



## DEPARTMENT OF AUDITS AND ACCOUNTS

### Education Audit Division

270 Washington Street, S.W., Suite 1-156  
Atlanta, Georgia 30334-8400

**Greg S. Griffin**  
STATE AUDITOR  
(404) 666-2174

**Claire M. Arnold**  
DIRECTOR  
(404) 651-8818

December 10, 2013

Honorable John O. Schwenn, President  
Dalton State College  
650 College Drive  
Dalton, Georgia 30720

Dear Dr. Schwenn:

We have completed certain audit procedures relating to the financial statements of Dalton State College as part of our agreed upon procedures engagement of the statutory basis financial statements of the State of Georgia presented in the *State of Georgia Budgetary Compliance Report*, and our audit of the basic financial statements of the State of Georgia presented in the *State of Georgia Comprehensive Annual Financial Report*, and the issuance of a *State of Georgia Single Audit Report* pursuant to the Single Audit Act Amendments, as of and for the year ended June 30, 2013. In connection therewith, we have issued the enclosed agreed upon procedures letter containing information pertinent to the financial and compliance activities of Dalton State College, as of and for the year ended June 30, 2013.

For the year ended June 30, 2013, the State of Georgia elected to satisfy the requirements of the Single Audit Act Amendments of 1996 and Office of Management and Budget's (OMB) Circular A-133 by performing a statewide single audit. As you were earlier notified, your Institution was identified as an organizational unit of the State of Georgia reporting entity, and accordingly, your financial statements were examined to the extent considered necessary to enable us to express an opinion on the financial statements of the State of Georgia contained in the *Comprehensive Annual Financial Report (CAFR)* of the State of Georgia, and to report on compliance and internal control in the *Single Audit Report* of the State of Georgia, pursuant to Government Auditing Standards.

You are not required to submit a copy of your individual Institution report to those grantors that have provided your Institution with funding in support of your Federal awards. All report distribution requirements will be satisfied through the distribution of the *Single Audit Report* of the State of Georgia.

The State Accounting Office (SAO) will assist each of the organizational units of the State who was a recipient of Federal financial assistance in fulfilling their respective report distribution requirements, as specified by OMB Circular A-133. Upon completion of the statewide single audit, the SAO will transmit a copy of the *Single Audit Report* of the State of Georgia to each of the following governmental entities on your behalf:

- (1) U. S. Bureau of the Census National Clearinghouse, and
- (2) Each organizational unit of the State including each State agency, authority, commission, college, university, technical college, etc., that provided Federal financial assistance to your Institution.

In the event your Institution received Federal financial assistance from an organization (pass-through entity) other than those noted in (2) above, your Institution may have additional report distribution responsibilities as follows:

- ✓ You may need to furnish a copy of the *Single Audit Report* of the State of Georgia (which will be made available to you upon issuance at a later date) if in the Schedule of Findings and Questioned Costs or the Summary Schedule of Prior Year Findings disclosed findings relating to the Federal awards that the pass-through entity provided to your Institution. Upon request, SAO will supply your Institution with sufficient copies of the *Single Audit Report* of the State of Georgia in order that you may distribute a report to each of the "pass-through entities". For your assistance, we have identified these pass-through entities as follows:

(1) None

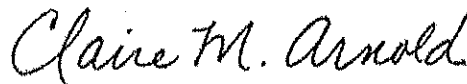
- ✓ If your Institution received Federal financial assistance from pass-through entities for which the *Single Audit Report* of the State of Georgia contains no findings that related to the Federal Awards provided by the pass-through entities, it is not necessary for you to send these pass-through entities a copy of the *Single Audit Report*. You need only provide written notification to each of the pass-through entities that a single audit was performed in accordance with OMB Circular A-133 and that there were no findings associated with the Federal awards received from the pass-through entity. Those pass-through entities that will need a notification letter are identified below:

(1) Coosa Valley Regional Development Center

See Attachment "A" for an example of the notification letter to be furnished to the above pass-through entities. If you need to determine the amount of expenditures incurred by your Institution against Federal assistance programs provided by any of the above pass-through entities, you can access the Institution's "Schedule of Expenditures of Federal Awards" web application at <https://www.audits.ga.gov/auth/login.aud>. The designated contact for the Federal expenditure web application has the username and password required to access this website.

