



USG Financial Reporting

January 18, 2017

Background

Reporting Entity

As defined by Official Code of Georgia Annotated (O.C.G.A) § 20-3-50, the Institution is part of the University System of Georgia (USG), an organizational unit of the State of Georgia (the State) under the governance of the Board of Regents (Board). The Board has constitutional authority to govern, control and manage the USG.

The Institution does not have the right to sue/be sued without recourse to the State. The Institution's property is the property of the State and subject to all the limitations and restrictions imposed upon other property of the State by the Constitution and laws of the State. In addition, the Institution is not legally separate from the State. Accordingly, the Institution is included within the State's basic financial statements as part of the primary government

Statewide/System Reporting

- Statewide Reporting
 - Comprehensive Annual Financial Report (CAFR)
 - Statewide Single Audit Report
 - Budgetary Compliance Report
 - Salary and Travel Compilation
- System Reporting
 - USG Consolidated Annual Financial Report
 - Individual Institution Annual Financial Reports

GAAP - Financial Reporting (AFR)

Colleges and Universities generally subscribe to specialized accounting and financial reporting principles set forth by GASB 34/35 and guidelines established by the National Association of College and University Business Officers' (NACUBO).

GAAP - Financial Reporting (AFR)

Because Colleges cover a major portion of their costs through external user charges (tuition and fees) for their services, Colleges and Universities have selected to report as special purpose governments engaged solely in Business Type Activities (BTA).

Budget Basis Financial Statements (BCR)

The Constitution of the State of Georgia requires that the state operate under a balanced budget. This means that the state cannot legally incur a deficit and cannot borrow money for operating funds. No expenses can be incurred for which funds are not available, and no state funds can be spent unless they are authorized in an appropriations bill approved by the General Assembly of Georgia and signed by the Governor.

GAAP ACCOUNTING (AFR) VS STATE BUDGETARY ACCOUNTING (BCR)

GAAP Accounting

- Institutions under the University System of Georgia are required to present financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for inclusion in the State Consolidated Annual Financial Report (CAFR).
- GAAP accounting requires financial statements to be presented on the accrual basis of accounting which means income is reported when earned and expenses are reported when incurred. Also, capital assets must be subject to depreciation.

GAAP ACCOUNTING (AFR) VS STATE BUDGET BASIS ACCOUNTING (BCR)

Official Code of Georgia 45-12-89: Funds appropriated for a specific fiscal year must be expended or obligated in that fiscal year or lapse to the State Treasury

Obligated – Obligated funds are commonly referred to as **encumbrances**. This means that the institution has issued a purchase order for goods and services or has signed a contract. Although encumbrances are not expenses for GAAP purposes, they represent an expense of State funds for that particular budget year, and therefore represent an expense for budget basis reporting on the Budgetary Compliance Report

Obligated (Encumbered) – PO or Contract Issued

- These are not expenses for GAAP purposes
- These are expenses for budget basis reporting

Surplus (Lapse) – Unless eligible to be kept as reserves, current funds that are not contractually obligated; i.e., not encumbered, and prior year funds that are unencumbered lapse and must be returned to the Office of the State Treasury as a portion of surplus as determined by the Department of Audits and Accounts. Each institution returns its surplus funds to the University System Office; the University System Office returns these funds to the Office of the State Treasury.

DOAA - Education Audit Division's Objectives

- To conduct work sufficient to render an opinion on the Higher Education component of the Consolidated Annual Financial Report (CAFR) encompassing the Financial Statements of the Board of Regents and its related units and the Statewide Single Audit.
- Conduct work sufficient to evaluate the budgetary Financial Statements of the Higher Education component of the Budgetary Compliance Report – “surplus”

Types of Engagements Performed by DOAA

For Colleges and Universities, DOAA conducts the following individual types of engagements:

- Audits
- Full Disclosure Management Reports (By-Product Report) for re-accreditation purposes
- Agreed Upon Procedures Reports (Attestation Engagement)

AUDITS

Assess the risk of material misstatement by performing procedures that include: (1) information gathering procedures to ensure an adequate understanding of the industry, the entity and its environment including internal controls and (2) analytical procedures and test of detail transactions to understand the nature of account balances on the financial statements and to identify any anomalies or additional risk factors.

AUDITS

- Once the risk of material misstatement is assessed, determine the extent of further procedures necessary. Where there is a heightened level of risk, additional procedures may be necessary to determine whether the financial statements are materially correct.
- Determine whether the Board of Regents together with its related units, taken as a whole, have complied in all material respects with state and federal laws, regulations, and provisions of contracts and grant agreements.
- Determine whether the Schedule of Expenditures of Federal Awards is fairly presented.
- Determine whether the program expenditures of each organization fairly present their actual expenditures compared to the each organization's annual budget.

FULL DISCLOSURE MANGEMENT REPORTS

- The Management Report contains selected financial statement information pertinent to the financial and compliance activities of the individual entity.
- The Management Report is for reaccreditation purposes.
- Auditors verify that documentation supports the financial statements.
- Additional testing is conducted in order to express an opinion on the Higher Education component of the CAFR and Statewide Single Audit.
- Budgetary Compliance Testing
- Student Financial Aid Compliance

AGREED UPON PROCEDURES REPORTS

These Agreed Upon Procedures Engagements will include the following procedures:

- Review of Balance Sheet Items reported on the AFR – Confirm that they are adequately documented and properly reconciled to the Institution's general ledger.
- Review the Institution's Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows to ensure that the financial statements properly reflect the activity within the accounting records.
- Review the Institution's Notes to the Financial Statements for accuracy and completeness.
- Review the Institution's year-end GAAP basis journal entries to determine if the entries were accurately and appropriately documented.
- Confirm State Appropriations revenues, State Appropriations receivables and the remittance of PY surplus.
- Review the listing of Accounts Receivable Write-Offs during the year for appropriate due diligence and SAO approval.
- Review the year end Budget Basis Financial Statements including the Budget Comparison and Surplus Analysis Reports for accuracy and to determine if any budgetary over expenditures exist.

AGREED UPON PROCEDURES REPORTS

- Review Budget Basis Reserves to determine that they are properly documented, valid and appropriate.
- Confirm that information reported to the Georgia Student Finance Commission has been reconciled with the H.O.P.E. Scholarship activity on the Institution's financial records.
- Review the Schedule of Expenditures of Federal Awards. Confirm that the information presented in the schedule supports the activity reporting within the Institution's accounting records
- Review capital assets records to ensure that (1) an annual physical inventory is being conducted, (2) issues noted during physical inventory are evaluated and capital assets records are properly adjusted, and (3) capitalization thresholds are being followed.
- Bank reconciliations are being performed and all reconciling items are being addressed in a timely manner.

Audit Report

- SECTION I - FINANCIAL
- INDEPENDENT AUDITOR'S REPORT
- REQUIRED SUPPLEMENTARY INFORMATION - MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
 - EXHIBITS
 - STATEMENT OF NET POSITION
 - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 - STATEMENT OF CASH FLOWS
 - NOTES TO THE FINANCIAL STATEMENTS
 - SCHEDULES
 - REQUIRED SUPPLEMENTARY INFORMATION
 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – TEACHERS RETIREMENT SYSTEM OF GEORGIA
 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
 - SCHEDULE OF CONTRIBUTIONS – TEACHERS RETIREMENT SYSTEM OF GEORGIA
 - SCHEDULE OF CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
 - NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 - SUPPLEMENTARY INFORMATION

Audit Report

- SUPPLEMENTARY INFORMATION
 - BALANCE SHEET (NON-GAAP BASIS) BUDGET FUND
 - SUMMARY BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS) BUDGET FUND
 - STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE (NON-GAAP BASIS) BUDGET FUND
 - STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE (NON-GAAP BASIS) BUDGET FUND
- SECTION II - COMPLIANCE AND INTERNAL CONTROL REPORTS
 - INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
- SECTION III FINDINGS AND QUESTIONED COSTS
 - SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Independent Auditor's Report

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Georgia State University as of June 30, 2016, 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.

Management's Discussion and Analysis (MD&A)

Financial managers of College/Universities are knowledgeable about the transactions, events, and conditions that are reflected in their financial report and of the fiscal policies that govern its operations. Those financial managers are asked to share their insights in the MD&A by giving readers an objective and easily readable analysis of the College/University's financial performance for the year. This analysis should provide users with the information they need to help them assess whether the government's financial position has improved or deteriorated as a result of the year's operations.

Management's Discussion and Analysis (MD&A)

Required Components:

- Overview: A brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide. This discussion should include analyses that assist in understanding measurements and results reported in financial statements
- Condensed Financial Information - SNP, SRECNP and Cash Flow Statements
- Description of significant capital asset and long term debt activity during the year
- Current year results in comparison with the prior year with emphasis on CY
- Discusses positives and negative trends
- Discusses other significant or unusual activity reflected on the financial statements
- May use charts, graphs and tables to enhance understandability of the information
- Should avoid “boilerplate” discussion
- Economic Outlook – Description of currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations – *Not a platform to pontificate*

Management's Discussion and Analysis (MD&A)

Polls of financial statement users have suggested the following about the MD&A:

- Sped up the process of identifying key issues and potential red flags
- When well written, the MD&A can make their jobs easier by answering the questions that they often have to call a government to get answers to
- “ MD&A's been a huge value...when it's done well...because it saves an analyst...a phone call or it shortens the phone call that they've got to make. If it's written well and written within...the spirit of the standard.”
- Boilerplate MD&A's that are not tailored to the specific government in question are not very useful
- The quality of the MD&A also appeared to be an indicator to some of the quality of a government's management



Statement of Net Position

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2016 and includes all assets and liabilities, both current and noncurrent. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

Statement of Net Position

Statements of Net Position

	<u>June 30, 2016</u>		
ASSETS		LIABILITIES	
Current Assets		Current Liabilities	
Cash and Cash Equivalents	\$ 20,604,905	Accounts Payable	2,298,094
Accounts Receivable, net		Salaries Payable	300,993
Receivables - Federal Financial Assistance	259,160	Benefits Payable	1,246,553
Receivables - Other	3,793,748	Contracts Payable	1,406,496
Due From Affiliated Organizations	192,976	Retainage Payable	295,670
Due From Other Funds		Deposits	307,778
Inventories	255,279	Advances (Including Tuition and Fees)	1,882,349
Prepaid Items	962,453	Other Liabilities	693,191
Total Current Assets	<u>26,068,521</u>	Deposits Held for Other Organizations	931,152
Non-Current Assets		Lease Purchase Obligations	2,505,465
Non-current Cash (Externally Restricted)	166,002	Compensated Absences	2,094,994
Investments (Externally Restricted)	5,208,122	Due to Affiliated Organizations	297
Due From Affiliated Organizations	2,132,289	Total Current Liabilities	<u>\$ 13,963,032</u>
Due From USO - Capital Liability Reserve Fund	1,081,968	Non-Current Liabilities	
Investments	2,085,578	Lease Purchase Obligations	121,852,181
Notes Receivable, net	2,010,676	Compensated Absences	652,502
Capital Assets, net	175,258,328	Net Pension Liability	40,292,642
Total Non-Current Assets	<u>\$ 187,942,963</u>	Total Non-Current Liabilities	<u>\$ 162,797,325</u>
TOTAL ASSETS	<u>\$ 214,011,484</u>	TOTAL LIABILITIES	<u>\$ 176,760,357</u>
DEFERRED OUTFLOWS OF RESOURCES		DEFERRED INFLOWS OF RESOURCES	
Deferred Loss on Defined Benefit Pension Plan	5,912,854	Deferred Gain on Debt Refunding	1,483,686
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,912,854</u>	Deferred Gain on Defined Benefit Pension Plan	3,746,987
		Deferred Inflows - Other	3,753,443
		TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 8,984,116</u>
		NET POSITION	
		Net Investment in Capital Assets	52,534,272
		Restricted for	
		Nonexpendable	3,785,471
		Expendable	4,790,028
		Unrestricted Deficit	(26,929,906)
		TOTAL NET POSITION	<u>\$ 34,179,865</u>

	Department within the State of Georgia Primary Government	Component Unit of the State of Georgia Reporting Entity Georgia State University Foundation, Inc.
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 189,492,767	\$ 5,302,568
Accounts Receivable, Net		
Receivables - Federal Financial Assistance	18,201,977	
Receivables - Other	23,938,370	333,158
Due from Affiliated Organizations	213,650	
Investment in Capital Leases - Primary Government		5,538,122
Pledges Receivable		6,785,317
Inventories	397,241	
Prepaid Items	5,099,992	1,122
	237,343,997	17,960,287
Total Current Assets		
<u>Noncurrent Assets</u>		
Due from USO - Capital Liability Reserve Fund	1,414,212	
Investment in Capital Leases - Primary Government		149,947,687
Investments	11,648	216,389,456
Notes Receivable, Net	5,954,021	
Noncurrent Cash (Externally Restricted)	777,477	26,247,991
Pledges Receivable		4,023,778
Investments (Externally Restricted)	92,898	
Capital Assets, Net	927,409,257	10,588,827
Other Assets		4,717,952
	935,659,513	411,915,691
Total Noncurrent Assets		
Total Assets	1,173,003,510	429,875,978

Deferred Outflows of Resources		
Deferred Loss on Defined Benefit Pension Plan	30,877,505	0
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	20,617,424	3,661,196
Salaries Payable	2,356,495	
Benefits Payable	6,286,328	
Contracts Payable	2,687,614	
Retainage Payable	1,366,946	
Deposits	16,135	
Advances (Including Tuition and Fees)	27,517,058	17,362,655
Deposits Held for Other Organizations	1,937,996	1,731,585
Lease Purchase Obligations - External	3,320,694	559,450
Lease Purchase Obligations - Component Units	4,157,001	
Compensated Absences	11,655,254	
Revenue/Mortgage Bonds Payable		5,565,000
Due to Affiliated Organizations	1,441,933	
Other Liabilities	274,820	695,845
Total Current Liabilities	<u>83,635,698</u>	<u>29,575,731</u>
Noncurrent Liabilities		
Lease Purchase Obligations - External	106,019,176	1,202,400
Lease Purchase Obligations - Component Units	150,612,283	
Advances		1,313,101
Compensated Absences	7,567,814	
Revenue/Mortgage Bonds Payable		137,475,000
Unamortized Bond Discount		-1,168,191
Unamortized Bond Premium		218,331
Liabilities Under Split Interest Agreements		1,907,385
Interest Rate Swap		15,837,801
Net Pension Liability	249,327,383	
Other Non-current Liabilities		7,149,132
Total Noncurrent Liabilities	<u>513,526,656</u>	<u>163,934,959</u>
Total Liabilities	<u>597,162,354</u>	<u>193,510,690</u>

