operating agreement in August 2037.

In August 2003, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Village") in accordance with a contractual agreement between the parties. Under the terms of the agreement, University received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in July 2036.

In August 2007, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Suites") in accordance with a contractual agreement between the parties. Under the terms of the agreement, University received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in September 2038.

In August 2020, the University entered into an agreement with KSUF to simplify the student experience for KSUF-owned housing (University Place, University Village, and University Suites). Under this agreement, KSU is responsible for providing property management services on behalf of KSUF in a fiduciary capacity for billing and the collection of housing charges.

In July 2017, KSU entered into an agreement with a food service provider whereby the vendor will operate a restaurant in accordance with a contractual agreement between the two parties. Under the terms of the agreement, University received no funds upfront, but will take full ownership of the equipment and improvements at the end of the operating agreement in June 2027.

At June 30, 2024, the University reports the three housing residences and one retail space as capital assets with a net carrying value of \$43,570,256. For fiscal year 2024, the University reported a remaining deferred inflows of resources of \$43,570,256 and amortized revenue of \$3,449,175.

For the fiscal year 2024, KSU received variable payments related to revenue sharing arrangements, based on performance of the operator and/or the usage of the underlying PPP asset in the amount of \$183,058.

Description	Operator	Begin Month/Year	PPP Term	Discount Rate (if applicable)	Amortized Revenue in Current Year	Interest Income	Remaining Deferred Inflow of Resources	Related Party for Institution
University Place	KSU Foundation	August 2001	35 years	N/A	617,809	—	7,065,646	Yes
University Village	KSU Foundation	August 2003	33 years	N/A	1,331,314	—	15,792,464	Yes
University Village Suites	KSU Foundation	August 2007	31 years	N/A	1,474,924	—	20,381,621	Yes
Panda Express	Panda Express	July 2017	20 years	N/A	25,128	—	330,525	No
Total PPPs					<u>\$ 3,449,175</u>	<u>\$ —</u>	<u>\$43,570,256</u>	

## Note 10 Net Position

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

### NET POSITION

Net Investment in Capital Assets	\$ 439,813,200
Restricted for	
Nonexpendable	
Permanent Endowment	4,862,308
Expendable	
Sponsored and Other Organized Activities	9,323,920
Federal Loans	955,985
Institutional Loans	108,370
Sub-Total	10,388,275
Unrestricted	
Auxiliary Enterprises Operations	65,653,556
Reserve for Encumbrances	72,899,669
Capital Liability Reserve Fund	1,941,223
Other Unrestricted (Deficit)	(431,440,660)
Sub-Total	(290,946,212)
Total Net Position	\$ 164,117,571

Other unrestricted net position is reduced by \$277,258,424 related to the recording of net OPEB liability, deferred inflows of resources, and deferred outflows of resources related to the OPEB plan. Other unrestricted net position is also reduced by \$197,367,032 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees and are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

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

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Net Investments in Capital Assets	\$ 406,063,744	\$ 74,373,672	\$ 40,624,216	\$ 439,813,200
Restricted Net Position	15,333,916	136,007,900	136,091,233	15,250,583
Unrestricted Net Position	(261,900,581)	595,965,601	625,011,232	(290,946,212)
Total Net Position	\$ 159,497,079	\$ 806,347,173	\$ 801,726,681	\$ 164,117,571

## Note 11 Endowments

### Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific

instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments.

For endowment funds where the donor has not provided specific instructions, investment return of the University's endowment funds is predicated 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, 2024. The University did not have any other significant unearned outstanding construction or renovation contracts in excess of these encumbrances at June 30, 2024.

## Note 13 Leases and Subscriptions

### Lease Obligations

In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to leases for fiscal year 2024 were \$790,187 and \$88,384, respectively. Interest rates range from 0.3449 % to 5.983%.

The University has \$1,542,789 in outstanding lease obligations due to component units. The Institution has \$488,564 in outstanding lease obligations due to affiliated organizations and other related party organizations.

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

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

Description	Gross Amount	Less: Accumulated Depreciation	Net Assets Held Under Lease Obligations at June 30, 2024	Outstanding Balance per Lease Schedules at June 30, 2024
	( + )	( - )	( = )	
Leased Land and Land Improvements	\$ 973,566	\$ 307,345	\$ 666,221	\$ 768,335
Leased Equipment	870,279	402,359	467,920	458,897
Leased Buildings and Building Improvements	2,100,792	859,845	1,240,947	1,303,625
Total Assets Held Under Lease	<u>\$ 3,944,637</u>	<u>\$ 1,569,549</u>	<u>\$ 2,375,088</u>	<u>\$ 2,530,857</u>