Thank you for your cooperation in the above matters and should you have any questions, please contact Tim Ray, Federal Compliance Coordinator at (404) 657-5146.

Respectfully,



Claire M. Arnold  
Director  
Education Audit Division

CMA/dm  
Enclosure  
cc w/Attachment "A": Mr. Scott Bailey, Vice President for Fiscal Affairs

**EXAMPLE NOTIFICATION LETTER TO OTHER GRANTORS**

September 1, 2013

Mr. Joe Smith  
Metropolitan Atlanta Regional Development Center  
1234 First Street  
Atlanta, Georgia 30334

Dear Mr. Smith,

Our organization was audited for the fiscal year ended June 30, 2013 by the Georgia Department of Audits as a part of the *Single Audit Report* of the State of Georgia. The *Single Audit Report* was conducted in accordance with OMB Circular A-133. OMB Circular A-133 Section 320(e) requires that we provide written notification to pass-through entities that a single audit was conducted and the Schedule of Findings and Questioned Costs disclosed no findings relating to the grant obtained from the pass-through entity. The following are Federal awards that we expended during the fiscal year ended June 30, 2013 which were provided by your organization:

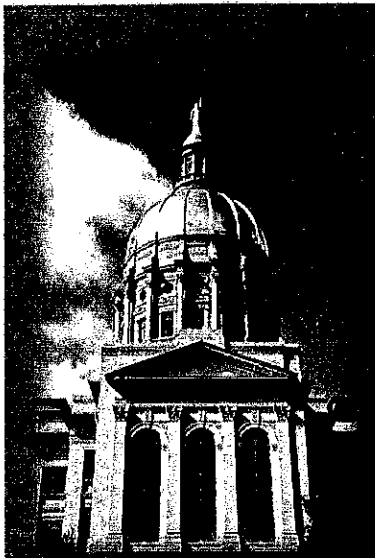
(1) Education and Human Resources (47.076)	\$123,456.78
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The Schedule of Findings and Questioned Costs disclosed no findings relating to the Federal award(s) listed above, nor did the Summary Schedule of Prior Findings report on the status of any findings relating to the Federal award(s) above.

If you have any questions, please contact Mary Doe, Director of Accounting at (404)123-4567.

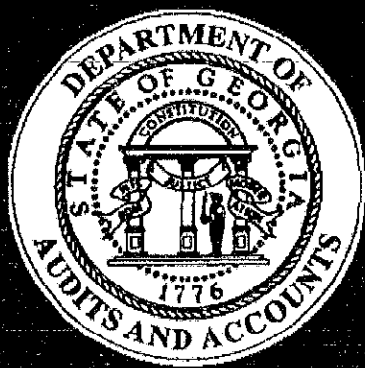
Sincerely,

John Smith  
President



**DALTON STATE  
COLLEGE  
DALTON, GEORGIA**

**INDEPENDENT ACCOUNTANT'S  
REPORT ON APPLYING AGREED-  
UPON PROCEDURES  
FOR FISCAL YEAR ENDED  
JUNE 30, 2013**



**Georgia Department of  
Audits and Accounts**

**Greg S. Griffin  
State Auditor**

DALTON STATE COLLEGE

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## DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156  
Atlanta, Georgia 30334-8400

**GREG S. GRIFFIN**  
STATE AUDITOR  
(404) 856-2174

December 5, 2013

Members of the State Board of Regents of the  
University System of Georgia  
Honorable John Schwenn, President  
Dalton State College

### Independent Accountant's Report on Applying Agreed-Upon Procedures

Ladies and Gentlemen:

We have performed the procedures enumerated below, which were agreed to by the College and the University System Office (Oversight Unit) of the Board of Regents of the University System of Georgia, solely to assist you in assessing the accuracy of the financial information reported to the University System Office in the College's 2013 Annual Financial Report for inclusion in the University System of Georgia's *Annual Financial Report*, the State of Georgia's *Comprehensive Annual Financial Report (CAFR)* and *Single Audit Report*; and to assist you in assessing the accuracy of the budget basis information provided in the *Summary Budget Comparison and Surplus Analysis Report*, *Statement of Funds Available and Expenditures Compared to Budget By Program and Funding Source*, and the *Statement of Changes To Fund Balance By Program and Funding Source* which are attached as Exhibits A, B and C, respectively. Dalton State College's management is responsible for the financial information reported to the University System Office in the College's Annual Financial Report. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. Review selected balance sheet items reported on the Annual Financial Report (cash; accounts receivable, accounts payable, deferred revenues, net position). Confirm that these items have adequate supporting documentation and are properly reconciled to the College's general ledger.

**Capital Assets, net included land valued at \$603,000 which was transferred to Georgia Northwestern Technical College. This error was corrected by the College and their AFR was resubmitted to the University System Office.**

2. Obtain the Colleges GAAP basis Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position (SRECNP) submitted for inclusion in the State's CAFR and Single Audit. Utilizing test scripts, confirm that financial information presented in these statements properly supports activity reported in the College's accounting records.

**We did not note any exceptions as a result of our procedures.**

3. Obtain the College's Statement of Cash Flows submitted for inclusion in the State's CAFR and Single Audit. Utilizing cash flow worksheets, confirm information reported on Statement of Cash Flows.

**We did not note any exceptions as a result of our procedures.**

4. Obtain the College's Notes to the Financial Statements submitted for inclusion in the State's CAFR and Single Audit. Utilizing notes worksheets and other supporting documentation confirm that note disclosures related to Cash, Investments, Accounts Receivable, Capital Assets, Long-Term Debt, Lease Obligations and Retirement Plans have been properly reported.

**As noted in item 1 of this report, ending Capital Assets (Net) reported on the College's Statement of Net position did not reflect the transfer of land to Georgia Northwestern Technical College valued at \$603,000. This error in Note 6 of the AFR was corrected by the College and their AFR was resubmitted to the University System Office.**

5. Review the College's year end GAAP basis journal entries. Obtain documentation for GAAP journal entries and confirm that the entries were posted to the College's Annual Financial Report.

**We did not note any exceptions as a result of our procedures.**

6. Confirm that State Appropriation revenues, receivables and remittances of prior year surplus balances have been properly recorded in the College's financial records. Prior year surplus balances should be netted against State Appropriation revenues in the GAAP basis financial statements; however, prior year surplus balances should be reflected as fund balance adjustments on the Budget basis financial statements.

**We did not note any exceptions as a result of our procedures.**

7. Obtain listing of write-off requests for accounts receivable less than \$3,000.00 for fiscal year 2013. Confirm that these write-off requests have been approved by the State Accounting Officer and have been posted to the College's financial statements.

**We did not note any exceptions as a result of our procedures.**

8. Verify that the listing of salaries and travel reported to the Department of Audits is in accordance with O.C.G.A. 50-6-27 and reconciles to amounts recorded in the College's financial statements.

**We did not note any exceptions as a result of our procedures.**

9. Review year end Budgetary Statements including the *Summary Budget Comparison and Surplus Analysis Report* (Exhibit A), *Statement of Funds Available and Expenditures Compared to Budget By Program and Funding Source* (Exhibit B) and the *Statement of Changes To Fund Balance By Program and Funding Source* (Exhibit C). Confirm that budget information presented in these statements supports activity reported in the College's accounting records and determine if any budget overexpenditures exist.

**We did not note any exceptions as a result of our procedures.**

10. Obtain documentation for Budget basis reserves reported by College on the *Summary Budget Comparison and Surplus Analysis Report* (Exhibit A). Confirm that the reserves are properly documented, valid and appropriate.

**We did not note any exceptions as a result of our procedures.**

11. Review the H.O.P.E. Scholarship Program reconciliation between the College and the Georgia Student Finance Commission. Confirm that information reported to the Georgia Student Finance Commission has been reconciled with H.O.P.E. Scholarship activity reported on the College's financial records.