	Department within the State of Georgia Primary Government <hr/> Georgia State University	Component Unit of the State of Georgia Reporting Entity <hr/> Georgia State University Foundation, Inc.
Deferred Inflows of Resources		
Deferred Gain on Debt Refunding	6,456,774	
Deferred Gain on Defined Benefit Pension Plan	26,920,529	
Deferred Grants Received in Advance of Timing	10,743,262	
	<hr/>	<hr/>
Total Deferred Inflows of Resources	44,120,565	0
	<hr/>	<hr/>
<u>NET POSITION</u>		
Net Investment in Capital Assets	650,933,850	10,588,827
Restricted for:		
Nonexpendable	97,689	111,719,259
Expendable	23,840,079	85,589,213
Unrestricted	-112,273,522	28,467,989
	<hr/>	<hr/>
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Total Net Position	\$ 562,598,096	\$ 236,365,288

GEORGIA STATE UNIVERSITY
Statements of Net Position

Source: AFR Excel File

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase/(Decrease) FY 2016/2015</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 189,492,767	\$ 199,963,095	(\$10,470,328)
Accounts Receivable, net			
Receivables - Federal Financial Assistance	18,201,977	16,854,218	\$1,347,759
Receivables - Other	23,938,370	25,594,187	(\$1,655,817)
Due From Affiliated Organizations	213,650	465,890	(\$252,240)
Due From Other Funds	-	93,395	(\$93,395)
Inventories	397,241	388,874	\$8,367
Prepaid Items	5,099,992	4,877,880	\$222,112
Other Assets	-	25,777	(\$25,777)
Total Current Assets	<u>\$ 237,343,997</u>	<u>\$ 248,263,316</u>	<u>(\$10,919,319)</u>
Non-Current Assets			
Non-current Cash (Externally Restricted)	\$ 777,477	\$ 97,536	\$679,941
Investments (Externally Restricted)	92,898	90,611	\$2,287
Due From Affiliated Organizations	-	222,703	(\$222,703)
Due From USO - Capital Liability Reserve Fund	1,414,212	1,414,211	\$1
Investments	11,648	11,457	\$191
Notes Receivable, net	5,954,021	6,212,994	(\$258,973)
Capital Assets, net	918,087,132	906,401,768	\$11,685,364
Total Non-Current Assets	<u>\$ 926,337,388</u>	<u>\$ 914,451,280</u>	<u>\$11,886,108</u>
TOTAL ASSETS	<u>\$ 1,163,681,385</u>	<u>\$ 1,162,714,596</u>	<u>\$966,789</u>

Cash and Investments

Cash and Cash Equivalents

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

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 Institution accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position. The Board of Regents Balanced Income Fund and the Board of Regents Diversified Fund are included as Investments.

Cash and Cash Equivalents

Reconciliation of cash and cash equivalents balances to carrying value of deposits:

Business-type Activities:

Statement of Net Position

Cash and Cash Equivalents	\$ 189,492,767
NonCurrent Cash and Cash Equivalent	<u>777,477</u>
Total Cash and Cash Equivalents	190,270,244
Less:	
Cash on Hand	-62,170
Investment pool reported as Cash and Cash Equivalents	
Board of Regents Short-Term Fund	-77,743,768
Georgia Fund 1	<u>-87,309,243</u>
Total Carrying Value of Deposits - June 30, 2016	<u>\$ 25,155,063</u>

Bank Reconciliation Review

- Per Bank Balance agrees to bank
- Per book balance agrees to general ledger trial balance
- Reconciliation performed timely
- Documentation available to support all reconciling items noted
- Evidence of supervisory review
- Reconciling items carried for extended period of time
- Unusual reconciling items
- Outstanding Check list
- Outstanding Items can be traced into subsequent period

Bank Reconciliation Review

MASTER ACCOUNT BANK RECONCILIATION - A/C 8800634282
 GENERAL LEDGER ACCOUNT 118120
 AS OF February 29, 2016

BALANCE PER BANK	12,912,881.78
ADD: DEPOSITS IN TRANSIT	\$10,175.00
DEDUCT: OUTSTANDING CHECKS	<u>(230,029.57)</u>
RECONCILED BALANCE PER BANK	<u>12,684,026.71</u>

BALANCE PER BOOKS	41,007,883.58
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	Amount	Dr/Cr	
4/4/2014 AMERICORP AWARD	358.76	D	Book
7/9/2014 ACHCDOEP TREAS 3 overbooked	(0.03)	C	Book
8/25/2014 ACHCDOEP TREAS 3	925.00	D	Book
10/2/2014 ACHCAC12 TREAS 3	8,075.00	D	Book
1/21/2015 Sales Tax Adjustments August-0	8,007.77	C	Book
2/6/2015 ACHCAC12 TREAS 3	798.00	D	Book
3/11/2015 ACHCDOEP TREAS 3	21,495.00	D	Book
5/1/2015 ACHCTCS TREAS 4	1.00	D	Book
5/6/2015 ACHC36 TREAS 3	1,958.29	D	Book
5/38/2015 ACHCVAED TREAS 3	11,027.50	D	Book
7/7/2015 ACHCSTATE OF GEO	2,658.15	D	Book
7/7/2015 ACHCVAED TREAS 3	353.28	D	Book
8/26/2015 ACHCDOEP TREAS 3	810.00	D	Book
9/29/2015 ACHCAC12 TREAS 3	6,242.35	D	Book
9/30/2015 ACHC380100DIAS-1	7,591.00	D	Book
9/30/2015 ACHCVAED TREAS 3	1,564.76	D	Book
9/30/2015 September 2015 Sales Tax (C. B	(1.08)	D	Book
10/19/2015 ACHCCHARGEPOINT	100.90	D	Book
11/13/2015 ACHC36 TREAS 3	40.53	D	Book

Bank Reconciliation Review

10/19/2015	ACHCHARGEPOINT	100.90	D	Book
11/13/2015	ACHC36 TREAS 3	40.53	D	Book
11/13/2015	ACHCADP EEPAY GA	2,626.65	D	Book
11/27/2015	ACHC36 TREAS 3	7,245.29	D	Book
11/27/2015	ACHCADP EEPAY GA	3,469.40	D	Book
12/1/2015	ACHC36 TREAS 3	8,402.51	D	Book
12/7/2015	ACHC36 TREAS 3	14,405.63	D	Book
12/14/2015	ACHC36 TREAS 3	3,152.81	D	Book
12/15/2015	ACHC36 TREAS 3	7,132.57	D	Book
12/24/2015	ACHCAM2HIDUSXDS	197.85	D	Book
1/31/2015	To move Cash (Disbursement post ??	(8,942,256.71)	C	Book
1/11/2016	ACHCADP EEPAY GA	402.93	C	Book
1/13/2016	ACHCBoard of Reg	37,039.67	C	Book
1/14/2016	Duplicate GSFSC	(9,770.36)	C	Book
1/14/2016	Duplicate GSFSC	(3,651.67)	C	Book
1/19/2016	ACHC36 TREAS 3	3,237.95	C	Book
1/20/2016	ACHCGSFC	661,333.93	C	Book
1/22/2016	ACHCADP EEPAY GA	86.95	C	Book
1/26/2016	Exec Clean project AY2016	(18,313,078.00)	C	Book

Bank Reconciliation Review

2/29/2016 Housing	36,070.00	D	Bank
2/29/2016 Nursing	(450.00)	C	Bank
2/29/2016 Theatre	-	D	Bank
2/29/2016 Dining Services	(13.00)	C	Bank
2/29/2016 Primary Care Clinic	-	D	Bank
RECONCILED BALANCE PER BOOKS	<u>12,694,808.83</u>		
VARIANCE	<u>(\$10,782.17)</u>		

Investments

At June 30, 2016, the carrying value of the Institution's investments was \$165,157,557, which is materially the same as fair value. These investments were comprised entirely of funds invested in the Board of Regents and Office of the State Treasurer investment pools as follows:

Investment Pools	
Board of Regents	
Short-Term Fund	\$ 77,743,768
Balanced Income Fund	37,126
Diversified Fund	<u>67,420</u>
Sub Total	77,848,314
Office of the State Treasurer	
Georgia Fund 1	<u>87,309,243</u>
Total Investment Pools	\$ <u>165,157,557</u>

Restricted Cash, Short Term Investments and Investments

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 19,104,684
Accounts Receivable, net	
Receivables - Federal Financial Assistance	765,385
Receivables - Other	3,833,500
Due From Affiliated Organizations	27,347
Prepaid Items	335,322
Total Current Assets	<u>24,066,238</u>
Non-Current Assets	
Noncurrent Cash	\$ 155,586
Investments (Externally Restricted)	2,821,104
Due from USO - Capital Liability Reserve Fund	220,862
Investments	270,525
Capital Assets, net	108,303,935
Total Non-Current Assets	<u>111,772,012</u>
TOTAL ASSETS	<u>135,838,250</u>

NET POSITION	
Net Investment in Capital Assets	\$ 65,673,442
Restricted for	
Nonexpendable	2,936,644
Expendable	346,904
Deficit	(8,724,375)
TOTAL NET POSITION	<u>\$ 60,232,615</u>

Restricted Cash, Short Term Investments and Investments

Year End Entries: YE#34 and #34a

To reclassify externally restricted cash, short term Investments and investments to non-current cash, noncurrent short term investments and investments (externally restricted) on the Statement of Net Position. Examples: Endowments, Restricted Grants and Contracts, Cash Gifts, Auxiliary, etc.

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit
GAAP	Non-current Cash								
	1581xx	xxxxxx				2016		150,000.00	
GAAP	Cash								
	111xxx	xxxxxx				2016			150,000.00
								150,000.00	150,000.00

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit
GAAP	Non-current S-T Investments								
	1582xx	xxxxxx				2016		250,000.00	
GAAP	S-T Investments								
	1198xx	xxxxxx				2016			250,000.00
								250,000.00	250,000.00

Accounts Receivables

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. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the Institution's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2016:

	<u>June 30, 2016</u>
Student Tuition and Fees	\$ 12,114,379
Auxiliary Enterprises and Other Operating Activities	1,758,956
Federal Financial Assistance	18,201,977
Georgia State Financing and Investment Commission	1,654,128
Due from Affiliated Organizations	213,650
Other	<u>15,986,552</u>
	49,929,642
Less Allowance for Doubtful Accounts	<u>7,575,645</u>
Net Accounts Receivable	<u>\$ 42,353,997</u>

Accounts Receivable Issues

- **Allowance for Doubtful Accounts not properly reported**
- **Banner/General Ledger Reconciliation not completed**
- **Accounts Receivables not being actively managed**
- **Failure to provide accurate listing**
- **Due Diligence documentation not available**
- **Uncollectible Accounts Receivable Reserve balance growing rapidly compare to institution's sector**

Accounts Receivables

BPM - Accounts Receivables

- All uncollectible accounts will be reserved as specific accounts are aged and consequently deemed to be uncollectible. Generally, debts aged more than one hundred eighty (180) days from the due date are no longer probable for collection. Circumstances may arise when specific accounts become uncollectible earlier than one hundred eighty (180) days.
- **Note:** Due date is defined as follows:
 - For student accounts, the due date is the first day of classes for the term.
 - For non-student accounts, the due date is generally thirty (30) days after the invoice date.
 - A student account due date may be modified to the date that financial aid is withdrawn in order to give the student and institution an opportunity to locate other payment arrangements.
- Accounts receivable should be analyzed and accounted for monthly as appropriate, no less than quarterly.

Accounts Receivables

BPM - Accounts Receivables

- Accounts receivable should be analyzed and accounted for monthly as appropriate, no less than quarterly.
- All uncollectible accounts aged more than one hundred eighty (180) days from the due date should be reserved as an uncollectible account. This is the time by which collection agency efforts should commence.
- Once an invoice is determined to be uncollectible, either before or by the one hundred eighty (180) day past due date, all invoices within that account should be reserved as an uncollectible account.

Accounts Receivables

BPM - Accounts Receivables

- When uncollectible accounts are reserved, a funding source must be identified to fund the reserve. GASB requires that revenue-generated transactions, which generate accounts receivable that are deemed uncollectible, should be reversed. This methodology is the correct method for both budgetary and GAAP financial reporting. Georgia Annotated Code 50-16-18 allows for true write-off of uncollectible receivables for \$3,000 or less.
- In order to accomplish the appropriate recognition of revenue, the following method will be used: The Allowance for Doubtful Revenue (Contra Revenue) account should be debited and the Allowance for Doubtful Accounts Receivable (Contra Accounts Receivable) account should be credited. This effectively reverses the revenue from current year operations for both budgetary accounting and GAAP reporting.
- The Contra-Revenue entry ensures that the uncollectible account amount is not spent. For budgetary reporting purposes, the Allowance for Doubtful Accounts Receivable (Contra Receivable) is reported as a Net Asset reserve and not as a reduction to Accounts Receivable.
- This method will be used regardless of the amount of each uncollectible account. As approved by the state auditors under Procedural Directive 17 (July 21, 1992), “fund integrity must be maintained at all times with regard to the uncollectible accounts”.

**PEACHTREE STATE UNIVERSITY
JOURNAL ENTRY FORM**

Type of Entry Manual
 Category of Entry Closing/Year-End
 Sample Entry # YE-7c

Enter all chart fields marked with xxxxxx

Date Entered _____ Journal # _____

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit
Actuals	Allowance for Doubtful Revenue 4xx98	xxxx	xxxxxx	xxxx	xxxx	2016		2,000.00	
Actuals	Allowance for Doubtful Accounts Receivable 12x99	xxxx	xxxxxx	xxxx	xxxx	2016			2,000.00
	or (See Note Below)								
	Accounts Receivable (See Note Below) 12xxxx	xxxx	xxxxxx	xxxx	xxxx	2016			xxxx.xx
								<u>2,000.00</u>	<u>2,000.00</u>
									0.00

Description/Objective:

To reserve uncollectible accounts aged more than one hundred eighty days from the invoice due date as defined. (See BPM Section 10.4.1)
 At the point one invoice is determined uncollectible, the respective account balance should be reserved.