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

### LEASE SCHEDULE

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal
Classroom Building	KSU Foundation	\$ 953,858	9 years	July 2021	August 2030	\$ 387,014 (1)
Clinic	KSU Foundation	685,000	15 years	July 2021	June 2036	428,045 (1)
1st United Lutheran Church	1st United Lutheran Church	98,054	5 years	July 2021	June 2026	40,604
Canon Print Shop	Canon	156,248	2 years	July 2021	July 2023	—
Canon imagePress V1000	Canon	323,959	5 years	December 2023	November 2028	285,554
Machinist Union	KSU Foundation	875,512	13 years	July 2021	October 2034	644,149 (1)
N18101170 Talon Express Mail	Quadient	16,106	2 years	July 2021	September 2023	—
N19111200 WTS Tracking	Quadient	16,275	3 years	July 2021	September 2024	2,903
N20021899 WTS Tracking	Quadient	50,117	4 years	July 2021	June 2025	25,909
N21041215 DS85i Feeder	Quadient	46,225	5 years	July 2021	March 2026	25,533
N21073098 WTS & Scanner	Quadient	25,183	5 years	July 2021	June 2026	10,468
N21082092 iX7 Mail Machine	Quadient	20,206	5 years	August 2021	July 2026	9,909
Ricoh IMC2500 Copier	Ricoh	4,894	4 years	February 2022	January 2026	2,048
Ricoh IMC3000 Copier	Ricoh	7,750	5 years	December 2021	November 2026	3,893
N22032442 & N22032418 iX9C	Quadient	108,533	5 years	August 2022	July 2027	65,342
WTS Parcel Locker (Bkstr)	Quadient	19,753	5 years	September 2022	August 2027	12,720
IMC2500 Copier (KST207)	Ricoh	4,236	4 years	July 2022	February 2026	2,013
Canon iJet Color	Canon	16,074	3 years	July 2022	June 2025	5,631
IMC3000 Copier (MJ330)	Ricoh	3,930	2 years	July 2022	October 2024	595
4 - IMC3000 Copiers	Ricoh	14,215	2 years	July 2022	October 2024	2,155
MP2555SP Copier	Ricoh	2,445	2 years	July 2022	October 2024	370
IMC6000 Copier	Ricoh	5,805	2 years	July 2022	October 2024	879
3 - IMC2500 Copiers	Ricoh	9,288	2 years	July 2022	October 2024	1,406
IMC4500 Copier	Ricoh	4,487	2 years	July 2022	October 2024	680
MP3055SP Copier	Ricoh	2,793	2 years	July 2022	October 2024	423
IMC2500 Copier (MJ263)	Ricoh	3,096	2 years	July 2022	October 2024	469
2 - IM350F Copiers	Ricoh	1,996	2 years	July 2022	October 2024	—
Gateway Newsstand	KSU Foundation	161,784	5 years	July 2022	June 2027	83,581 (1)
3380 Town Point (Football Ops)	KSU Athletic Association	959,261	4 years	July 2022	February 2026	488,564 (1)
		<u>\$ 4,597,083</u>				<u>\$ 2,530,857</u>

(1) These leases are related-party transactions.

Below is the annual future commitments related to the outstanding lease obligations at June 30, 2024:

	Principal	Interest
Year Ending June 30:		
2025	\$ 611,079	\$ 53,903
2026	518,043	41,914
2027	278,607	34,928
2028	221,732	29,714
2029	188,347	23,664
2030 through 2034	595,129	54,787
2035 through 2039	117,920	5,102
Total Minimum Lease Payments	\$ 2,530,857	\$ 244,012

### Subscription Obligations

The University has no outstanding subscription obligations due to component units, affiliated organizations and other related party organizations.

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

The University's principal and interest payments related to SBITAs for fiscal year 2024 were \$1,604,161 and \$58,214, respectively.

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

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Subscription Obligations at June 30, 2024	Outstanding Balance per Subscription Schedules at June 30, 2024
Subscription Based IT Arrangements (SBITAs)	\$ 11,370,426	\$ 3,267,381	\$ 8,103,045	\$ 4,424,704

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

	Principal	Interest
Year Ending June 30:		
2025	\$ 1,531,744	\$ 45,109
2026	1,098,643	26,966
2027	1,044,694	16,583
2028	548,370	7,781
2029	115,593	2,163
2030 through 2034	85,660	1,979
<b>Total Minimum Subscription Payments</b>	<b>\$ 4,424,704</b>	<b>\$ 100,581</b>

## Note 14 Retirement Plans

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

The University also provides the Regents Retirement Plan.

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

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

#### General Information about the Teachers Retirement System

##### Plan description

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

##### Benefits Provided

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60.

Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

##### Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2024.