**We did not note any exceptions as a result of our procedures.**

12. Review the Schedule of Expenditures of Federal Awards information submitted by the College for inclusion in the Statewide Single Audit. Confirm that the information is properly presented and supported by the College's accounting records.

**We did not note any exceptions as a result of our procedures.**

13. Review capital asset records to ensure that (1) subsidiary ledgers are appropriately reconciled to the ledgers, (2) capitalization thresholds are being properly followed, and (3) a complete annual physical equipment inventory is being conducted and that issues noted during the physical inventory are being properly addressed by management.

**We did not note any exceptions as a result of our procedures.**

14. Review bank reconciliations during the year under review to ensure that management is preparing them timely and that reconciling items are being addressed by management timely and in an appropriate manner.

**We did not note any exceptions as a result of our procedures.**

15. Review documentation to ensure that all subsidiary modules including BANNER are reconciled to the general ledger at least quarterly in accordance with the Business Procedures Manual Section 10.6.2. and ensure that reconciling items are adequately explained and resolved in a timely manner.

**We did not note any exceptions as a result of our procedures.**

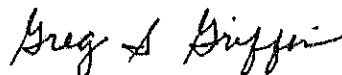
16. Review the supplementary "Statement of Revenues, Expenses and Changes in Net Position" for Auxiliary Enterprises submitted by the College to the University System of Georgia System Office to ensure that the schedule agrees to the auxiliary fund activity recorded in the accounting records.

**We did not note any exceptions as a result of our procedures.**

These agreed-upon procedures do not constitute an audit of the financial statements or any part thereof, the objective of which is to express an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Greg S. Griffin  
State Auditor



EXHIBITS

DALTON STATE COLLEGE  
SUMMARY BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT  
YEAR ENDED JUNE 30, 2013

EXHIBIT A

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
State Appropriation			
State General Funds	\$ 13,269,964.00	\$ 13,269,964.00	\$ 0.00
Other funds	29,493,261.00	28,759,869.13	-733,391.87
Total Revenues	\$ 42,763,225.00	\$ 42,029,833.13	\$ -733,391.87
<u>CARRY-OVER FROM PRIOR YEARS</u>			
Transfers from Reserved Fund Balance	0.00	449,200.62	449,200.62
Total Funds Available	\$ 42,763,225.00	\$ 42,479,033.75	\$ -284,191.25
<u>EXPENDITURES</u>			
Teaching	\$ 42,763,225.00	\$ 41,891,135.82	\$ 872,089.18
Excess of Funds Available over Expenditures	\$ 0.00	\$ 587,897.93	\$ 587,897.93
<u>FUND BALANCE JULY 1, 2012</u>			
Reserved		583,109.32	
Unreserved		7,882.19	
<u>ADJUSTMENTS</u>			
Prior Year Payables/Expenditures		2,440.77	
Prior Year Receivables/Revenues		-24,611.49	
Decrease In Inventories			
Unreserved Fund Balance (Surplus) Returned to Board of Regents - University System Office Year Ended June 30, 2012		-7,882.19	
Prior Year Reserved Fund Balance Included in Funds Available		-449,200.62	
<u>FUND BALANCE JUNE 30</u>		\$ 699,635.91	
<u>SUMMARY OF FUND BALANCE</u>			
Reserved			
Department Sales and Services	\$	1,365.77	
Indirect Cost Recoveries		77,267.75	
Technology Fees		183,650.80	
Restricted/Sponsored Funds		2,336.94	
Uncollectible Accounts Receivable		122,754.56	
Tuition Carry-Over		291,032.50	
Inventories		15,757.31	
Total Reserved	\$	694,165.63	
Unreserved			
Surplus		5,470.28	
Total Fund Balance	\$	699,635.91	

DALTON STATE COLLEGE  
 STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE  
 YEAR ENDED JUNE 30, 2013