Note: Uncollectible accounts (<= \$3,000) may be written directly off vs. reserved first if all collection efforts have been made and approval is received from State Accounting Office. (per BPM 10.4)

Source of Information

A/R Aging Report

Accounts Receivables

BPM - Accounts Receivables

- When accounts receivable of \$3,000 or less are ultimately determined uncollectible and due diligence for collection has taken place, the Accounts Receivable account should be credited and the Allowance for Doubtful Accounts Receivable account should be debited. This eliminates the receivable from the books of the campus in compliance with Georgia law.
- **Note:** Due diligence is defined as the performance of both:
 - Collection efforts by the institution according to the minimum guidelines in [Section 10.7.4](#), and
 - Collection agency efforts, subject to cost vs. benefit assessment by the institution.
- Write-off of receivables is based upon the aggregate of the debtor, not on individual transactions. For example, a student may owe \$4,000 in aggregate, with ten transactions of which no single transaction exceeds \$3,000. In this case, the \$4,000 cannot be written-off.
- The accounts receivable should be analyzed to determine if all receivables aged more than one hundred eighty (180) days from the due date are collectible. After due diligence collection efforts, the bad debts (less than or equal to \$3,000) should be written off as follows:
 - Against existing Allowance for Doubtful Accounts Receivable account, as described in item #6 above, or
 - Against the contra-revenue account if the account was not previously reserved.

Accounts Receivables

BPM - Accounts Receivables

- The entries for uncollectible Accounts Receivable and the funding source for those amounts can be summarized in the following table: [Uncollectible Accounts Receivable](#)
- For accounts receivable write-offs resulting from non-revenue transactions, such as cash advances, there is no offsetting revenue. Therefore, the accounting entry should debit the bad debts expense account and credit the receivable account.

**PEACHTREE STATE UNIVERSITY
JOURNAL ENTRY FORM**

Type of Entry Manual
 Category of Entry Year-End/Closing
Sample Entry #7a

Enter all chart fields marked with xxxxxx

Date Entered

Ledger	Account	Fund	Dept ID	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit
Actuals	Allowance for Doubtful Accounts Receivable 12xx99	xxxx			2016		2,500.00	
Actuals	Accounts Receivable 12xxxx	xxxx			2016			2,500.00
							<u>2,500.00</u>	<u>2,500.00</u>
								0.00

Description/Objective:

To write-off uncollectible account (\$3,000.00 or less). See BPM Section 10.4.1.

Must have documentation (Specific identification) and must have exercised due diligence in collection efforts

Must have approval documentation from State Accounting Office.

Source of Information

Analysis of A/R and A/R Aging Report

Statement of Net Position - A/R Information

Data Submission to USO:

TGRRGON

- Quarterly (Starting with June 30, 2016)
 - June 30 – Due August 1
 - Sept 30 – Due October 31
 - December 31 – Due January 31
 - March 31 – Due May 1
- Institutions will be asked to submit through MoveIT:
 - TGRRGON
 - PS Trial Balance
 - Excel template used to reconcile

Aged Accounts Receivable Listing

- Institutions will continue to submit through DataWarehouse - December/June
- Institutions will be asked to submit reconciliation between DWH submission and general ledger through MoveIt

Reviewing Accounts Receivable

Banner - TGRRCON

- Banner is a subsidiary ledger
 - Detail for General Ledger balances
 - Record of who owes what
- Cash receipting system
- Required monthly – BPM Section 1.9

What is needed?

- Reconciliation Spreadsheet
- Banner – TGRRCON
- PeopleSoft – Trial Balance Report

Reconciliation Spreadsheet

Description	Account Number	1 Banner TGRRCN	2 PeopleSoft Trial Balance	3 Cash Basis Detail Codes In Banner not in PS	4 Out of Balance Difference Column 1 - (2 + 3)	5 Notes/Comments
Open Charges						
Fund 10500 Receivables	10500XXXXXXXXXXXXXXXXXXXXXXXXXXXX121000	\$0.00	\$0.00		\$0.00	
Fund 10600 Receivables	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX121000	\$0.00	\$0.00		\$0.00	
Third Party Contracts Receivable	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX121130	\$0.00	\$0.00		\$0.00	
Non-Sufficient Funds Checks	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX129110	\$0.00	\$0.00		\$0.00	
Non-Sufficient Funds Web Checks	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX129120	\$0.00	\$0.00		\$0.00	
Fund 12210 Rec class 21100	122102110042100XXXXXXXXXXXXXXXXXXXX121000	\$0.00	\$0.00		\$0.00	
Fund 12220 Rec class 22100	122202210042100XXXXXXXXXXXXXXXXXXXX121000	\$0.00	\$0.00		\$0.00	
Fund 12230 Rec Class 23100	122302310042100XXXXXXXXXXXXXXXXXXXX121000	\$0.00	\$0.00		\$0.00	
Fund 12240 Rec Class 24100	122402410042100XXXXXXXXXXXXXXXXXXXX121000	\$0.00	\$0.00		\$0.00	
Fund 12250 Rec Class 25200	122502520042100XXXXXXXXXXXXXXXXXXXX121000	\$0.00	\$0.00		\$0.00	
Fund 12280 Rec Class 28100	122802810042100XXXXXXXXXXXXXXXXXXXX121000	\$0.00	\$0.00		\$0.00	
Fund 13000 Receivables	13000XXXXXXXXXXXXXXXXXXXXXXXXXXXX121000	\$0.00	\$0.00		\$0.00	
Fund 16000 Receivables	16000XXXXXXXXXXXXXXXXXXXXXXXXXXXX121000	\$0.00	\$0.00		\$0.00	
Johnson Loan Receivable	31000XXXXXXXXXXXXXXXXXXXXXXXXXXXX122004	\$0.00		\$0.00	\$0.00	
Moore Loan Receivable	31000XXXXXXXXXXXXXXXXXXXXXXXXXXXX122005	\$0.00		\$0.00	\$0.00	
Johnson Loan Fund Bal- Interest	31000XXXXXXXXXXXXXXXXXXXXXXXXXXXX371104	\$0.00		\$0.00	\$0.00	
Moore Loan Fund Bal- Interest	31000XXXXXXXXXXXXXXXXXXXXXXXXXXXX371100	\$0.00		\$0.00	\$0.00	
Retiree (LOA)	62000XXXXXXXXXXXXXXXXXXXXXXXXXXXX129010	\$0.00	\$0.00		\$0.00	
Open Payments						
Unapplied Financial Aid	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX219802	\$0.00	\$0.00		\$0.00	
Unapplied Cash	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX219801	\$0.00	\$0.00		\$0.00	
Totals		\$0.00	\$0.00			
Deposits						
Tuition Deposits	10500XXXXXXXXXXXXXXXXXXXXXXXXXXXX214410	\$0.00	\$0.00		\$0.00	
Dorm Deposits	1221050110002110042100XXXXXXXXXXXX214001	\$0.00	\$0.00		\$0.00	
Owen Hall Deposits	1221050150002110042100XXXXXXXXXXXX214001	\$0.00	\$0.00		\$0.00	
The Commons Deposits	1221050140002110042100XXXXXXXXXXXX214001	\$0.00	\$0.00		\$0.00	
Clearing Accounts						
Banner Cash Clearing	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX118199	\$0.00	\$0.00		\$0.00	
Banner Web Check Clearing	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX118198	\$0.00	\$0.00		\$0.00	
Banner Web C/C Clearing	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX118197	\$0.00	\$0.00		\$0.00	
AR Clearing Banner Web check	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX219805	\$0.00	\$0.00		\$0.00	
AR Clearing Banner	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX128003	\$0.00	\$0.00		\$0.00	
AR Clearing Banner Contractor	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX219815	\$0.00	\$0.00		\$0.00	
AP Clearing	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX219820	\$0.00	\$0.00		\$0.00	
Contract Clearing	10600XXXXXXXXXXXXXXXXXXXXXXXXXXXX219850	\$0.00	\$0.00		\$0.00	

Banner - TGRRCON

11-21-2016 02:06:45 PM

University of North Georgia
A/R Reconciliation Report

PAGE
TGRR

RECONCILIATION STATISTICS - ACCOUNT SUMMARY

FREE FORMAT CHART OF ACCOUNTS	A/R ADJ FED TOTAL	PENDING GURFEED	ADJUSTED LEDGER
10500XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX121000	28,673,722.66	.00	28,673,722.66
10600XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX121000	3,842,164.55	.00	3,842,164.55
10600XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX121130	857,751.44	.00	857,751.44
10600XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX129110	6,863.37	.00	6,863.37
10600XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX129120	18,803.40	.00	18,803.40
10600XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX219801	-14,164.25	.00	-14,164.25
10600XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX219802	-3,435.28	.00	-3,435.28
1221021100421000000000XXXXXXXXXXXXXXXXXXXX121000	4,031,059.89	.00	4,031,059.89
1222022100421000000000XXXXXXXXXXXXXXXXXXXX121000	4,727,676.47	.00	4,727,676.47
1223023100421000000000XXXXXXXXXXXXXXXXXXXX121000	174,975.98	.00	174,975.98
1223023100421005041100XXXXXXXXXXXXXXXXXXXX121000	312.44	.00	312.44
1224024100421000000000XXXXXXXXXXXXXXXXXXXX121000	393,655.18	.00	393,655.18
1225025200421000000000XXXXXXXXXXXXXXXXXXXX121000	1,985,039.01	.00	1,985,039.01
1228028100430000000000XXXXXXXXXXXXXXXXXXXX121000	1,139,948.80	.00	1,139,948.80
13000000000000009326115XXXXXXXXXXXXXXXXXXXX217080	80.00	.00	80.00
13000000000000009427300XXXXXXXXXXXXXXXXXXXX217080	380.00	.00	380.00
13000000000110009211000XXXXXXXXXXXXXXXXXXXX409970	800.00	.00	800.00
13000000000110009326115XXXXXXXXXXXXXXXXXXXX409970	1,480.00	.00	1,480.00
13000000000110009427300XXXXXXXXXXXXXXXXXXXX409970	6,570.00	.00	6,570.00
13000000000110009581000XXXXXXXXXXXXXXXXXXXX409970	2,294.99	.00	2,294.99
13000XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX121000	1,247,753.52	.00	1,247,753.52
16000XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX121000	1,081,541.01	.00	1,081,541.01
31000XXXXXXXXXXXXXXXXXXXX45064XXXXXXXXXXXX122000	310.00	.00	310.00
31000XXXXXXXXXXXXXXXXXXXX45064XXXXXXXXXXXX371100	11.74	.00	11.74
60000XXXXXXXXXXA000013XXXXXXXXXXXXXXXXXXXX241100	293,252.35	.00	293,252.35
60000XXXXXXXXXXA000047XXXXXXXXXXXXXXXXXXXX241100	59,452.00	.00	59,452.00
60000XXXXXXXXXXA000135XXXXXXXXXXXXXXXXXXXX241100	2,016.00	.00	2,016.00
60000XXXXXXXXXXA000139XXXXXXXXXXXXXXXXXXXX241100	7,535.25	.00	7,535.25
60000XXXXXXXXXXP353001XXXXXXXXXXXXXXXXXXXX121000	1,083,316.50	.00	1,083,316.50
60000XXXXXXXXXXP353001XXXXXXXXXXXXXXXXXXXX241200	4,425.00	.00	4,425.00
60000XXXXXXXXXXP353002XXXXXXXXXXXXXXXXXXXX121000	1,507,771.04	.00	1,507,771.04
60000XXXXXXXXXXP353002XXXXXXXXXXXXXXXXXXXX241200	3,772.50	.00	3,772.50
62000XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX129010	14,194.11	.00	14,194.11

PeopleSoft – Trial Balance

Report ID: GLS7012
 Bus. Unit: 53000--UNIVERSITY OF NORTH GEORGIA
 Ledger: ACTUALS -- Actuals Ledger
 As of Year 2017 and Period 12
 Base Currency: USD Date Code 0

PeopleSoft GL
 TRIAL BALANCE

Page No. 1
 Run Date 11/21/2016
 Run Time 14:00:20

Account	Fund	Description	Cur	Transaction Debit	Transaction Credit	
121000	10000	Receivables - Student Accounts	USD	0.00	0.00	
	10500	Tuition	USD	28,673,722.66	0.00	
	10600	Other General	USD	3,842,164.55	0.00	
	12210	Auxiliary Housing	USD	4,031,059.89	0.00	
	12220	Auxiliary Food Services	USD	4,727,676.47	0.00	
	12230	Auxiliary Stores and Shops	USD	175,288.42	0.00	
	12240	Auxiliary Health Services	USD	393,655.18	0.00	
	12250	Auxiliary Parking/Transportation	USD	1,985,039.01	0.00	
	12280	Auxiliary Athletics	USD	1,139,948.80	0.00	
	13000	Student Activities	USD	1,247,753.52	0.00	
	16000	Technology Fees	USD	1,081,541.01	0.00	
	30000	Federal Loan	USD	0.00	0.00	
	31000	Institutional Loan	USD	0.00	0.00	
	60000	Agency-Funds on Deposit	USD	2,591,087.54	0.00	
Total for Ledger				USD	49,888,937.05	0.00

Banner Aging Accounts Receivable Report

StudentID	Name	Fund	Acct	30-Jan	31-60	61-90	91-120	121-180	181-364	<1 yr	1-3 yrs	3-5 yrs	>5 yrs	Future	Tot A/R
900000067	Darth Vader	10600	121000								193.81				193.81
900000101	Chewbacca	12250	121000											10	10
900000101	Chewbacca	10600	121000											676.62	676.62
900000101	Chewbacca	10500	121000											60.48	60.48
900000513	Obi-Wan Kenobi	10600	121000											474.71	474.71
900000513	Obi-Wan Kenobi	12250	121000											20	20
900000513	Obi-Wan Kenobi	13000	121000											268	268
900000513	Obi-Wan Kenobi	16000	121000											35	35
900000513	Obi-Wan Kenobi	10500	121000											726.96	726.96
900000615	Han Solo	10500	121000											21.28	21.28
900000615	Han Solo	10600	121000											1.76	1.76
900000856	Princess Leia	10600	219802											-100	-100
900000856	Princess Leia	10500	219801											-142.27	-142.27
900000983	Luke Skywalker	10600	121000											90	90

Agency Funds

Type of Entry Manual
 Category of Entry Year-End/Closing
 Sample Entry # YE-33a

xxxxx = Required Chart Field

Date Entered _____ Journal # _____

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit
GAAP	Receivables - Other								
	1271xx	60000	xxxxxxx			2016		100,000.00	
GAAP	Funds Held for Others								
	241100	60000	xxxxxxx			2016			40,000.00
	241100	60000	xxxxxxx			2016			20,000.00
	241100	60000	xxxxxxx			2016			10,000.00
	241100	60000	xxxxxxx			2016			15,000.00
	241100	60000	xxxxxxx			2016			15,000.00
								<u>100,000.00</u>	<u>100,000.00</u>
									0.00

Description/Objective:
 To establish a receivable account for any Agency Account (that is a true receivable) that has a negative balance at year end. This is only an example. Each department ID must have a separate amount.