The University's contractually required contribution rate for the year ended June 30, 2024, was 19.98% of the annual University payroll. The University's contributions to TRS totaled \$33,763,879, for the year ended June 30, 2024.

## **General Information about the Employees' Retirement System**

### Plan description

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

### Benefits provided

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

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

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

### Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2024 was 29.35% of annual covered payroll for old and new plan members and 25.51% for GSEPS members. The University's contributions to ERS totaled \$62,285 for the year ended June 30, 2024. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

At June 30, 2024, the University reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2023, was determined using standard roll-forward techniques. The University's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2023. At June 30, 2023, the University's TRS proportion was 1.051588%, which was an increase of 0.066059% from its proportion measured as of June 30, 2022. At June 30, 2023, the University's ERS proportion was 0.007249%, which was a decrease of (0.005612)% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the University recognized pension expense of \$65,499,484 for TRS and \$(83,733) for ERS. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,765,449	\$ 1,283,705	\$ 6,569	\$ 1,013
Changes of assumptions	31,941,102	—	16,640	—
Net difference between projected and actual earnings on pension plan investments	21,836,467	—	17,616	—
Changes in proportion and differences between contributions and proportionate share of contributions	12,933,922	1,353,250	—	166,604
Contributions subsequent to the measurement date	33,763,879	—	62,285	—
<b>Total</b>	<b>\$ 116,240,819</b>	<b>\$ 2,636,955</b>	<b>\$ 103,110</b>	<b>\$ 167,617</b>

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

Year Ending June 30:	TRS	ERS
2025	\$ 23,272,803	\$ (124,090)
2026	\$ 16,841,688	\$ (29,850)
2027	\$ 45,892,859	\$ 35,203
2028	\$ (6,167,365)	\$ (8,055)

### Actuarial assumptions

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

#### Teachers Retirement System

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

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

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

### Employees' Retirement System

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

\* Rates shown are net of inflation

### **Discount rate**

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

**Sensitivity of the University'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 6.90% for TRS and 7.00% for ERS , as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease 5.90%	Current discount rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability	\$ 490,895,422	\$ 310,473,943	\$ 163,135,517

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 593,406	\$ 432,446	\$ 296,993

**Pension plan fiduciary net position**

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

**B. Defined Contribution Plan:**

**Regents Retirement Plan**

Plan Description

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

Funding Policy

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

The University and the covered employees made the required contributions of \$11,689,853 (9.24%) and \$7,590,814 (6.00%), respectively.

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

## **Note 15 Risk Management**

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

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

Retirees aged 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

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

### Board of Regents Retiree Health Benefit Plan

#### Plan Description and Funding Policy

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

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

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

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

Active Employees	3,626
Retirees or Beneficiaries Receiving Benefits	893
Retirees Receiving Life Insurance Only	169
Total	<u><u>4,688</u></u>

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

The University pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2024 plan year, the employer rate was approximately 83% of the total health insurance cost for eligible retirees and the retiree rate was approximately 17%. For employees hired on or after January 1, 2013, and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. With regard to life insurance, the employer covers the total premium cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2024, the University contributed \$6,334,973 to the plan for current premiums or claims.

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

At June 30, 2024, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2023. An expected total OPEB liability as of June 30, 2023 was determined using standard roll-forward techniques. The University's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2023.

At June 30, 2023, the University's proportion was 6.721731%, which was an increase of 0.185103% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the University recognized OPEB expense of \$(10,541,376). At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,169,819	\$ 1,631,520
Changes of assumptions	17,884,278	116,279,669
Net difference between projected and actual earnings on OPEB plan investments	968,373	—
Changes in proportion and differences between contributions and proportionate share of contributions	19,868,073	—
Contributions subsequent to the measurement date	<u>6,334,973</u>	<u>—</u>
Total	<u>\$ 54,225,516</u>	<u>\$ 117,911,189</u>

The University's contributions subsequent to the measurement date of \$6,334,973 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2025	\$	(20,817,717)
2026	\$	(21,293,534)
2027	\$	(17,693,893)
2028	\$	(8,931,605)
2029	\$	(1,283,897)

Actuarial assumptions

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of May 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2023 of 3.65% from Bond Buyers GO 20-Municipal Bond Index Rate; Discount Rate 3.69% Interest Rate as of 6/30/2022 of 3.54% from Bond Buyers GO 20- Municipal Bond Index Long-term Rate of Return 5.40% General Inflation 2.30% Salary Increase 3.75%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2021
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.7%
Medicare Eligible	2%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	2%
Year Ultimate Trend is Reached	Fiscal Year 2034 for Pre-Medicare Eligible, Fiscal Year 2023 for Medicare Eligible
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019 with the exception of the disability and salary increase assumptions. These assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which covered the five year period ending June 30, 2018.