	Original Appropriation	Amended Appropriation	Final Budget	Current Year Revenues
Teaching				
State Appropriation				
State General Funds	\$ 13,710,968.00	\$ 13,710,968.00	\$ 13,269,964.00	\$ 13,269,964.00
Other Funds	<u>31,060,921.00</u>	<u>31,060,921.00</u>	<u>29,493,261.00</u>	<u>28,759,869.13</u>
Total Teaching	<u>\$ 44,771,889.00</u>	<u>\$ 44,771,889.00</u>	<u>\$ 42,763,225.00</u>	<u>\$ 42,029,833.13</u>

Funds Available Compared to Budget				Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
Prior Year Carry-Over	Adjustments and Program Transfers	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
\$ 0.00	\$ 0.00	\$ 13,269,964.00	\$ 0.00	\$ 13,266,093.51	\$ 3,870.49	\$ 3,870.49
<u>449,200.62</u>	<u>0.00</u>	<u>29,209,069.75</u>	<u>-284,191.25</u>	<u>28,625,042.31</u>	<u>868,218.69</u>	<u>584,027.44</u>
<u>\$ 449,200.62</u>	<u>\$ 0.00</u>	<u>\$ 42,479,093.75</u>	<u>\$ -284,191.25</u>	<u>\$ 41,891,135.82</u>	<u>\$ 872,089.18</u>	<u>\$ 587,897.93</u>

DALTON STATE COLLEGE  
 STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE  
 YEAR ENDED JUNE 30, 2013

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Period as Funds Available	Return of Fiscal Year 2012 Surplus	Prior Period Adjustments
Teaching				
State Appropriation				
State General Funds	\$ 4,683.98	\$ 0.00	\$ -4,683.98	\$ 0.00
Other Funds	<u>452,398.83</u>	<u>-449,200.62</u>	<u>-3,198.21</u>	<u>-22,170.72</u>
Total Teaching	\$ 457,082.81	\$ -449,200.62	\$ -7,882.19	\$ -22,170.72
Prior Year Reserves				
Not Available for Expenditure				
Inventories	13,879.80	0.00	0.00	0.00
Uncollectible Accounts Receivable	<u>120,028.90</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
 Budget Unit Totals	 <u>\$ 590,991.51</u>	 <u>\$ -449,200.62</u>	 <u>\$ -7,882.19</u>	 <u>\$ -22,170.72</u>

Other Adjustments	Early Return Fiscal Year 2013 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
\$ -1,877.51	\$ 0.00	\$ 3,870.49	\$ 1,992.98	\$ 0.00	\$ 1,992.98	\$ 1,992.98
<u>-2,725.66</u>	<u>0.00</u>	<u>584,027.44</u>	<u>559,131.06</u>	<u>555,653.76</u>	<u>3,477.30</u>	<u>559,131.06</u>
\$ -4,603.17	\$ 0.00	\$ 587,897.93	\$ 561,124.04	\$ 555,653.76	\$ 5,470.28	\$ 561,124.04
1,877.51	0.00	0.00	15,757.31	15,757.31	0.00	15,757.31
<u>2,725.66</u>	<u>0.00</u>	<u>0.00</u>	<u>122,754.56</u>	<u>122,754.56</u>	<u>0.00</u>	<u>122,754.56</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 587,897.93</u>	<u>\$ 699,635.91</u>	<u>\$ 694,165.63</u>	<u>\$ 5,470.28</u>	<u>\$ 699,635.91</u>

Summary of Ending Fund Balance

Reserved

Department Sales and Services	\$ 1,365.77	\$ 1,365.77
Indirect Cost Recoveries	77,267.75	77,267.75
Technology Fees	183,650.80	183,650.80
Restricted/Sponsored Funds	2,336.94	2,336.94
Uncollectible Accounts Receivable	122,754.56	122,754.56
Tuition Carry-Over	291,032.50	291,032.50
Inventories	15,757.31	15,757.31

Unreserved

Surplus	\$ 5,470.28	\$ 5,470.28
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Total Ending Fund Balance - June 30	\$ 694,165.63	\$ 699,635.91
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