Capital Assets

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

Note 6. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2016:

	Beginning Balance July 1, 2015 (1)	Capital Leases Recategorization	Additions	Reductions	Ending Balance June 30, 2016
Capital Assets, Not Being Depreciated:					
Land	\$ 102,732,205	\$ 0	\$ 4,007		\$ 102,736,212
Capitalized Collections	286,274		4,000		290,274
Construction Work-In-Progress	24,038,259		36,163,071	\$ 10,069,273	50,132,057
Total Capital Assets, Not Being Depreciated	127,056,738	0	36,171,078	10,069,273	153,158,543
Capital Assets, Being Depreciated/Amortized:					
Infrastructure	35,242,653		1,103,538		36,346,191
Building and Building Improvements	920,837,301	79,580,508	24,277,481	2,612,735	1,022,082,555
Facilities and Other Improvements	22,118,145		2,139,625		24,257,770
Equipment	118,183,218	1,926,428	14,833,501	6,903,777	128,039,370
Capital Leases	81,357,971	-81,506,936	527,751	378,786	0
Library Collections	159,982,254		7,104,122	713,066	166,373,310
Total Capital Assets Being Depreciated/Amortized	1,337,721,542	0	49,986,018	10,608,364	1,377,099,196

	Beginning Balance July 1, 2015 (1)	Capital Leases Recategorization	Additions	Reductions	Ending Balance June 30, 2016
Less: Accumulated Depreciation/Amortization					
Infrastructure	9,929,997		2,271,197		12,201,194
Building and Building Improvements	316,110,268	14,479,945	30,232,117	117,950	360,704,380
Facilities and Other Improvements	7,433,328		1,062,017		8,495,345
Equipment	84,683,666	591,107	10,433,047	6,077,664	89,630,156
Capital Leases	14,947,729	-15,071,052	356,375	233,052	0
Library Collections	125,268,506		7,261,967	713,066	131,817,407
Capitalized Collections	3,018		-555	2,463	0
	<u>558,376,512</u>	<u>0</u>	<u>51,616,165</u>	<u>7,144,195</u>	<u>602,848,482</u>
Total Accumulated Depreciation/Amortization					
	<u>779,345,030</u>	<u>0</u>	<u>-1,630,147</u>	<u>3,464,169</u>	<u>774,250,714</u>
Total Capital Assets, Being Depreciated/Amortized					
	<u>\$ 906,401,768</u>	<u>\$ 0</u>	<u>\$ 34,540,931</u>	<u>\$ 13,533,442</u>	<u>\$ 927,409,257</u>
Capital Assets, Net					

Statement of Net Position

All balance sheet activity must have supporting documentation.

Supporting documentation:

Account

Name

Amount

Only exception is accounts receivable activity through Banner. The TGRRGON provides the detailed information by student to support the general ledger.

Contracts and Retainages Payable

Year End Entries 29, 29a and 29b:

Objective:

YE 29 – To record the liability for the 10% retainage amount withheld from the payment voucher which should represent 10% of the project to date expense that are subject to retainage (211950)

YE 29a - To record contacts payable for campus managed projects were contract amounts have been earned and billed by the contractor or architect at June 30 (211900)

YE-29b – To match the revenue to the retainage payable if reimbursable project.

Contracts and Retainages Payable

Date Entered		Journal #							
Account	Fund	Dept ID	Program	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit	
Construction Work in Progress 1690xx	xxxx				2016		833,333.33		
Contracts/Retainage Payable 2119xx	xxxx				2016			833,333.33	
Investment in Plant 311100	xxxx				2016			833,333.33	
Unallocated Net Asset - Current Year 342100	xxxx				2016		833,333.33		
							1,666,666.66	1,666,666.66	
								0.00	
Description/Objective:									
<p>This entry is to book the liability in the GAAP Ledger for the 10% retainage amount withheld from the payment voucher. The retainage amount should represent 10% of project-to-date expenses that are subject to retainage.</p> <p>An adjustment to Invested in Plant and Unrestricted Net Assets is also required. Investment in Plant must be increased by the amount of Capital Asset increase. This entry should be reversed in the next fiscal year.</p>									

Advances

Note 7. Advances (Including Tuition and Fees)

Advances (Including Tuitions and Fees) consisted of the following at June 30, 2016:

	<u>Current Liabilities</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015 (1)</u>
Prepaid Tuition and Fees	\$ 21,606,561	\$ 21,378,037
Research	127,879	886,482
Other - Advances	<u>5,782,618</u>	<u>5,371,262</u>
Total Unearned Revenue	<u>\$ 27,517,058</u>	<u>\$ 27,635,781</u>

(1) The amounts listed for fiscal year 2015 include the combined total for Georgia State University and Georgia Perimeter College.

Summer Tuition and Fees

Type of Entry: Manual

Category of Entry: Year-End Entry

Enter all chart fields marked with xxxxxx

Sample Entry # YE-52

Date Entered

Journal #

Ledger	Account	Fund	Dept ID	Program	Class	Budget Year	Project/Grant	Amount Debit	Amount Credit
ACTUALS	Student Tuition & Fees	xxxxxx	xxxx			2016		155,000.00	
ACTUALS	Advances (Including Tuition and Fees)	xxxxxx	xxxx			2016			155,000.00
								<u>155,000.00</u>	<u>155,000.00</u>

Description/Objective:

The purpose of this entry is to accurately reflect results of operations to account for summer school revenues and expenses based on approved allocation methodology. Note: This should be in the fiscal year for which tuition applies.

This entry is for institutions that do not process summer split through Banner. Note: If an institution calculated based on dates via JE, the institution must provide the advances listing by student from banner for the entire summer term to auditors with the split percentage calculation.

Long Term Debt

Long-Term liability activity for the year ended June 30, 2016 was as follows:

	Beginning Balance <u>July 1, 2015 (1)</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2016</u>	<u>Current Portion</u>
Leases					
Lease Purchase Obligations	\$ 278,259,880	\$ 527,757	\$ 14,678,483	\$ 264,109,154	\$ 7,477,695
Other Liabilities					
Compensated Absences	18,198,586	14,540,270	13,515,788	19,223,068	11,655,254
Net Pension Liability	<u>204,199,268</u>	<u>45,128,115</u>	<u> </u>	<u>249,327,383</u>	<u> </u>
Total	<u>222,397,854</u>	<u>59,668,385</u>	<u>13,515,788</u>	<u>268,550,451</u>	<u>11,655,254</u>
Total Long-Term Obligations	<u>\$ 500,657,734</u>	<u>\$ 60,196,142</u>	<u>\$ 28,194,271</u>	<u>\$ 532,659,605</u>	<u>\$ 19,132,949</u>

Net Position

The amounts within each category at June 30, 2016 were as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015 (1)</u>
Net Position		
Net Investments in Capital Assets	\$ <u>650,933,850</u>	<u>627,938,660</u>
Restricted for		
Permanent Trust		
Nonexpendable		
Permanent Endowment	<u>97,689</u>	<u>96,860</u>
Expendable		
Organized Activities	15,916,095	15,800,512
Federal Loans	6,706,796	6,663,197
Institutional Loans	5,376	31,540
Quasi-Endowments	11,812	11,416
Capital Projects	<u>1,200,000</u>	<u>1,200,000</u>
Sub-Total	<u>23,840,079</u>	<u>23,706,665</u>
Unrestricted		
Auxiliary Operations	32,468,569	31,839,486
R & R Reserve	26,652,406	23,552,126
Reserve for Encumbrances	37,657,181	25,049,541
Reserve for Inventory	323,807	349,139
Other Unrestricted	-210,789,696	-197,233,112
USO Reserve Fund	<u>1,414,211</u>	<u>1,414,211</u>
Total Unrestricted	<u>-112,273,522</u>	<u>-115,028,609</u>
Total Net Position	\$ <u>562,598,096</u>	<u>536,713,576</u>

Changes in Net Position (GAAP Basis)

	June 30, 2016	June 30, 2015	Increase/(Decrease) FY 2016/2015
NET POSITION			
Net Investment in Capital Assets	\$ 641,611,725	\$ 627,938,660	\$13,673,065
Restricted for			
Permanent Trust			
Nonexpendable			
Permanent Endowment	97,689	96,860	\$829
Expendable			
Restricted E&G and Other			
Organized Activities	1,736,634	15,800,512	(\$14,063,878)
Federal Loans	-	6,663,197	(\$6,663,197)
Institutional Loans	-	31,540	(\$31,540)
Quasi-Endowments	-	11,416	(\$11,416)
Capital Projects	1,200,000	1,200,000	\$0
Sub-Total	<u>\$ 2,936,634</u>	<u>\$ 23,706,665</u>	<u>(\$20,770,031)</u>
Unrestricted			
Auxiliary Operations	\$ 38,349,286	\$ 31,839,486	\$6,509,800
R & R Reserve	24,048,585	23,552,126	\$496,459
Reserve for Encumbrances	37,662,306	25,049,541	\$12,612,765
Reserve for Inventory	323,807	349,139	(\$25,332)
Other Unrestricted	(193,506,655)	(197,233,112)	\$3,726,457
USO Reserve Fund	1,414,211	1,414,211	\$0
Sub-Total	<u>\$ (91,708,460)</u>	<u>\$ (115,028,609)</u>	<u>\$23,320,149</u>
TOTAL NET POSITION	<u>\$ 552,937,588</u>	<u>\$ 536,713,576</u>	<u>\$ 16,224,012</u>

Changes in Fund Balance (Budget Basis)

		FYE 2014	FYE 2015	
	Reserved			
304	Capital Outlay	0.00		
305	Departmental Sales and Services	(555.47)	(623.87)	68.40
306	Indirect Cost Recoveries	(4,267.32)	(39,980.50)	35,713.18
307	Technology Fees	(166,111.22)	(115,022.75)	(51,088.47)
308	Restricted Funds	(136,877.26)	(128,819.52)	(8,057.74)
309	Uncollectible Accounts Receivable	(106,141.43)	(108,534.67)	2,393.24
310	Inventories	(33,175.00)	(33,175.00)	0.00
311	Carry-Over "Per State Accounting Office"	0.00		0.00
312	Early Retirement Program	0.00		0.00
312a	Tuition Carry Forward	(345,079.14)	(340,615.19)	(4,463.95)
313a	Unreserved (Surplus) - Unrestricted	(16.09)	(318.03)	301.94
313b	Unreserved (Surplus) - Unrestricted	(1,117.84)		(1,117.84)
313c	Unreserved (Surplus) - Unrestricted	(254.73)		(254.73)
313d	Unreserved (Surplus) - Unrestricted	0.00		0.00
313e	Unreserved (Surplus) - Unrestricted	0.00		0.00
313f	Unreserved (Surplus) - Unrestricted	0.00		0.00
313g	Unreserved (Surplus) - Unrestricted	0.00		0.00
313h	Unreserved (Surplus) - Unrestricted	(7,280.21)		(7,280.21)
	Unreserved (Surplus) - Restricted			0.00
				0.00
		(800,875.71)	(767,089.53)	(33,786.18)

Net Investment in Capital Assets

Capital Assets, net

Less: Lease Purchase Obligations (current portion)

Less: Lease Purchase Obligations (noncurrent portion)

Less: Notes and Loans Payable (current portion)

Less: Notes and Loans Payable (noncurrent portion)

Less: Contract/Retainage Payable (Capital Asset Related)

Less: Deferred Loss on Debt Refunding

Less: Contracts Payable (Capital)

Less: Retainage Payable (Capital)

Add: Deferred Gain on Debt Refunding

Equal: Net Investment in Capital Assets

Deferred- Gain From Debt Refunding (298100) should be included in the calculation of Net Invested in Capital Assets (NICA). GASB Q&A specifically addresses this issue and it **should** be included in the calculation.

YE-8 & 8a Renewals and Replacement Reserve

Objective:

To book current year net assets allocated for Renewals and Replacement. The increase to renewals and replacements should agree with the current year depreciation associated with those buildings/facilities.

Note: PPV projects do not require additional RR Reserves. The RR Reserve for PPVs are included in the annual rental payments to the Foundation are being held in a restricted account by the Trustee.

Fund Codes	Residence Halls 12210	Stores & Shops 12230	Food Services 12220	Parking/Transportation 12250	Health Services 12240	Intercollegiate Athletics 12280	Other 12260; 12270	Total
Beginning R & R	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Add: Current Year Depreciation	-	-	-	-	-	-	-	-
Less: Current Year Depreciation PPV, GHEFA	-	-	-	-	-	-	-	-
Less: Current Year Expenditures (1)	-	-	-	-	-	-	-	-
Add/(Less): Adj. to Reserve for Deferred Gift Revenue from Auxiliary Vendors (if applicable)	-	-	-	-	-	-	-	-
Add: Inventory Reserve from prior years	-	-	-	-	-	-	-	-
Calculated Value of Current Year R & R (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Journal Entry # YE-8
Journal Entry #YE- 8a
Journal Entry #YE- 32 or YE-32a

YE-8 & 8a Renewals and Replacement Reserve

Calculate individually for each non-PPV Auxiliary Project

Beginning R&R Reserve

Add: Current Year Depreciation

Less: Current Year Expenditures from R&R

Value of Current Year R&R Reserve

Fund Codes	Residence Halls		Stores & Shops	Food Services	Parking/Transportation	Health Services	Intercollegiate Athletics	Other	Total
	12210		12230	12220	12250	12240	12280	12260; 12270	
	Riden Hall	Arnold Hall							
Beginning R & R	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Add: Current Year Depreciation	-	-	-	-	-	-	-	-	-
Less: Current Year Expenditures (1)	-	-	-	-	-	-	-	-	-
Calculated Value of Current Year R & R (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Renewals and Replacement Reserve

- Renewals and Replacements (R&R) Reserve
 - Should be maintained for University owned property funded by Auxiliary.
 - Does anyone have any University property funded by Student Activities or any other internal funding source?
 - If you have older existing R&R reserve balances for University owned buildings that have been demolished, you may reduce your R&R reserve by that amount.