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

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

Changes in Plan Since Prior Valuation

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

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

Discount rate

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

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

The following presents the 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 percentage-point lower (2.69%) or 1 percentage-point higher (4.69%) than the current discount rate (3.69%):

	1% Decrease 2.69%	Current Rate 3.69%	1% Increase 4.69%
Proportionate Share of the Net OPEB Liability	\$ 248,101,640	\$ 213,572,751	\$ 185,516,474

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 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 187,357,287	\$ 213,572,751	\$ 246,137,467
Pre-Medicare Eligible	6.7% decreasing to 3.5%	7.7% decreasing to 4.5%	8.7% decreasing to 5.5%
Medicare Eligible	1%	2%	3%

OPEB plan fiduciary net position:

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



## Note 18 Operating Expenses with Functional Classifications

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

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 129,856,523	\$ 20,973,254	\$ 59,080,284	\$ 369,057	\$ 1,999,336
Research	21,800,584	5,078,047	5,504,497	8,591	532,824
Public Service	464,552	3,712,541	1,169,302	59,082	119,054
Academic Support	13,246,390	34,582,878	14,278,224	162,580	401,362
Student Services	473,395	29,935,911	9,773,597	50,670	233,512
Institutional Support	1,427,515	28,171,671	14,838,236	1,421,979	262,282
Plant Operations and Maintenance	97,400	17,008,872	6,268,341	—	48,328
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	194,285	25,848,017	8,132,554	371,519	473,311
<b>Total Operating Expenses</b>	<b>\$ 167,560,644</b>	<b>\$ 165,311,191</b>	<b>\$ 119,045,035</b>	<b>\$ 2,443,478</b>	<b>\$ 4,070,009</b>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 812,972	\$ 355,788	\$ 11,630,669	\$ 3,154,410	\$ 228,232,293
Research	1,399,931	33,677	5,100,415	1,419,718	40,878,284
Public Service	172,005	9,081	3,613,846	37,125	9,356,588
Academic Support	1,900	138,205	28,259,945	4,405,295	95,476,779
Student Services	64,630	758,693	9,702,898	3,819,154	54,812,460
Institutional Support	8,750	1,101,286	17,786,715	2,593,905	67,612,339
Plant Operations and Maintenance	—	6,355,336	19,831,564	13,473,335	63,083,176
Scholarships and Fellowships	41,294,745	—	—	—	41,294,745
Auxiliary Enterprises	4,961,006	5,612,427	57,485,942	12,668,071	115,747,132
<b>Total Operating Expenses</b>	<b>\$ 48,715,939</b>	<b>\$ 14,364,493</b>	<b>\$ 153,411,994</b>	<b>\$ 41,571,013</b>	<b>\$ 716,493,796</b>

## Note 19 Subsequent Event

Kennesaw State University has no subsequent events.

## Note 20 Component Unit

### **Kennesaw State University Foundation, Inc.**

The Kennesaw State University Foundation (KSUF) is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

The relationship between Kennesaw State University and the Kennesaw State University Foundation, Inc. is such that exclusion of KSUF financial statements from these departmental financial statements would render them misleading. KSUF met the requirements for discrete presentation as defined by GASB Codification Sections 2100 and 2600.

The KSUF acts primarily as a fund-raising and financing organization to supplement the resources that are available to the Kennesaw State University in support of its programs. During the year ended June 30, 2024, the KSUF distributed approximately \$11,646,353 to Kennesaw State University in support of capital outlay projects, scholarships and other supporting activities.

The University manages the operations of the Foundation-owned housing for a management fee. The budgeted dollar amount as well as the management fee received from Foundation was accounted as Other Grants and Contract revenues by the University offset by the expenses incurred by University to manage the housing.

The KSUF has an unused line of credit in the amount of \$4,299,425.

The KSUF's outstanding bonds payable are secured with collateral related to real property.

Component unit's investments are comprised of the following amounts at June 30, 2024:

	<u>Fair Value</u>
Investment type	
Debt Securities	
U.S. Treasuries	\$ 218,443
Explicitly Guaranteed	13,872,320
Corporate Debt	21,590,867
Money Market Mutual Funds	6,082,642
Mutual Bond Funds	13,584,124
Other Investments	
Equity Mutual Funds - Domestic	7,891,601
Equity Mutual Funds - International	58,222,870
Hedge Funds	12,096,044
Private Equities	6,549,740
Private Equity Limited Partnerships	1,930,311
Real Estate Investment Trusts	5,732,364
Real Asset Limited Partnerships	6,635,249
Venture Capital Equity Funds	6,469,961
	<u>                                </u>
Total Investments	<u><u>\$ 160,876,536</u></u>

