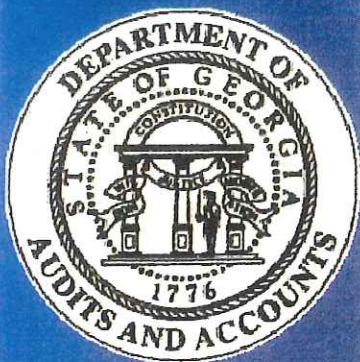




**NORTH GEORGIA
COLLEGE AND STATE
UNIVERSITY
DAHLONEGA, GEORGIA**

**INDEPENDENT ACCOUNTANT'S
REPORT ON APPLYING AGREED-
UPON PROCEDURES
FOR FISCAL YEAR ENDED
JUNE 30, 2011**



**Georgia Department of
Audits and Accounts**

**Russell W. Hinton
State Auditor**

NORTH GEORGIA COLLEGE AND STATE UNIVERSITY

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DEPARTMENT OF AUDITS AND ACCOUNTS

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RUSSELL W. HINTON
STATE AUDITOR
(404) 866-2174

December 9, 2011

Members of the State Board of Regents of the
University System of Georgia
and
Honorable Bonita Jacobs, President
North Georgia College and State University

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 University 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 University's 2011 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. North Georgia College and State University's management is responsible for the financial information reported to the University System Office in the University'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 assets). Confirm that these items have adequate supporting documentation and are properly reconciled to the University's general ledger.

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

2. Obtain the University's GAAP basis Statement of Net Assets and Statement of Revenues Expenses and Changes in Net Assets (SRECNA) 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 University's accounting records.

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

3. Obtain the University'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 University'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.

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

5. Review the University's year end GAAP basis journal entries. Obtain documentation for GAAP journal entries and confirm that the entries were posted to the University'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 University'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 2011. Confirm that these write-off requests have been approved by the State Accounting Officer and have been posted to the University'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 University's financial statements.

Salaries reported to the Department of Audits were not reconciled with amounts recorded in the financial statements. A variance of \$769.55 was noted.

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 University'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 University 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 University 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 University'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 University for inclusion in the Statewide Single Audit. Confirm that the information is properly presented and supported by the University'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.

Bank Reconciliation items, including errors and/or discrepancies, remain uncorrected for extended periods of time.


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.

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 submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

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EXHIBITS

NORTH GEORGIA COLLEGE AND STATE UNIVERSITY
SUMMARY BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT
YEAR ENDED JUNE 30, 2011

EXHIBIT 'A'

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
State Appropriation			
State General Funds	\$ 21,739,968.00	\$ 21,739,968.00	\$ 0.00
Other Funds	45,448,317.00	41,448,210.13	-4,000,106.87
Total Revenues	\$ 67,188,285.00	\$ 63,188,178.13	\$ -4,000,106.87
<u>ADJUSTMENTS AND PROGRAM TRANSFERS</u>	0.00	-1,766.93	-1,766.93
<u>CARRY-OVER FROM PRIOR YEARS</u>			
Transfers from Reserved Fund Balance	0.00	1,180,898.80	1,180,898.80
Total Funds Available	\$ 67,188,285.00	\$ 64,367,310.00	\$ -2,820,975.00
<u>EXPENDITURES</u>			
Teaching	\$ 67,188,285.00	\$ 63,032,942.37	\$ 4,155,342.63
Excess of Funds Available over Expenditures	\$ 0.00	\$ 1,334,367.63	\$ 1,334,367.63
<u>FUND BALANCE JULY 1</u>			
Reserved		1,444,697.50	
Unreserved		6,231.12	
<u>ADJUSTMENTS</u>			
Prior Year Payables/Expenditures		9,941.44	
Prior Year Receivables/Revenues		-4,810.00	
Unreserved Fund Balance (Surplus) Returned to Board of Regents - University System Office Year Ended June 30, 2010		-6,231.12	
Early Return of Surplus in Current Fiscal Year		-3,350.70	
Prior Year Reserved Fund Balance Included in Funds Available		-1,180,898.80	
<u>FUND BALANCE JUNE 30</u>		\$ 1,599,947.07	
<u>SUMMARY OF FUND BALANCE</u>			
Reserved			
Department Sales and Services		\$ 125,962.99	
Indirect Cost Recoveries		140,182.47	
Technology Fees		184,369.37	
Restricted/Sponsored Funds		270,290.34	
Uncollectible Accounts Receivable		295,809.01	
Tuition Carry-Over		514,224.11	
Inventories		66,130.36	
Total Reserved		\$ 1,596,968.65	
Unreserved Surplus		2,978.42	
Total Fund Balance		\$ 1,599,947.07	

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	\$ 21,739,968.00	\$ 0.00	\$ 21,723,966.54	\$ 16,001.46	\$ 16,001.46
0.00	0.00	0.00	0.00	0.00	0.00	0.00
<u>1,180,898.80</u>	<u>-1,766.93</u>	<u>42,627,342.00</u>	<u>-2,820,975.00</u>	<u>41,308,975.83</u>	<u>4,199,341.17</u>	<u>1,318,366.17</u>
<u>\$ 1,180,898.80</u>	<u>\$ -1,766.93</u>	<u>\$ 64,367,310.00</u>	<u>\$ -2,820,975.00</u>	<u>\$ 63,032,942.37</u>	<u>\$ 4,155,342.63</u>	<u>\$ 1,334,367.63</u>

Other Adjustments	Early Return Fiscal Year 2011 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
\$ -13,587.18	\$ -3,350.70	\$ 16,001.46	\$ -2,440.81	\$ 0.00	\$ -2,440.81	\$ -2,440.81
0.00	0.00	0.00	0.00	0.00	0.00	0.00
<u>-84,553.49</u>	<u>0.00</u>	<u>1,318,366.17</u>	<u>1,240,448.51</u>	<u>1,235,029.28</u>	<u>5,419.23</u>	<u>1,240,448.51</u>
\$ -98,140.67	\$ -3,350.70	\$ 1,334,367.63	\$ 1,238,007.70	\$ 1,235,029.28	\$ 2,978.42	\$ 1,238,007.70
13,587.18	0.00	0.00	66,130.36	66,130.36	0.00	66,130.36
<u>84,553.49</u>	<u>0.00</u>	<u>0.00</u>	<u>295,809.01</u>	<u>295,809.01</u>	<u>0.00</u>	<u>295,809.01</u>
<u>\$ 0.00</u>	<u>\$ -3,350.70</u>	<u>\$ 1,334,367.63</u>	<u>\$ 1,599,947.07</u>	<u>\$ 1,596,968.65</u>	<u>\$ 2,978.42</u>	<u>\$ 1,599,947.07</u>

Summary of Ending Fund Balance

Reserved

Department Sales and Services	\$ 125,962.99	\$ 125,962.99
Indirect Cost Recoveries	140,182.47	140,182.47
Technology Fees	184,369.37	184,369.37
Restricted/Sponsored Funds	270,290.34	270,290.34
Uncollectible Accounts Receivable	295,809.01	295,809.01
Tuition Carry-Over	514,224.11	514,224.11
Inventories	66,130.36	66,130.36

Unreserved

Surplus	\$ 2,978.42	\$ 2,978.42
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Total Ending Fund Balance - June 30 \$ 1,596,968.65 \$ 2,978.42 \$ 1,599,947.07