YE-32 and 32a Vendor Gift Revenue

PEACHTREE STATE UNIVERSITY JOURNAL ENTRY FORM									
Type of Entry - Manual									
Category of Entry - Closing/Year-End									
Sample Closing/Year-End J.E. # YE-32									
xxxxx = Required Chart Field									
Year 1 of multi-year agreement									
Date Entered					Journal #				
Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit
GAAP	Private Gifts Capitalized								
	4858xx	12220	xxxxx	xxxxx	xxxxx	2016		1,600,000.00	
	Advances (Including Tuition and Fees) - Other Current								
	2170xx	12220	xxxxx	xxxxx	xxxxx	2016			400,000.00
	Advances (Including Tuition and Fees) - Other Noncurrent								
	2913xx	12220	xxxxx	xxxxx	xxxxx	2016			1,200,000.00
	Investment in Plant								
	311100	12220				2016		1,600,000.00	
	Unallocated Net Asset - Current Year								
	3211xx	12220				2016			1,600,000.00
	Unallocated Net Assets-Current Year (Unrestricted)								
	3211xx	12220	xxxxx	xxxxx	xxxxx	2016		1,600,000.00	
	Reserve for Deferred Gift Revenue Auxiliary Vendor								
	329200	12220	xxxxx	xxxxx	xxxxx	2016			1,600,000.00
								<u>4,800,000.00</u>	<u>4,800,000.00</u>

Statement of Revenues, Expense and Changes in Net Position

SRECNP

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the Institution, both operating and non-operating, and the expenses paid by the Institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the Institution.

Statement of Revenues, Expenses and Changes in Net Position

June 30, 2016

REVENUES		NONOPERATING REVENUES (EXPENSES)	
Operating Revenues		State Appropriations	\$ 31,536,964
Student Tuition and Fees (net)	\$ 56,847,486	Grants and Contracts	
Federal Appropriations		Federal	6,639,799
Grants and Contracts		State	100,468
Federal	698,165	Other	1,385,843
State	20,860	Gifts	328,422
Other	182,076	Investment Income (endowments, auxiliary and other)	205,303
Sales and Services	2,232,936	Interest Expense (capital assets)	(6,362,123)
Rents and Royalties	52,133	Other Nonoperating Revenues (Expenses)	(798)
Auxiliary Enterprises		Net Nonoperating Revenues	<u>33,833,878</u>
Residence Halls	15,038,942	Income (Loss) Before Other Revenues, Expenses,	
Bookstore	1,036,584	Gains, or Losses	<u>(771,941)</u>
Food Services	7,574,688	Capital Grants and Gifts	
Parking/Transportation	1,509,071	Federal	
Health Services	1,376,142	State	1,427,504
Intercollegiate Athletics	2,477,273	Other	254,075
Other Organizations	329,877	Additions to permanent endowments	46,290
Other Operating Revenues	336,765	Special Item	
Total Operating Revenues	<u>89,712,998</u>	Total Other Revenues, Expenses, Gains or Losses,	
		and Special Item	<u>1,727,869</u>
		Increase (Decrease) in Net Position	<u>955,928</u>
		NET POSITION	
		Net Position-Beginning of Year, As Originally Reported	33,223,937
		Prior Year Adjustments	
		Net Position-Beginning of Year, Restated	<u>33,223,937</u>
		Net Position-End of Year	<u>\$ 34,179,865</u>
EXPENSES			
Operating Expenses			
Salaries:			
Faculty	\$ 28,143,288		
Staff	31,373,553		
Employee Benefits	18,447,378		
Other Personal Services	291,494		
Travel	1,129,480		
Scholarships and Fellowships	2,907,575		
Utilities	3,229,584		
Supplies and Other Services	29,844,635		
Depreciation	8,951,830		
Total Operating Expenses	<u>124,318,817</u>		
Operating Income (loss)	<u>(34,605,819)</u>		

Classification of Revenues and Expenses

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

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

Revenue Analysis

GEORGIA STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2016	June 30, 2015	Increase/(Decrease) FY2016 - FY2015
REVENUES			
Operating Revenues			
Student Tuition and Fees (net)	\$ 292,578,096	281,482,875	\$11,095,221
Grants and Contracts			
Federal	63,306,293	61,072,593	\$2,233,700
State	8,958,388	8,839,370	\$119,018
Other	30,207,978	23,624,200	\$6,583,778
Sales and Services	23,234,155	28,400,582	(\$5,166,427)
Rents and Royalties	231,940	528,732	(\$296,792)
Auxiliary Enterprises			
Residence Halls	16,756,766	29,433,546	(\$12,676,780)
Bookstore	2,923,438	2,846,442	\$76,996
Food Services	9,027,909	8,570,349	\$457,560
Parking/ Transportation	8,385,295	8,444,692	(\$59,397)
Health Services	3,680,151	3,583,142	\$97,009
Intercollegiate Athletics	19,645,462	20,493,787	(\$848,325)
Other Organizations	11,619,742	11,895,901	(\$276,159)
Other Operating Revenues	3,795,058	3,055,541	\$739,517
Total Operating Revenues	\$ 494,350,671	\$ 492,271,752	\$2,078,919

Expense Analysis

EXPENSES

Operating Expenses

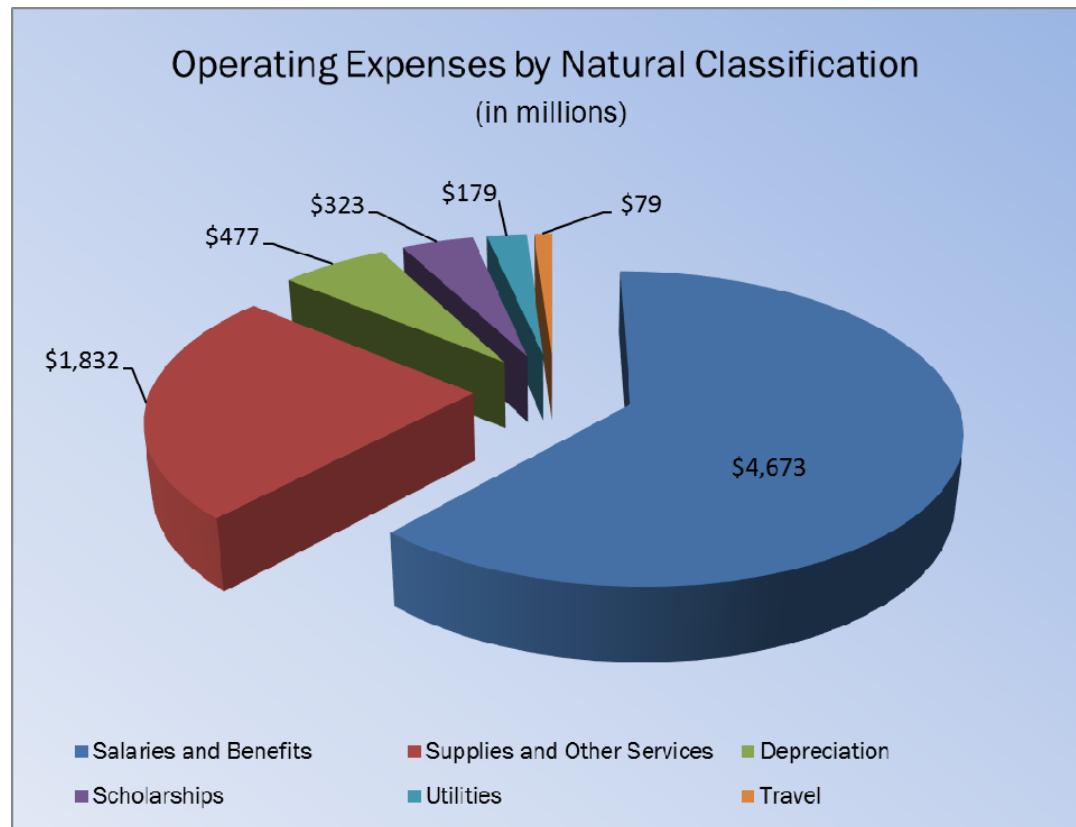
Salaries:

Faculty	\$ 157,366,779	\$ 153,087,711	\$4,279,068
Staff	261,229,713	250,290,466	\$10,939,247
Employee Benefits	105,290,102	98,044,095	\$7,246,007
Other Personal Services	2,407,189	2,401,274	\$5,915
Travel	6,851,458	6,850,412	\$1,046
Scholarships and Fellowships	60,101,950	57,968,778	\$2,133,172
Utilities	20,872,409	21,714,624	(\$842,215)
Supplies and Other Services	159,029,327	166,553,517	(\$7,524,190)
Depreciation	51,616,165	54,101,959	(\$2,485,794)
Total Operating Expenses	<u>\$ 824,765,092</u>	<u>\$ 811,012,836</u>	<u>\$13,752,256</u>
Operating Income (loss)	<u>\$ (330,414,421)</u>	<u>\$ (318,741,084)</u>	<u>(\$11,673,337)</u>

NONOPERATING REVENUES (EXPENSES)

State Appropriations	\$ 244,170,135	\$ 239,977,179	\$4,192,956
Grants and Contracts			
Federal	100,037,860	104,650,105	(\$4,612,245)
Other	4,255,069	3,364,783	\$890,286
Gifts	6,649,537	7,556,345	(\$906,808)
Investment Income (endowments, auxiliary and other)	743,705	770,576	(\$26,871)
Interest Expense (capital assets)	(17,392,678)	(24,124,485)	\$6,731,807
Other Nonoperating Revenues (Expenses)	(6,103,984)	(6,995,924)	\$891,940
Net Nonoperating Revenues	<u>\$ 332,359,644</u>	<u>\$ 325,198,579</u>	<u>\$7,161,065</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>\$ 1,945,223</u>	<u>\$ 6,457,495</u>	<u>(\$4,512,272)</u>
Capital Grants and Gifts			

Expense Analysis by Natural Classification



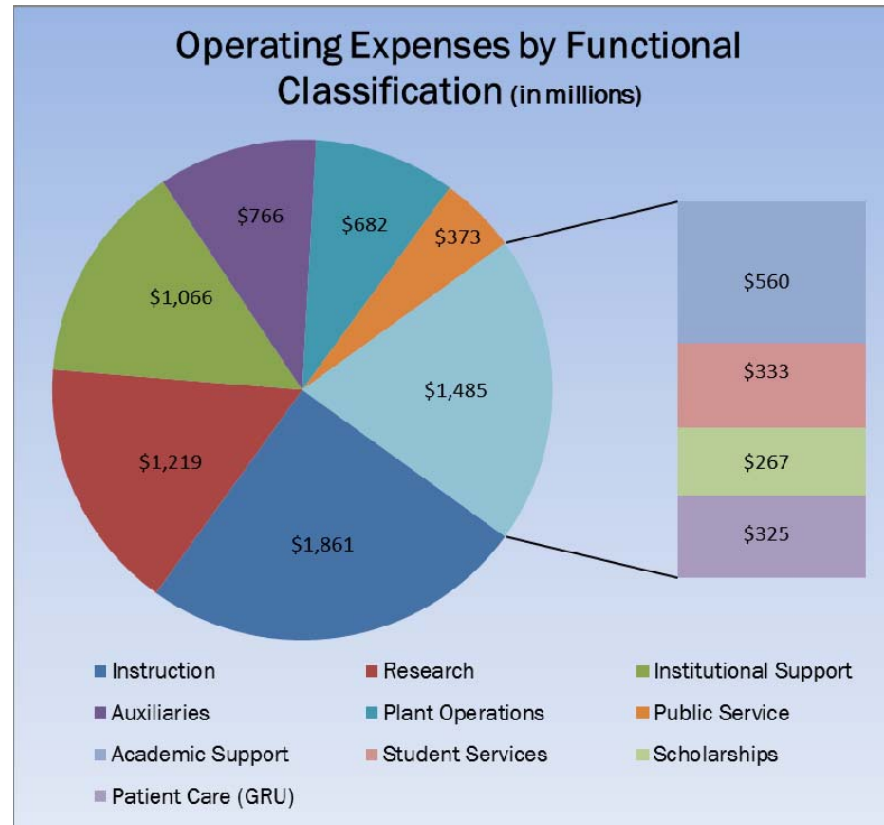
Expense Analysis

Operating expenses by functional classification for fiscal year 2016 are shown below:

Natural Classification	Functional Classification				
	Instruction	Research	Public Service	Academic Support	Student Services
Salaries					
Faculty	\$ 117,272,166	\$ 38,347,486	\$ 785,453	\$ 712,769	\$ 115,449
Staff	57,504,710	50,193,253	9,648,129	46,219,363	32,012,267
Employee Benefits	54,723,287	12,431,864	3,001,917	12,894,352	8,077,744
Personal Services	457,273			535,257	
Travel	2,305,956	2,038,418	603,147	904,152	617,593
Scholarships and Fellowships	3,740,901	2,370,666	270,064	24,073	1,237,422
Utilities	548,067	138,284	89,566	483,764	256,081
Supplies and Other Services	16,481,791	29,454,487	6,263,842	21,642,912	13,033,454
Depreciation	11,325,803	12,561,772	138,013	11,269,492	1,329,616
Total Expenses	\$ 264,359,954	\$ 147,536,230	\$ 20,800,131	\$ 94,686,134	\$ 56,679,626

Natural Classification	Functional Classification				
	Institutional Support	Plant Operations and Maintenance	Scholarships and Fellowships	Auxiliary Enterprises	Total Operating Expenses
Salaries					
Faculty	\$ 129,446			\$ 4,010	\$ 157,366,779
Staff	27,960,010	\$ 26,694,651	\$ 37,453	10,959,877	261,229,713
Employee Benefits	3,322,968	7,732,776	688	2,766,123	104,951,719
Personal Services	1,414,659				2,407,189
Travel	241,755	28,540		111,897	6,851,458
Scholarships and Fellowships	1,899,776		50,428,384	130,664	60,101,950
Utilities	730,073	15,349,401		3,277,173	20,872,409
Supplies and Other Services	11,332,747	19,619,690	50,844	41,149,560	159,029,327
Depreciation	1,774,120	7,031,425		6,185,924	51,616,165
Total Expenses	\$ 48,805,554	\$ 76,456,483	\$ 50,517,369	\$ 64,585,228	\$ 824,426,709