Component unit's endowments are comprised of the following amounts at June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	\$ 421,940	\$ 105,912,597	\$ 106,334,537
Contributions	—	2,725,343	2,725,343
Net realized and unrealized gains	39,298	11,667,403	11,706,701
Appropriation of endowment assets for expenditure	(1,990)	(2,714,322)	(2,716,312)
Transfers to comply with donor intent	(65,000)	540,977	475,977
Other	653,900	—	653,900
Ending	<u>\$ 1,048,148</u>	<u>\$ 118,131,998</u>	<u>\$ 119,180,146</u>

Amounts due to component unit related to investments in financing lease arrangements as of June 30, 2024, is as follows:

	Principal	Interest	Total
Year Ending June 30:			
2025	\$ 8,709,207	\$ 8,193,681	\$ 16,902,888
2026	9,092,246	7,820,798	16,913,044
2027	9,492,996	7,430,948	16,923,944
2028	9,069,916	7,033,057	16,102,973
2029	9,470,077	6,647,112	16,117,189
2030 through 2034	45,162,756	27,557,191	72,719,947
2035 through 2039	53,792,015	16,878,879	70,670,894
2040 through 2044	38,052,823	6,633,773	44,686,596
2045 through 2049	10,474,379	1,995,409	12,469,788
2050 through 2054	7,135,481	387,290	7,522,771
Total Minimum Lease Payments to be Received	<u>\$ 200,451,896</u>	<u>\$ 90,578,138</u>	<u>\$ 291,030,034</u>

Component unit's capital assets are comprised of the following amounts at June 30, 2024:

Capital Assets not being Depreciated:

Land	\$ 3,981,704
Capitalized Collections	1,298,388
Construction Work-in-Progress	780,900
Total Capital Assets not being Depreciated	<u>6,060,992</u>

Capital Assets being Depreciated:

Building and Building Improvements	140,170,422
Equipment	13,057,042
Software	82,581
Total Capital Assets being Depreciated	<u>153,310,045</u>

Less Total Accumulated Depreciation 92,380,680

Total Capital Assets being Depreciated, Net 60,929,365

Capital Assets, Net \$ 66,990,357

Combined component unit's intangible right-to-use assets are comprised of the following amounts at June 30, 2024:

Intangible Right-to-use Assets, Being Amortized	
Facilities and Other Improvements	\$ 4,903,107
Total Intangible Right-to-Use Assets, Being Amortized	<u>4,903,107</u>
Less: Accumulated Amortization	
Facilities and Other Improvements	<u>927,151</u>
Total Accumulated Amortization	<u>927,151</u>
Total Intangible Right-to-use Assets, Being Amortized, Net	<u>3,975,956</u>
Intangible Right-to-use Assets, Net	<u>\$ 3,975,956</u>

Component unit's long-term liabilities are comprised of the following amounts at June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Lease Obligation	\$ 4,287,903	\$ —	\$ 226,529	\$ 4,061,374	\$ 238,002
Notes and Loans Payable	—	700,575	—	700,575	700,575
Revenue/Mortgage Bonds Payable	312,035,000	—	12,120,000	299,915,000	13,375,000
Bond - Premium	12,635,456	—	2,167,316	10,468,140	—
Bond - (Discount and Issuance Cost)	(3,853,487)	—	(390,855)	(3,462,632)	—
Total Long Term Liabilities	<u>\$ 325,104,872</u>	<u>\$ 700,575</u>	<u>\$ 14,122,990</u>	<u>\$ 311,682,457</u>	<u>\$ 14,313,577</u>

Component unit's lease obligations are comprised of the following amounts at June 30, 2024:

	Principal	Interest	Total
Year ending June 30:			
2025	\$ 238,002	\$ 69,025	\$ 307,027
2026	248,371	64,864	313,235
2027	253,545	60,571	314,116
2028	258,820	56,191	315,011
2029	264,196	51,723	315,919
2030 through 2034	1,405,359	188,339	1,593,698
2035 through 2039	1,161,217	73,355	1,234,572
2040 through 2044	231,864	1,980	233,844
Total minimum lease payments	<u>\$ 4,061,374</u>	<u>\$ 566,048</u>	<u>\$ 4,627,422</u>

Combined component unit's notes and loans payable are comprised of the following amounts at June 30, 2024:

	Principal	Interest	Total
Year ending June 30:			
2025	\$ 700,575	\$ 543	\$ 701,118
Total Notes and Loans Payable	<u>\$ 700,575</u>	<u>\$ 543</u>	<u>\$ 701,118</u>

Component unit's bonds payable are comprised of the following amounts at June 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2025	\$ 13,375,000	\$ 12,393,181	\$ 25,768,181
2026	13,985,000	11,759,062	25,744,062
2027	15,055,000	11,091,761	26,146,761
2028	14,475,000	10,394,610	24,869,610
2029	15,155,000	9,696,246	24,851,246
2030 through 2034	80,460,000	37,605,613	118,065,613
2035 through 2039	84,960,000	19,088,191	104,048,191
2040 through 2044	40,525,000	6,711,622	47,236,622
2045 through 2049	13,240,000	2,439,293	15,679,293
2050 through 2054	<u>8,685,000</u>	<u>665,400</u>	<u>9,350,400</u>
	\$ 299,915,000	\$ 121,844,979	\$ 421,759,979
Bond Premium	10,468,140		10,468,140
Bond (Discount)	<u>(3,462,632)</u>		<u>(3,462,632)</u>
	<u>\$ 306,920,508</u>	<u>\$ 121,844,979</u>	<u>\$ 428,765,487</u>



**REQUIRED**

**SUPPLEMENTARY**

**INFORMATION**

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2024	\$ 62,285	\$ 62,285	\$ —	\$ 212,215	29.35%
	June 30, 2023	\$ 61,702	\$ 61,702	\$ —	\$ 198,975	31.01%
	June 30, 2022	\$ 79,453	\$ 79,453	\$ —	\$ 322,586	24.63%
	June 30, 2021	\$ 104,701	\$ 104,701	\$ —	\$ 424,578	24.66%
	June 30, 2020	\$ 102,597	\$ 102,597	\$ —	\$ 457,657	22.42%
	June 30, 2019	\$ 96,890	\$ 96,890	\$ —	\$ 329,046	29.45%
	June 30, 2018	\$ 33,651	\$ 33,651	\$ —	\$ 137,017	24.56%
	June 30, 2017	\$ 49,098	\$ 49,098	\$ —	\$ 198,195	24.77%
	June 30, 2016	\$ 39,126	\$ 39,126	\$ —	\$ 158,275	24.72%
	June 30, 2015	\$ 23,268	\$ 23,268	\$ —	\$ 105,956	21.96%
Teachers' Retirement System	June 30, 2024	\$ 33,763,879	\$ 33,763,879	\$ —	\$ 168,988,383	19.98%
	June 30, 2023	\$ 30,551,245	\$ 30,551,245	\$ —	\$ 152,909,134	19.98%
	June 30, 2022	\$ 26,466,513	\$ 26,466,513	\$ —	\$ 133,593,648	19.81%
	June 30, 2021	\$ 23,680,274	\$ 23,680,274	\$ —	\$ 124,240,682	19.06%
	June 30, 2020	\$ 26,588,070	\$ 26,588,070	\$ —	\$ 125,771,381	21.14%
	June 30, 2019	\$ 25,259,080	\$ 25,259,080	\$ —	\$ 121,159,582	20.85%
	June 30, 2018	\$ 19,646,648	\$ 19,646,648	\$ —	\$ 116,891,631	16.81%
	June 30, 2017	\$ 14,757,957	\$ 14,757,957	\$ —	\$ 103,247,814	14.29%
	June 30, 2016	\$ 13,576,004	\$ 13,576,004	\$ —	\$ 95,179,702	14.26%
	June 30, 2015	\$ 11,607,133	\$ 11,607,133	\$ —	\$ 88,267,171	13.15%

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

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	June 30, 2024	0.007249%	\$ 432,446	\$ 198,975	217.34%	71.20%
	June 30, 2023	0.012861%	\$ 858,917	\$ 322,586	266.26%	67.44%
	June 30, 2022	0.017099%	\$ 399,929	\$ 424,578	94.19%	87.62%
	June 30, 2021	0.017383%	\$ 732,686	\$ 457,657	160.10%	76.21%
	June 30, 2020	0.014079%	\$ 580,974	\$ 329,046	176.56%	76.74%
	June 30, 2019	0.005372%	\$ 220,845	\$ 137,017	161.18%	76.68%
	June 30, 2018	0.008080%	\$ 328,156	\$ 198,195	165.57%	76.33%
	June 30, 2017	0.006807%	\$ 322,000	\$ 158,275	203.44%	72.34%
	June 30, 2016	0.004634%	\$ 187,742	\$ 105,956	177.19%	76.20%
	June 30, 2015	0.735200%	\$ 282,497	\$ 169,321	166.84%	77.99%
Teachers Retirement System	June 30, 2024	1.051588%	\$ 310,473,943	\$ 152,909,134	203.04%	76.29%
	June 30, 2023	0.985529%	\$ 320,020,317	\$ 133,593,648	239.55%	72.85%
	June 30, 2022	0.959470%	\$ 84,858,722	\$ 124,240,682	68.30%	92.03%
	June 30, 2021	0.970005%	\$ 234,973,177	\$ 125,771,381	186.83%	77.01%
	June 30, 2020	0.991055%	\$ 213,103,623	\$ 121,159,582	175.89%	78.56%
	June 30, 2019	0.980684%	\$ 182,035,957	\$ 116,891,631	155.73%	80.27%
	June 30, 2018	0.898854%	\$ 167,054,784	\$ 103,247,814	161.80%	79.33%
	June 30, 2017	0.866499%	\$ 178,768,405	\$ 95,179,702	187.82%	76.06%
	June 30, 2016	0.835486%	\$ 127,194,447	\$ 88,267,171	144.10%	81.44%
	June 30, 2015	0.823564%	\$ 104,046,449	\$ 66,613,266	156.19%	81.03%