Expense Analysis by Functional Classification



Cash Flow Statement

Sections of the Cash Flow Statement

- Cash Flows from Operating Activities
- Cash Flows from Noncapital Financing Activities
- Cash Flows from Capital and Related Financing Activities
- Cash Flows from Investing Activities
- Reconciliation of Operating Loss to Net Cash Used by Operating Activities
- Non-Cash Investing, Non-Capital Financing, and Capital and Related Financing Transactions

Cash Flow Statement

June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Payments from Customers	\$ 89,162,777
Federal Appropriations	
Grants and Contracts (Exchange)	1,086,603
Payments to Suppliers	(53,868,983)
Payments to Employees	(60,602,808)
Payments for Scholarships and Fellowships	(2,907,575)
Loans Issued to Students	280,254
Collection of Loans to Students	
Other Payments	
Net Cash Provided (Used) by Operating Activities	<u>(26,849,732)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	\$ 31,536,964
Agency Funds Transactions	(374,395)
Gifts and Grants Received for Other Than Capital Purposes	8,500,822
Other Noncapital Financing Receipts	2,705
Other Noncapital Financing Payments	
Net Cash Flows Provided by Non-capital Financing Activities	<u>39,666,096</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Gifts and Grants Received	\$ 764,670
Proceeds from Sale of Capital Assets	
Purchases of Capital Assets	(3,588,612)
Principal Paid on Capital Debt and Leases	(2,227,841)
Interest Paid on Capital Debt and Leases	(6,324,733)
Net Cash used by Capital and Related Financing Activities	<u>(11,376,516)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	\$ 969,269
Investment Income	305,092
Purchase of Investments	(822,487)
Net Cash Provided (used) by Investing Activities	<u>451,874</u>
Net Increase/Decrease in Cash	1,891,722
Cash and Cash Equivalents - Beginning of year	18,879,185
Cash and Cash Equivalents - End of Year	<u>\$ 20,770,907</u>

RECONCILIATION OF OPERATING LOSS TO

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (loss)	\$ (34,605,819)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	8,951,830
Operating Expenses Related to Noncash Gifts	
Change in Assets and Liabilities:	
Receivables, net	912,197
Inventories	(28,045)
Prepaid Items	(42,521)
Other Assets	
Notes Receivable, Net	280,254
Accounts Payable	(618,522)
Salaries Payable	78,100
Benefits Payable	
Contracts Payable	297,941
Retainage Payable	88,746
Deposits	(15,000)
Advances (Including Tuition & Fees)	(367,722)
Other Liabilities	41,076
Funds Held for Others	
Compensated Absences	(27,386)
Due to Affiliated Organizations	(17,299)
Pollution Remediation	
Claims and Judgments	
Net Pension Liability	7,797,046
Other Post-Employment Benefit Liability	
Change in Deferred inflows/outflows of resources:	
Deferred Inflows of Resources	(7,962,306)
Deferred Outflows of Resources	(1,612,302)
Net Cash Provided (used) by Operating Activities	<u>\$ (26,849,732)</u>

What is Cash Flow ?

- GASB Q&A 2.15.1. Q—What constitutes a cash flow? (Q&A9-22)
- A—Sometimes there may be a question as to whether a cash transaction has occurred. It may be confusing to identify a cash flow in a banking environment. Generally, cash flows only if it changes hands; that is, ownership of cash legally changes. In an internal exchange transaction conducted totally within a bank, a cash transaction occurs only if a debit or credit is made to a governmental enterprise's bank account. For example, a service charge or interest income is considered to be a cash transaction on the date the bank posts the amount to the account. After that date, the interest amount is available for withdrawal or the amount posted for the service charge is no longer available for withdrawal. Another example is a loan granted by a bank. If the loan proceeds are credited to the borrower's bank account, a cash flow occurred. If the bank remitted the proceeds directly to the vendor, a noncash financing activity occurred. (See Question 2.32.1 for a discussion of noncash transactions.)

GEORGIA STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES

Payments from Customers	\$ 390,186,251
Grants and Contracts (Exchange)	106,914,788
Payments to Suppliers	-302,787,074
Payments to Employees	-423,867,168
Payments for Scholarships and Fellowships	-60,546,638
Loans Issued to Students	258,973
Other Receipts (Payments)	<u>3,254,649</u>
Net Cash Provided (Used) by Operating Activities	<u>-286,586,219</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	244,170,135
Agency Funds Transactions	-3,999,620
Gifts and Grants Received for Other than Capital Purposes	111,044,787
Other Noncapital Financing Receipts	-811,908
Other Noncapital Financing Payments	<u>-4,735,132</u>
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>345,668,262</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Grants and Gifts Received	14,234,718
Proceeds from Sale of Capital Assets	449
Purchases of Capital Assets	-58,618,249
Principal Paid on Capital Debt and Leases	-8,175,688
Interest Paid on Capital Debt and Leases	<u>-17,054,886</u>

Net Cash Provided (Used) by Capital and Related Financing Activities -69,613,656

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	743,705
Purchase of Investments	<u>-2,479</u>

Net Cash Provided (Used) by Investing Activities 741,226

Net Decrease in Cash -9,790,387

Cash and Cash Equivalents - Beginning of Year 200,060,631

Cash and Cash Equivalents - End of Year \$ 190,270,244

RECONCILIATION OF OPERATING LOSS TO NET CASH

PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Loss	\$ -330,076,038
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Depreciation	51,616,165
Change in Assets and Liabilities:	
Receivables, Net	3,860,644
Inventories	-8,365
Prepaid Items	-101,220
Notes Receivable, Net	258,973
Accounts Payable	-6,224,222
Salaries Payable	572,107
Contracts Payable	5,363
Retainage Payable	7,753
Advances (Including Tuition and Fees)	-363,723
Other Liabilities	-362,386
Funds Held for Others	2,063
Compensated Absences	1,024,483
Due to Affiliated Organizations	-98,302
Net Pension Liability	45,128,115
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	-44,304,217
Deferred Outflows of Resources	-7,523,412
	<u>-286,586,219</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -286,586,219</u>

NONCASH ACTIVITY

Capital Financing Activities Accounts Receivable Accrual, Net of Allowances	<u>\$ 1,654,128</u>
Gift of Capital Assets	<u>\$ 10,056,084</u>
Loss on Disposal of Capital Assets	<u>\$ 557,393</u>
Adjustments to Capital Asset Beginning Balance Ran Through Current Year Activity	<u>\$ 92,177</u>
Accrual of Capital Asset Related Payables	<u>\$ 5,909,479</u>
Capital Assets Acquired by Incurring Capital Lease Obligations	<u>\$ 527,758</u>
Gain on Capital Debt Refunded	<u>\$ -6,502,797</u>
Accrual of Capital Financing Interest Payable	<u>\$ 337,792</u>

Cash Flow Refresher

- Cash flow activity for USG institutions should be reported gross.
 - Student loan activity should not be reported net. Loans issued should be reported separate from loans collected.
 - Year-end journal entry added to breakout activity for cash flow reporting
- Investment activity should not be reported net. Investment purchases should be reported separate from investment sales. Exception: Repurchase agreement reoccurring transactions.
 - Year-end journal entry added to breakout activity for cash flow reporting

Cash Flow Refresher

PEACHTREE STATE UNIVERSITY JOURNAL ENTRY FORM

Type of Entry - Manual

Category of Entry - Cash Flow Reporting

xxxxx = Required Chart Field

Sample Closing/Year-End J.E. #YE-56

Date Entered

Journal #

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit
GAAP	Loans Issued During CY for Cash Flow 122998	3xxxx						25,000.00	
GAAP	Loans Issued During CY for Cash Flow (Contra Acct) 122997	3xxxx							25,000.00
								<u>25,000.00</u>	<u>25,000.00</u>
									0.00

Description/Objective:

To report student loans issued during the current fiscal year separately from student loans collected during the current fiscal year.

Source of Information:

Analysis of student notes receivable

Cash Flow Refresher

PEACHTREE STATE UNIVERSITY JOURNAL ENTRY FORM

Type of Entry - Manual

Category of Entry - Cash Flow Reporting

xxxxx = Required Chart Field

Sample Closing/Year-End J.E. #YE-57

Date Entered

Journal #

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit
GAAP	For Cash Flow - Purchase of investments 495109							25,000.00	
GAAP	For Cash Flow - Purchase of investments 495110								25,000.00
								25,000.00	25,000.00
								0.00	0.00

Description/Objective:

To report investment purchases separate from proceeds from sales and maturities of investments for cash flow reporting.

Source of Information:

Analysis of investment activity

Cash Flow Refresher

- Operating Activity – Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities (GASB Codification 2450.113)

Cash Flow Refresher

- Operating Activity is a residual category for cash flows that cannot be properly classified as Noncapital Financing Activity, Capital Financing Activity, and Investing Activity.
- A reasonableness test should be adequate for verification and review (i.e. comparison to the SRECNP).

Cash Flow Refresher

- Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction, or improvement of capital assets, regardless of the form of the borrowing. Also included are certain other interfund and intergovernmental receipts and payments (GASB Codification 2450.117)

Cash Flow Refresher

- Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors on credit. (GASB Codification 2450.120)

Cash Flow Refresher

- Investing activities include making and collecting loans (except student loan programs, which are included in operating activities) and acquiring and disposing of debt or equity instruments. (GASB Codification 2450.120)

Cash Flow Refresher

- Entity should focus on making the line items within the Noncapital Financing Activity, Capital Financing Activity, and Investing Activity categories as precise as possible.
 - These line items generally are a focus of audit procedures.
 - Detailed reconciliations to SRECNP accounts should be performed.
 - Cash flow worksheets were added to the AFR excel file to assist with reconciliation.

Cash Flow Worksheet

Gifts and Grants Received for Other Than Capital Purposes

Fiscal Year Ended June 30, 2016

1. Below, provide a reconciliation between amounts reported on the Statement of Revenues, Expenses, and Changes in Net Position and Gifts and Grants Received for Other Than Capital Purposes reported on the Statement of Cash Flows. Enter amounts within the cells highlighted yellow.

Reconciliation of gifts and grants received for other than capital purposes:

From SRECNP:

Non-operating Grants and Contracts

Federal (4911xx, 4941xx)

State (4912xx, 4942xx)

Other (4913xx, 4914xx, 4943xx, 4944xx)

Non-operating Gifts (4851xx, 4853xx, 4855xx, 4857xx, 4859xx for all funds except 40000)

Additions to Permanent Endowments (4859xx Fund 40000 only)

Operating Expenses Related to NonCash Gifts (727198) (Enter as Negative)

51

3

41

(31)

Change in SNP Accounts:

Change in Accounts Receivable:

Non-operating Grants and Contracts Federal AR (124998) (Determined Manually)

Prior Year Ending Balance

772,570.77

Current Year Ending Balance

750,000.00

Non-operating Grants and Contracts State AR (Determined Manually)

Prior Year Ending Balance

-

Current Year Ending Balance

-

Non-operating Grants and Contracts Other AR (Determined Manually)

Prior Year Ending Balance

Current Year Ending Balance

250,000.00

Non-Cash Investing, Non-Capital Financing, Capital & Related Financing: What's Required to be reported? See GASB Q&A 2.32.1

- If noncash items meet the follow three criteria, they are required to be disclosed.
 - The transaction is noncash. GASB Q&A 2.15.1–2.15.6 provide guidance on identifying a cash flow.
 - The transaction affects recognized assets/liabilities/deferred inflows/deferred outflows. Noncash transactions that result in the recognition of assets/liabilities/deferred inflows/deferred outflows should be analyzed. Changes in the balance of an asset/liability/deferred inflow/deferred outflow that are not attributable to cash transactions should be considered noncash transactions.
 - The transaction is an investing, capital, or financing activity. A noncash transaction should be disclosed only when it (had it been a cash transaction) meets the definition of the investing, capital and related financing, or noncapital financing activities category.

Non-Cash Investing, Non-Capital Financing, Capital & Related Financing:

GASB Q&A 2.32.1. Q—When is disclosure of noncash information required? (Q&A9-28) [Amended 2012 and 2013]

A— Paragraph 37 of Statement 9 requires that “information about all investing, capital, and financing activities of a governmental enterprise during a period that affect recognized assets or liabilities but do not result in cash receipts or cash payments in the period should be reported.” Disclosure of noncash information is required if a transaction meets all of these three characteristics:

- a. Is the transaction noncash? Questions 2.15.1–2.15.6 provide guidance on identifying a cash flow. Some transactions include cash and noncash components. Only the cash portion of the transaction should be presented in the statement of cash flows. The noncash portion should be evaluated further.
- b. Does the transaction affect recognized assets or liabilities? Noncash transactions that result in the recognition of assets and liabilities should be analyzed. Changes in the balance of an asset or a liability that are not attributable to cash transactions should be considered noncash transactions. For example, when an enterprise fund enters into a capital lease for a building, a noncash transaction occurs because a capital lease obligation and the building are recorded in the statement of net position. The inception of an operating lease, on the other hand, requires no disclosure because there is no effect on the statement of net position.
- c. Is the transaction an investing, capital, or financing activity? A noncash transaction should be disclosed only when it (had it been a cash transaction) meets the definition of the investing, capital and related financing, or noncapital financing activities category. For example, a capital lease transaction meets the definition of a capital and related financing activity. However, a customer account receivable balance that was used to offset an account payable to that customer is an operating activity and is not required to be disclosed. (See Examples A–D and G–I in Appendix 2-1.)

Examples of noncash transactions include acquiring capital assets by assuming directly related liabilities, such as purchasing a building by incurring a mortgage to the seller or purchasing on credit and taking delivery of vehicles in the current period and paying for them in a future period, obtaining a capital asset by entering into a capital lease, refunding bond proceeds delivered directly to an irrevocable trust, changes in fair value of investments or derivative instruments, receiving donated capital assets and transfers of capital assets between funds.

Cash Flow Worksheet

Gifts and Grants Received for Other Than Capital Purposes

Fiscal Year Ended June 30, 2016

2. Change in net position accounts (balance sheet) should be further evaluated to determine if non-cash transactions are required to be disclosed in the Non-Cash Investing, Non-Capital Financing and Capital And Related Financing Transactions section of the Statement of Cash Flows. Break out the cash and noncash items that make up the change in each balance sheet category by amounts in the yellow highlighted cells.