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

*Changes of assumptions*

Employees' Retirement System:

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

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

Teachers Retirement System:

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

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

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

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

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

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
June 30, 2024	\$ 6,334,973	\$ 6,334,973	\$ —	\$ 300,779,786	2.11%
June 30, 2023	\$ 6,821,622	\$ 6,821,622	\$ —	\$ 274,619,299	2.48%
June 30, 2022	\$ 9,565,891	\$ 9,565,891	\$ —	\$ 260,415,130	3.67%
June 30, 2021	\$ 7,471,326	\$ 7,471,326	\$ —	\$ 234,273,937	3.19%
June 30, 2020	\$ 6,388,334	\$ 6,388,334	\$ —	\$ 228,397,295	2.80%
June 30, 2019	\$ 9,940,821	\$ 9,940,821	\$ —	\$ 219,848,409	4.52%
June 30, 2018	\$ 9,499,540	\$ 9,499,540	\$ —	\$ 211,487,878	4.49%
June 30, 2017	\$ 5,809,862	\$ 5,809,862	\$ —	\$ 192,024,215	3.03%

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

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

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2024	6.721731%	\$ 213,572,751	\$ 274,619,299	77.77%	6.44%
June 30, 2023	6.536627%	\$ 258,936,845	\$ 260,415,130	99.43%	5.08%
June 30, 2022	6.365036%	\$ 320,357,393	\$ 234,273,937	136.74%	3.74%
June 30, 2021	6.214816%	\$ 331,480,838	\$ 228,397,295	145.13%	2.91%
June 30, 2020	6.198176%	\$ 277,155,654	\$ 219,848,409	126.07%	3.13%
June 30, 2019	5.996430%	\$ 264,487,602	\$ 211,487,878	125.06%	1.69%
June 30, 2018	5.834138%	\$ 246,184,631	\$ 192,024,215	128.20%	0.19%

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

**KENNESAW 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, 2024**

*Changes in Assumptions Since Prior Valuation*

The financial accounting valuation reflects the following assumption changes:

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

*Changes in Plan Since Prior Valuation*

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

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



**SUPPLEMENTARY**

**INFORMATION**

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

ASSETS

Cash and Cash Equivalents	\$ 97,508,179.90
Investments	101,030.34
Accounts Receivable	
Federal Financial Assistance	7,261,565.77
Other	18,611,405.20
Prepaid Expenditures	355,996.13
Other Assets	11,600.00
	<hr/>
Total Assets	<u>\$ 123,849,777.34</u>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$ 445,358.23
Encumbrance Payable	66,132,216.33
Accounts Payable	4,114,039.83
Unearned Revenue	14,979,769.52
Funds Held for Others	553,318.75
Other Liabilities	6,110.61
	<hr/>
Total Liabilities	<u>86,230,813.27</u>

Fund Balances

Reserved	
Department Sales and Services	11,315,222.24
Indirect Cost Recoveries	5,490,690.40
Technology Fees	1,586,841.10
Restricted/Sponsored Funds	8,574,756.07
Uncollectible Accounts Receivable	4,583,162.87
Tuition Carry - Forward	5,684,036.84
Unreserved	
Surplus	384,254.55
	<hr/>
Total Fund Balances	<u>37,618,964.07</u>

Total Liabilities and Fund Balances	<u>\$ 123,849,777.34</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.

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

	Original Appropriation	Final Budget	Funds Available Compared to Budget	
			Current Year Revenues	Prior Year Reserve Carry-Over
Public Service / Special Funding Initiatives				
State Appropriation				
State General Funds	\$ 929,663.00	\$ 929,663.00	\$ 929,663.00	\$ —
Teaching				
State Appropriation				
State General Funds	239,347,134.00	249,379,472.00	249,379,472.00	—
Federal Funds				
Federal Funds Not Specifically Identified	79,609,492.00	108,774,957.00	104,022,455.67	—
Federal Funds - COVID19				
Federal Funds Not Specifically Identified - COVID		640,520.00	637,486.30	14,053.64
Other Funds	254,456,049.00	312,001,968.00	286,790,307.59	37,078,213.23
Total Teaching	573,412,675.00	670,796,917.00	640,829,721.56	37,092,266.87
Total Operating Activity	\$ 574,342,338.00	\$ 671,726,580.00	\$ 641,759,384.56	\$ 37,092,266.87

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.

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

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	\$ —	\$ 929,663.00	\$ —	\$ 929,494.48	\$ 168.52	\$ 168.52
Teaching						
State Appropriation						
State General Funds	—	249,379,472.00	—	249,379,472.00	—	—
Federal Funds						
Federal Funds Not Specifically Identified	—	104,022,455.67	(4,752,501.33)	104,022,455.67	4,752,501.33	—
Federal Funds - COVID19						
Federal Funds Not Specifically Identified - COVID	—	651,539.94	11,019.94	637,486.09	3,033.91	14,053.85
Other Funds	—	323,868,520.82	11,866,552.82	292,608,652.83	19,393,315.17	31,259,867.99
Total Teaching	—	677,921,988.43	7,125,071.43	646,648,066.59	24,148,850.41	31,273,921.84
Total Operating Activity	\$ —	678,851,651.43	7,125,071.43	647,577,561.07	24,149,018.93	31,274,090.36

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.



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

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2023 Surplus	Prior Year Adjustments	Other Adjustments
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	\$ —	\$ —	\$ —	\$ —	\$ —
Teaching					
State Appropriation					
State General Funds	48,202.14	—	(48,202.14)	162,102.66	—
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Federal Funds - COVID19					
Federal Funds Not Specifically Identified- COVID	14,053.64	(14,053.64)	—	(14,053.85)	—
Other Funds	37,249,090.39	(37,078,213.23)	(170,877.16)	1,757,965.83	(144,303.80)
Total Teaching	<u>37,311,346.17</u>	<u>(37,092,266.87)</u>	<u>(219,079.30)</u>	<u>1,906,014.64</u>	<u>(144,303.80)</u>
Total Operating Activity	<u>37,311,346.17</u>	<u>(37,092,266.87)</u>	<u>(219,079.30)</u>	<u>1,906,014.64</u>	<u>(144,303.80)</u>
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	4,438,859.07				144,303.80
Budget Unit Totals	<u>\$ 41,750,205.24</u>	<u>\$ (37,092,266.87)</u>	<u>\$ (219,079.30)</u>	<u>\$ 1,906,014.64</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.

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

	Early Return of Fiscal Year 2024 Surplus	Excess of Funds Available Over Expenditures	Ending Fund Balance June 30, 2024	Analysis of Ending Fund Balance			
				Reserved	Surplus	Total	
Public Service / Special Funding Initiatives							
State Appropriation							
State General Funds	\$ —	\$ 168.52	\$ 168.52	\$ —	\$ 168.52	\$ 168.52	
Teaching							
State Appropriation							
State General Funds	—	—	162,102.66	—	162,102.66	162,102.66	
Federal Funds							
Federal Funds Not Specifically Identified	—	—	—	—	—	—	
Federal Funds - COVID19							
Federal Funds Not Specifically Identified- COVID	—	14,053.85	—	—	—	—	
Other Funds	—	31,259,867.99	32,873,530.02	32,651,546.65	221,983.37	32,873,530.02	
Total Teaching	—	31,273,921.84	33,035,632.68	32,651,546.65	384,086.03	33,035,632.68	
Total Operating Activity	—	31,274,090.36	33,035,801.20	32,651,546.65	384,254.55	33,035,801.20	
Prior Year Reserves							
Not Available for Expenditure							
Uncollectible Accounts Receivable	—	—	4,583,162.87	4,583,162.87	—	4,583,162.87	
Budget Unit Totals	\$ —	\$ 31,274,090.36	\$ 37,618,964.07	\$ 37,234,709.52	\$ 384,254.55	\$ 37,618,964.07	
				Departmental Sales and Services	\$ 11,315,222.24	\$ —	\$ 11,315,222.24
				Indirect Cost Recovery	5,490,690.40	—	5,490,690.40
				Technology Fees	1,586,841.10	—	1,586,841.10
				Restricted/Sponsored Funds	8,574,756.07	—	8,574,756.07
				Tuition Carry-Forward	5,684,036.84	—	5,684,036.84
				Uncollectible Accounts Receivable	4,583,162.87	—	4,583,162.87
				Surplus	—	384,254.55	384,254.55
					\$ 37,234,709.52	\$ 384,254.55	\$ 37,618,964.07

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.

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