Change in Accounts Receivables:	①	227,429.23
Gifts and Grants Received for Other Than Capital Purposes Current Year Ending Receivable		1,000,000.00
Allowance for Uncollectible Accounts Receivable & Write-offs		-
Prior Year Receivables Presumed Collected		(772,570.77)
Other (Explain)		
		227,429.23
		-

Change in Advances:	②	-
Recognition of Prior Year Ending Gifts and Grants Received for Other Than Capital Purposes Advances		
Cash On-hand from Current Year Ending Advances		
Other (Explain)		
		-
		-

Change in Deferred Inflows of Resources - Service Concession Arrangement - Non-capital Asset Related	③	(3,400,000.00)
Amortization of Non-capital Asset Related Service Concession Arrangement Gifts		600,000.00
Cash Received in Current Year on New Non-capital Asset Related Service Concession Arrangements		(4,000,000.00)
Other (Explain)		

Cash Flow Statement

Compare the Cash Flow Statement to the SRECNP

The following items should be close in amounts reported:

- Tuition and Fees – Net of T&F and Scholarship Allowance
- Sales & Services – S&S Revenue
- Grants and Contracts – Operating Grants/Contracts
- Payments to suppliers - sum of Employee Benefits, Travel, Utilities, and Supplies and Other Services
- Payments to Employees – sum of Salaries and Other Personal Services
- Scholarships/Fellowships – Usually ties to Scholarship/Fellowship Expense
- State Appropriations – ties 100% to SRECNP, unless a receivable is set up.
- Grants and Contracts Received for Other than Capital Purposes – Nonoperating Grants/Contracts
- Capital Gifts – should equal the sum of Capital Gifts and Grants and “Non-Cash Gifts of Capital Assets”
- Purchases of Capital Assets should agree to additions to Capital Assets in the note disclosure, less Capital Assets acquired by capital lease, less gift of Capital Assets, also consider effects of changes in Contracts Payable
- Proceeds from the sale of capital assets should be a true source of cash
- Principal Paid on capital debt and leases should agree to reductions of Lease Obligations in note disclosure net of any non-cash activity
- Interest paid agrees to interest expense
- Interest agrees to interest income plus or minus the effect of FMV adjustment
- Exception would be if the gain or loss on sale of investments reported in investment income on the SRECNP is reported as Proceeds from Sales and Maturities of Investments on the Cash Flow Statement

Cash Flow Statement

Common Errors on the Cash Flow Statement:

- Proceeds and purchases for Investing Activities netted
- Gifts and Grants received for Non-capital purposes reflected as Gifts and Grants received for Capital Purposes
- Non-Cash Capital gifts included in cash flow capital purchases
- Beginning Cash not agreeing with prior year ending cash and cash equivalents

Note Disclosures

Note Disclosures

- Note 1 – Summary of Significant Accounting Policies
 - Nature of Operations
 - Reporting Entity
 - Basis of Accounting and Presentation
 - Definitions/Description of Accounts
- Note 2 – Deposits and Investments
- Note 3 – Accounts Receivables
- Note 4 – Inventories
- Note 5 – Notes Receivables
- Note 6 – Capital Assets
- Note 7 – Advances
- Note 8 – Long Term Liabilities

Note Disclosures

- Note 9 Net Position
- Note 10 – Endowments
- Note 11 – Significant Commitments
- Note 12 – Leases
- Note 13 – Retirement Plans
- Note 14 – Risk Management
- Note 15 – Contingencies
- Note 16 – OPEB
- Note 17 – Natural verses Functional Classification

Required Supplementary Information and Supplementary Information

Budget Basis Financial Statements

Four Budget Basis Financial Statements

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

Ensure that Budget Basis Statements are supported by financial records.

Budget Basis Financial Statements

Balance Sheet (Non-GAAP Basis) – Budget Fund

ASSETS

Cash and Cash Equivalents	\$	31,030,394.86
Investments		2,611,429.82
Accounts Receivable		
Federal Financial Assistance		3,577,093.41
Other		3,185,920.03
Prepaid Expenditures		99,924.25
Inventories		46,689.75
		<hr/>
Total Assets		<u>40,551,452.12</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Accrued Payroll		462,570.29
Encumbrances Payable		16,735,133.21
Accounts Payable		266,892.63
Deferred Revenue		6,317,270.59
		<hr/>
Total Liabilities		<u>23,781,866.72</u>

Budget Basis Financial Statements Balance Sheet

(Non-GAAP Basis) – Budget Fund

Reserved	
Department Sales and Services	5,594,232.07
Indirect Cost Recoveries	2,517,807.60
Technology Fees	392,339.27
Restricted/Sponsored Funds	5,365,051.81
Uncollectible Accounts Receivable	132,811.35
Tuition Carry-Over	2,606,130.29
Inventories	64,000.00
Unreserved	
Surplus	<u>97,213.01</u>
Total Fund Balances	<u>16,769,585.40</u>
Total Liabilities and Fund Balances	<u>\$ 40,551,452.12</u>

Budget Basis Financial Statements

Summary Budget Comparison and Surplus Analysis Report (Non-GAAP Basis)

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
State Appropriation			
State General Funds	\$ 85,934,264.00	\$ 85,934,264.00	\$ 0.00
Other Funds	205,937,991.00	183,801,465.60	-22,136,525.40
	<u>291,872,255.00</u>	<u>269,735,729.60</u>	<u>-22,136,525.40</u>
<u>CARRY-OVER FROM PRIOR YEARS</u>			
Transfers from Reserved Fund Balance	0.00	16,577,037.57	16,577,037.57
	<u>291,872,255.00</u>	<u>286,312,767.17</u>	<u>-5,559,487.83</u>
<u>EXPENDITURES</u>			
Special Funding Initiative	208,159.00	199,964.51	8,194.49
Teaching	291,664,096.00	269,589,117.62	22,074,978.38
	<u>291,872,255.00</u>	<u>269,789,082.13</u>	<u>22,083,172.87</u>
Excess of Funds Available over Expenditures	\$ <u>0.00</u>	16,523,685.04	\$ <u>16,523,685.04</u>

Budget Basis Financial Statements

Summary Budget Comparison and Surplus Analysis Report (Non-GAAP Basis)

FUND BALANCE JULY 1

Reserved	16,744,470.85
Unreserved	100,262.70

ADJUSTMENTS

Prior Year Payables/Expenditures	88,013.43
Prior Year Receivables/Revenues	-9,546.35
Unreserved Fund Balance (Surplus) Returned to Board of Regents - University System Office Year Ended June 30, 2015	-100,262.70
Prior Year Reserved Fund Balance Included in Funds Available	<u>-16,577,037.57</u>

FUND BALANCE JUNE 30

\$ 16,769,585.40

SUMMARY OF FUND BALANCE

Reserved	
Department Sales and Services	\$ 5,594,232.07
Indirect Cost Recoveries	2,517,807.60
Technology Fees	392,339.27
Restricted/Sponsored Funds	5,365,051.81
Uncollectible Accounts Receivable	132,811.35
Tuition Carry-Over	2,606,130.29
Inventories	<u>64,000.00</u>
Total Reserved	16,672,372.39
Unreserved	
Surplus	<u>97,213.01</u>
Total Fund Balance	\$ <u>16,769,585.40</u>

BCR nVision Report

nVision report produces a report that looks like the excel spreadsheet populating the first column with actuals and encumbrance ledger information:

Peachtree State University				
Budget to Actuals Report - FY 2015				
		A	B	C
		ACTUALS and DETAIL_EN Ledgers	BCRADJ Ledger	
		June 30, 2015	Budget Basis Adjustments	TOTAL
BALANCE SHEET section of worksheet:				
ASSETS				
BS1	Cash and Cash Equivalents	11,726,166.55	0.00	11,726,166.55
BS2	Investments	672,750.57	0.00	672,750.57
BS3	Accounts Receivable			
BS4	State Appropriation	0.00	0.00	0.00
BS5	Federal Financial Assistance	484,225.20	0.00	484,225.20
BS6	Other	2,188,789.17	62,669.76	2,251,458.93
BS7	Margin Allocation			0.00
BS8	Prepaid Expenditures	409,614.69	0.00	409,614.69

Mapping (For Column A)	
Acct 11xxxx (Excluding 1198xx), 158xxx	
Acct 1198xx, 15xxxx (Excluding 158xxx)	
Acct 123xxx	
Acct 124xxx	
Acct 12xxxx (Excluding 123xxx, 124xxx, 126xxx)	
Acct 13xxxx	

Tuition Carry-Forward Calculation

Add: Prior Year Tuition Carry Forward

Add: Current Year Revenue

Subtract: Current Year Expenses

Add/Subtract: Adjustments

Add/Subtract: Transfers

Equals: Current Year Fund Balance (CY FB)

If CY FB < or = 3% of CY Revenue, then CY FY = CY Tuition Carry-Forward

If CY FB > 3% of CY Revenue, then 3% of CY Rev = Tuition Carry-Forward; the remainder of CY FB is Surplus

Note: Amount may not be able to be carried forward in entirety if there is a deficit in another budgetary fund.

Encumbrances

A valid obligation should be supported by the following information:

- Confirmed Vendor
- Specific Project/Services/Goods
- Specific Price for Project/Services/Goods
- State Time or Range of Time of Delivery/Completion

Encumbrances

Documentation of this type should be available from appropriately executed purchase orders, contracts, etc. The presence of these conditions correspond to the elements of an enforceable contract in that they support the concept of mutual assent, that is, the parties have agreed on the specific product or service at the given price and time.

These principles should be applied when reviewing obligations, which support amounts for encumbrance payables appearing on the general ledger at June 30.

Auditors will review subsidiary listing for validity, paying particular attention to obligations over 1 year old, individually significant POs or recorded via manual journal entry.

Surplus Rules

Lapsable Funds:

Cancellation of Prior Year Purchase Orders automatically reverts to surplus unless the cancellation was associated with a “like and kind” situation

Partial liquidation of Prior Year Purchase Order automatically reverts to surplus where vendor has received payment in full

Previously written off A/R collected in subsequent period reverts to surplus

Tuition reserve limitation is 3% of CY Revenues. Reserves are not cumulative. Any cancelled PY POs or PY collected written off A/R can be reviewed in Tuition reserve calculation if institution was not at the 3% maximum in the previous years

Fund Groups

Colleges and Universities

- State Appropriations (Fund 10000)
- Tuition (Fund 10500)
- Other General (Fund 10600)
- Departmental Sales and Services/Continuing Education (Fund 14000)
- Indirect Cost Recoveries (Fund 15000)
- Technology Fees Fund (Fund 16000)
- Unexpended Plant Funds (Fund 50000)
- Other Organized Activities (Funds 11XXX)
- Restricted Funds (Funds 20XXX)
- Auxiliary Enterprises (Fund 12XXX)
- Student Activities (Fund 13000)
- Loan Funds (Funds 3XXXX)
- Endowment Funds (Funds 4XXXX)
- Agency Funds (Funds 6XXXX)

GAAP ACCOUNTING VS STATE BUDGET BASIS ACCOUNTING

Funds subject to Budget Basis Accounting Colleges and Universities

- State Appropriations (Fund 10000)
- Tuition (Fund 10500)
- Other General (Fund 10600)
- Departmental Sales and Services/Continuing Education (Fund 14000)
- Indirect Cost Recoveries (Fund 15000)
- Technology Fees Fund (Fund 16000)
- Restricted Funds (Fund 20000)
- Unexpended Plant Funds (Fund 50000)
- Other Organized Activities (Fund 11XXX)
- Restricted Funds – Other Organized Activities (Fund 21XXX)

COLLEGE AND UNIVERSITY FUNDS

DESCRIPTIONS AND PURPOSES

■ **State Appropriations (Fund 10000)**

- Considered one of the General Operating Funds, this fund is to be used only for state appropriated revenues and expenses related to the current operations of educational programs of the College or University.

■ **Tuition Fund (Fund 10500)**

- Considered one of the General Operating Funds, this fund is to be used only for tuition revenues and expenses related to the current operations of educational programs of the College or University. Non-lapsing funds up to 3% of tuition collected.

■ **Other General (Fund 10600)**

- Considered one of the General Operating Funds, this fund is to be used only for any student fees not reported in another fund.

COLLEGE AND UNIVERSITY FUNDS DESCRIPTIONS AND PURPOSES

- **Other Organized Activities (Fund 11XXX)**

- These funds are specific to the University of Georgia, Georgia Tech, Augusta University and the Board of Regents Central Office. Revenues and Expenses for these funds are geared toward specific types of research. Examples would be Agricultural Research, Forestry Research, Cooperative Extension Services and Veterinary Medicine Research.

COLLEGE AND UNIVERSITY FUNDS

DESCRIPTIONS AND PURPOSES

■ **Auxiliary Enterprises (Fund 12XXX)**

- Auxiliary Enterprises are basically “self-supporting, for profit business operations of the College/University”. The most common auxiliary operations would be a bookstore operation, cafeteria services, parking, and campus housing. Revenues, expenditures, and balances of the various business operations conducted on a campus have as their expressed purpose the provision of providing services to students, faculty, and staff. Revenues are directly related to costs but not necessarily equal per operating unit. However, revenues must be sufficient to cover costs on an overall basis. In other words, these funds are to be self supporting and are not intended to be supplemented from general operating funds.
- No state appropriated revenues are recorded in this fund, and because this fund is for “self-supporting” activities, balances at year end are not subject to state lapse rules.

COLLEGE AND UNIVERSITY FUNDS DESCRIPTIONS AND PURPOSES

■ **Student Activities (Fund 13000)**

- Fund used to record activity for Student Activity Programs. Student Activity fees are recorded as revenues to this fund. Examples of Student Activity funds are:
 - Student Government
 - Student Newspaper
 - Social and Entertainment Programs
- All expenditure of these funds should be made in accordance with the provision of the Student Activities Budget which is prepared annually.
- Because these funds are designated for student programs, they are not subject to state lapse rules.

COLLEGE AND UNIVERSITY FUNDS

DESCRIPTIONS AND PURPOSES

- **Continuing Education Fund (Fund 14000)**
 - **Georgia Code 20-3-86 allows for Continuing Education year-end fund balances to be exempt from the state law concerning lapsable funds. This fund is not subject to surplus under this code section of the Georgia Law.**
 - Revenues for the Continuing Education fund shall include only those fees collected for the purpose of providing non-credit instructional courses and programs designed; primarily to meet the educational needs of professional and non-traditional students.

COLLEGE AND UNIVERSITY FUNDS DESCRIPTIONS AND PURPOSES

➤ **Indirect Cost Recovery Fund (Fund 15000)**

- **The Official Code of Georgia 20-3-86 also provides that the fund balances in this fund are not subject to lapse as surplus under State law.**
- Revenues for the Indirect Cost Recovery Fund include reimbursements to institutions that represent a percentage of direct costs charged to federal, state, and other grants and contracts for administrative expenses including depreciation and use allowances, operations and maintenance, general administration, departmental administration, library and student services.
- The grants that these cost recoveries are based on are generally housed in the Restricted Fund.
- Cost Recoveries that relate to Federal Grants should be included in the grant expenses reported in the Schedule of Federal Financial Assistance.

COLLEGE AND UNIVERSITY FUNDS

DESCRIPTIONS AND PURPOSES

➤ **Technology Fees Fund (Fund 16000)**

Established to account for activity of fees that are not subject to State surplus under Ga. Law 20-3-86.

- The revenues recorded in this fund are only fees collected from mandatory technology fees provided for under section 704.021 of the Board of Regents policy manual.
- The Colleges/Universities must prepare an annual report to the Board of Regents on how the balances in these funds will be spent.
- Balances carried forward must be spent to meet institutional technological needs.

COLLEGE AND UNIVERSITY FUNDS

DESCRIPTIONS AND PURPOSES

■ **Restricted Funds (Fund 2XXXX)**

- Restricted funds are generally comprised of Federal, State, Local and other grants and contracts which are restricted for specific purposes.
- Restricted funds should be separately managed by project so that revenues and expenses for each grant can be properly identified.
- Any excess funds (revenues less expenses) left at year end are not subject to be lapsed as State surplus because these funds are for specific purposes as designated by the grantor and any funds left after the end of the grant or contract may have to be returned to the grantor.
- The University of Georgia, Georgia Tech, Augusta University and the Regents Central Office may have restricted funds related to their Other Organized research activities.

COLLEGE AND UNIVERSITY FUNDS

DESCRIPTIONS AND PURPOSES

■ **Loan Funds (Fund 3XXXX)**

- Houses funds that are to be loaned to students who need funds to finance their education.
- Federal Loan funds are generally made up of Perkins Loan funds and Nursing Loan funds.
- Colleges/Universities also have institutional loans which are predominately funded by institutional resources
- Loan funds are predominately balance sheet activity with only gifts for principle and interest charges shown as revenue and administrative fees and collection costs shown as expenses.

COLLEGE AND UNIVERSITY FUNDS

DESCRIPTIONS AND PURPOSES

- **Endowment Funds 40000(and Similar Funds 41000,42000)**
 - Generally Endowment funds are funds which have had stipulations put on the gift instrument whereby principal is to remain intact and only the income derived from investment of the gift may be expended.
 - The Endowment Fund may be comprised of Permanent Endowments, Term Endowments and Quasi Endowments.
 - **Permanent Endowments** are ones which are given by outside donors and as a condition of the gift, the principle (corpus) must remain intact permanently and only the income may be spent.
 - **Term Endowments** are given by outside donors but the expendability of the original gift is restricted only for a period of time. When the time restriction has been satisfied the corpus along with the earnings may be spent. Until that time only the earnings may be spent.
 - **Quasi Endowment** Funds are Institution funds that the governing board of the Institution, rather than an outside donor, has determined that a portion of Institutional funds are to be treated as an endowment fund. The principal is not permanently restricted or temporarily restricted as is the case with endowment funds, and the Institution can change the status of these funds when they so choose.

COLLEGE AND UNIVERSITY FUNDS DESCRIPTIONS AND PURPOSES

- **Plant Funds (Funds 50000 and 52000)**
 - Funds received from State revenues and other sources that are utilized for construction, maintenance, and acquisition of Capital Assets.

COLLEGE AND UNIVERSITY FUNDS

DESCRIPTIONS AND PURPOSES

■ **Agency Funds (Fund 6XXXX)**

- Agency funds are generally funds that do not belong to the College/University. The College/University serves “as an agent” for the owner of the funds.
- Agency funds can be for three categories
 - ***Funds on deposit*** - Contains funds received and administered in accordance with instructions of the entity for which the school is serving as an agent.
 - ***Designated for Scholarships*** - Provided by outside entity. However, the College/University has no say in who receives the scholarship. The school just carries out the instructions of donor.
 - ***Payroll Withholdings*** - Payroll deductions from employees that must be sent to appropriate taxing, retirement, or other organization.

GAAP Basis F/S - Annual Financial Reporting

The process of producing financial statements that disclose the entity's financial status to management, financial investors, the public and the government. The primary financial statements consist of the Statement of Net Position, Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows followed by the required notes or detail that supports the amounts presented in the financial statements.

GAAP Basis AFR Building Blocks



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GAAP Basis AFR Mapping Documents

	June 30, 2016	June 30, 2015	All Funds except Funds 11921, 80xxx & 90xxxx, unless specifically excluded
Assets			
Current Assets			
Cash and cash equivalents	12,080,822.59	6,186,441.14	111xxx,112xxx,1181xx,118200,1185xx, 1191xx, 1192xx, 1193xx,1194xx
Short-term investments	1,545,670.44	1,552,346.95	1198xx
Accounts receivable, net			
Rec.-Federal Financial Assistance	(287,884.10)	84,010.73	124xxx
Rec. State General Appropriations	3,862,695.00	4,957.40	123xxx
Rec.- Other	(2,503,467.11)	1,579,588.99	12xxx (except for 122xxx, 123xxx, 124xxx, 1260xx, 1268xx,1269xx)
Due From Affiliated Organizations	-	-	1268xx
Inventories	715,516.62	722,150.50	141xxx,142xxx
Prepaid Items	287,898.04	223,415.29	13xxx
Other assets	-	-	1260xx, 2180xx
Total Current Assets	<u>15,701,251.48</u>	<u>10,352,911.00</u>	
Noncurrent Assets			
Noncurrent Cash (Externally Restricted)	-	-	1580xx, 1581xx
Short-Term Investments (Externally Restricted)	-	-	1582xx
Investments (Externally Restricted)	734,157.62	734,157.62	15xxx (except 158xxx) for Funds 2xxx, 30xxx, 40xxx, 41xxx
Due From Affiliated Organizations	-	-	1269xx (Except 126960 and 126970)
Due From USO - Capital Liability Reserve Fund	267,597.52	267,597.52	126960
Due From Institutions - Capital Liability Reserve Fund	-	-	126970
Investments	-	-	15xxx (except 158xxx) for all Funds except 2xxx, 30xxx, 40xxx, 41xxx
Notes receivable, net	807,660.57	794,297.01	122xxx
Capital assets, net	87,128,277.96	89,109,250.42	16xxx

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Annual Financial Report

AFR Excel Model



AFR Word Document

- Three Basic Financial Statements along with condensed schedules
- Supporting Schedules to Financial Statements (Notes)
- Auxiliary Financial Statements
- Student Activity Financial Statements
- RR Reserve Schedule
- Agency Funds Schedule
- Cover Page
- Message from President
- Letter of Transmittal Three Basic Financial Statements & Narratives
- Economic Outlook
- Management's Discussion & Analysis
 - Note 1 – Summary of Significant Accounting Policies (**narrative**)
 - Note 2 – Deposits & Investments (**narrative & excel schedule**)
 - Note 3 – Accounts Receivable
 - Note 4 - Inventories
 - Note 5 – Notes/Loans Receivable

Annual Financial Report

AFR Excel Model



AFR Word Document

- Note 6 – Capital Assets
- Note 7 – Advances (Including Tuition and Fees)
- Note 8 – Long Term Liabilities
- Note 9 – Service Concession Arrangements
(New)
- Note 10 – Net Position (New)
- Note 11 - Endowments (New)
- Note 12 – Significant Commitments
- Note 13 – Lease Obligations (Revised)
- Note 14 – Retirement Plans (Revised)
- Note 15 – Risk Management (narrative)
- Note 16 – Contingencies (narrative)
- Note 17 – Post-Employment Benefits
(narrative)
- Note 18 – Natural Classifications with
Functional Classifications
- Note 19 - Affiliated Organizations (narrative)

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DOAA Exit Conference

Exit Conference



DEPARTMENT OF AUDITS AND ACCOUNTS
 270 Washington Street, S.W., Room 4-101
 Atlanta, Georgia 30334-8400

SAMPLE UNIVERSITY
 EXIT CONFERENCE
 OCTOBER 23, 2015/11 O'CLOCK AM

Key Engagement Contacts:

Regional Office: Macon Manager: Auditor In-Charge: SFA Lead Auditor:

Management's Responsibility	<p>Financial Statements and Supplementary Information are the responsibility of management.</p> <ul style="list-style-type: none"> o Basic Financial Statements o Notes to the Financial Statements o Required Supplementary Information (MD&A, Budget Comparison) o Supplementary Information o Budgetary Basis Financial Statements o Internal Controls over Financial Reporting <p>Major Program Compliance</p> <ul style="list-style-type: none"> o Federal Compliance Requirements o Internal Controls over Major Federal Programs
Auditor's Responsibility	<p>The Department of Audits and Accounts (DOAA):</p> <ul style="list-style-type: none"> o Independent of the University, all related organizations, and the University System of Georgia o Responsible for performing certain audit procedures as part of the audit of the State of Georgia Comprehensive Annual Financial Report (CAFR) and Single Audit o Responsible for performing procedures to assist management in ascertaining the accuracy of the financial statements o Does not express an opinion or provide any other assurance o Responsible for determining the entity complied in all material respects with compliance requirements that may have a direct and material effect on each major federal financial assistance program as defined in the Statewide Single Audit Plan. o Does not issue an opinion on internal controls. Only reports deficiencies that come to our attention as part of opining on the CAFR and major Federal programs

Exit Conference

Draft Findings	Significant Deficiency Material Weakness
Management Letter Comments/Other Matters / Issues Noted	
Summary of Significant Adjustments and Immaterial Uncorrected Misstatements	Professional standards require auditors to accumulate all known and likely misstatements identified during the audit. Summaries of these misstatements are attached and include: <ul style="list-style-type: none">○ Significant Adjustments○ Immaterial Uncorrected Misstatements.
Other Comments	

DOAA Level of Deficiencies

Material Weakness - A material weakness is considered a "Finding" that will most likely be reported within the State Single Audit Report. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Significant Deficiency - A significant deficiency is considered a "Finding" that will most likely be reported within the State Single Audit Report. This type of finding is less severe than a material weakness. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

DOAA Level of Deficiencies

Management Letter Comments and Other Items - are not considered to be "Findings" and will not be reported within the State Single Audit Report. DOAA gives Management Letter Comments for audit engagements while full disclosure management report engagements receive "Other Item" comments. In DOAA's professional judgment, these deficiencies are less severe than significant deficiencies, but could be elevated to a significant deficiency or material weakness in the future if they remain uncorrected.

Exit Conference Comments – Items not considered findings or management letter comments but things that they want to point out to management during the exit conference and bring to their attention.

USG Summary of Deficiencies

	Errors in Financial Reporting and Year-end JEs	Budgetary Compliance Reporting Errors	Inadequate Internal Controls over Receivable	Inadequate Internal Controls over Accounts	Inadequate Internal Controls over Capital Assets	Inadequate Separation of Duties over Encumbrances	Inadequate Controls/Unallowable Use of IP-Cards	Auxiliary Fund Deficits	PPV not Self-liquidating	Omission of Liabilities	Subsidiary Reconciliation	Uncollateralized
Audit	Deficiency Type											
Georgia Institute of Technology	MLC/OI											MLC/OI
Georgia State University												
University of Georgia												
University System Office												
Full Disclosure Management Report												
Albany State University	MLC/OI						MLC/OI	MLC/OI				
Bainbridge State College	MLC/OI		MW								MLC/OI	
Darton State College								MLC/OI			MLC/OI	
East Georgia State College												
Fort Valley State University	SD				MLC/OI			MLC/OI	MLC/OI		MLC/OI	

Exit Conference

Summary of Adjustments

General

Presentation and Disclosure

SAMPLE UNIVERSITY SUMMARY OF ADJUSTMENTS					
Professional standards require auditors to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following summary includes significant or material misstatements detected as part of audit procedures and corrected by management.					
By signing below we acknowledge receipt of the following adjustments that were proposed and made to the financial statements.					
DESCRIPTION OF ADJUSTMENTS	ASSETS	LIABILITIES	BEGINNING BALANCE/ FUND BALANCE/NET ASSET RECLASSIFICATION	REVENUES	EXPENDITURES/ EXPENSES
Business Type Activities/Enterprise Funds					
Budgetary Compliance Report					
SEFA					

Exit Conference

Summary of Uncorrected Misstatements General Presentation and Disclosure

SAMPLE UNIVERSITY SUMMARY OF IMMATERIAL UNCORRECTED MISSTATEMENTS							
Professional standards require auditors to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following is a list of misstatements not corrected in the financial statements. Management of the School District has determined that the effects of these misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.							
By signing below we acknowledge receipt of the following adjustments that were proposed and made to the financial statements.							
AGGREGATE EFFECT ON FINANCIAL STATEMENTS							
	NET ASSETS			ACTIVITIES			
OPINION UNIT	NET ASSETS		NET ASSETS/FUND BALANCE	BEGINNING BALANCE	REVENUES	EXPENDITURES/EXPENSES	CHANGE IN NET ASSETS
	ASSETS	LIABILITIES					
Business Type Activities/Er SEFA	(\$265,757.00)	\$265,757.00	\$0.00	\$0.00	\$66,830.00	(\$66,830.00)	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EFFECT ON FINANCIAL STATEMENTS							
	NET ASSETS		BEGINNING BALANCE/FUND BALANCE	ACTIVITIES		MISSTATEMENT TYPE	
DESCRIPTION	ASSETS	LIABILITIES	RECLASSIFICATION	REVENUES	EXPENDITURES/EXPENSES	KNOWN/UNKNOWN/LIKELY	
Business Type Activities/Enterprise Funds							
Contracts and Retainages Payable and Construction Work In Progress are understated as a result of failure to accrue these amounts based on the June 30 Request For Payment. The RFP from May was used.	(\$265,757.00)	\$265,757.00	\$0.00	\$0.00	\$0.00	Known	

Ratio Debt Burden

Current Debt Payments – Principal and Interest (from Cash Flow Statement)
Operating Income and NonOperating Income (from Income Statement)

BPM – Ratio Debt Burden should be less than 5%, capped at 10% and anything 7% or above must be approved by system office.

Contact Information:

Claire Arnold

Associate Vice Chancellor, Office of Fiscal Affairs Accounting and Reporting

Claire.Arnold@usg.edu

404-962-3068