

# **GEORGIA MILITARY COLLEGE MILLEDGEVILLE, GEORGIA**



**INDEPENDENT ACCOUNTANTS REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR FISCAL YEAR ENDED  
JUNE 30, 2019**

GEORGIA MILITARY 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) 656-2174

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

Members of the Board of Trustees of the  
Georgia Military College  
and  
Lieutenant General William B. Caldwell, IV, President  
Georgia Military College

Ladies and Gentlemen:

We have performed the procedures enumerated below, which were agreed to by the Georgia Military College (College), solely to assist you in assessing the accuracy of the financial information reported in the College's 2019 Annual Financial Report for inclusion in the State of Georgia's *Comprehensive Annual Financial Report (CAFR)* and *Single Audit Report* pursuant to the Single Audit Act Amendments, as of and for the year ended June 30, 2019. Georgia Military College's management is responsible for the financial information reported 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. Inspect all balance sheet items reported on the Annual Financial Report. Confirm that these items have adequate supporting documentation and are properly reconciled to the College's general ledger.

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

2. Obtain the College's 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. 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, Retirement Plans, and OPEB Plan have been properly reported.

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

5. Inspect 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 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.**

7. Inspect 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.**

8. Inspect 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.**

9. Inspect 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 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.**

10. Inspect 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.**

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,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with the first name "Greg" being the most prominent.

Greg S. Griffin  
State Auditor

April 24, 2020

## EXHIBITS

GEORGIA MILITARY COLLEGE  
STATEMENT OF NET POSITION - (GAAP BASIS)  
JUNE 30, 2019

EXHIBIT "A"

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 14,223,498.25
Accounts Receivable, Net	
Federal Financial Assistance	17,730.31
Other	6,296,881.45
Prepaid Items	4,376.29
Inventories	2,254,480.21
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Total Current Assets	22,796,966.51
Noncurrent Assets	
Capital Assets, Net	77,041,992.04
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Total Assets	99,838,958.55
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DEFERRED OUTFLOWS OF RESOURCES

Related to Defined Benefit Pension Plans	10,371,590.56
Related to OPEB Plan	6,497,383.00
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Total Deferred Outflows of Resources	16,868,973.56
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LIABILITIES

Current Liabilities	
Accounts Payable	2,921,881.35
Salaries Payable	915,129.32
Unearned Revenue	3,715,484.39
Compensated Absences	577,810.00
Notes Payable	236,053.61
	<hr/>
Total Current Liabilities	8,366,358.67
Noncurrent Liabilities	
Net Pension Liability	34,822,148.00
Net OPEB Liability	27,234,179.00
Notes Payable	2,142,641.01
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Total Noncurrent Liabilities	64,198,968.01
	<hr/>
Total Liabilities	72,565,326.68
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DEFERRED INFLOWS OF RESOURCES

Related to Defined Benefit Pension Plans	2,138,641.00
Related to OPEB Plan	5,246,548.00
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Total Deferred Inflows of Resources	7,385,189.00
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NET POSITION

Net Investment in Capital Assets	74,663,297.42
Unrestricted (Deficit)	(37,905,880.99)
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Total Net Position	\$ 36,757,416.43
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GEORGIA MILITARY COLLEGE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - (GAAP BASIS)  
YEAR ENDED JUNE 30, 2019

EXHIBIT "B"

OPERATING REVENUES

Student Tuition and Fees	\$ 60,455,921.55
Less: Scholarship Allowances	(31,649,621.49)
Grants and Contracts	
Federal	4,135,638.38
State	25,018,186.74
Nongovernmental	219,476.43
Auxiliary Enterprises	
Housing	662,585.00
Bookstore	4,957,607.21
Food Services	1,677,716.95
Athletics	270,023.70
Other	8,250.00
Other Operating Revenues	<u>796,825.79</u>
Total Operating Revenues	<u>66,552,610.26</u>

OPERATING EXPENSES

Salaries	
Faculty	15,640,627.23
Staff	17,897,150.86
Employee Benefits	11,909,142.64
Travel	283,658.95
Scholarships and Fellowships	8,303,781.01
Utilities	2,089,072.18
Supplies and Other Services	21,767,923.11
Depreciation	<u>3,844,371.13</u>
Total Operating Expenses	<u>81,735,727.11</u>
Operating Loss	<u>(15,183,116.85)</u>

NONOPERATING REVENUES (EXPENSES)

Grants and Contracts	
Federal	15,892,509.06
Gifts	351,918.17
Interest and Other Investment Income	761,216.89
Interest Expense (Capital Assets)	(96,336.51)
Other Nonoperating Revenues	<u>933,820.67</u>
Net Nonoperating Revenues	<u>17,843,128.28</u>
Increase in Net Position	2,660,011.43
Net Position - Beginning of Year	<u>34,097,405.00</u>
Net Position - End of Year	<u>\$ 36,757,416.43</u>



GEORGIA MILITARY COLLEGE  
STATEMENT OF CASH FLOWS - (GAAP BASIS)  
YEAR ENDED JUNE 30, 2019

EXHIBIT "C"

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and Fees	\$ 28,207,259.28
Grants and Contracts	28,436,820.18
Sales and Services of Educational Departments	7,576,182.86
Payments to Suppliers	(34,560,108.09)
Payments to Employees	(33,475,271.05)
Payments for Scholarships and Fellowships	(8,303,781.01)
Other Receipts (Payments)	<u>1,694,334.81</u>
Net Cash Used by Operating Activities	<u>(10,424,563.02)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Agency Funds Transactions	(105,007.80)
Gifts and Grants Received for Other than Capital Purposes	16,244,427.23
Other Nonoperating Receipts	<u>933,820.67</u>
Net Cash Flows Provided by Noncapital Financing Activities	<u>17,073,240.10</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(3,313,623.69)
Principal Paid on Capital Debt and Leases	(201,670.07)
Interest Paid on Capital Debt and Leases	<u>(96,336.51)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(3,611,630.27)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on Investments	<u>761,216.89</u>
Net increase in Cash and Cash Equivalents	3,798,263.70
Cash and Cash Equivalents - Beginning of Year	<u>10,425,234.55</u>
Cash and Cash Equivalents - End of Year	<u>\$ 14,223,498.25</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating Loss	\$ (15,183,116.85)
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities	
Depreciation Expense	3,844,371.13
Change in Assets and Liabilities:	
Accounts Receivable, Net	(787,358.32)
Inventories	(153,037.19)
Prepaid Items	1,609.53
Salaries Payable	56,245.48
Accounts Payable	1,296,966.41
Unearned Revenue	149,345.19
Compensated Absences	(7,099.03)
Net Pension Liability	17,859.00
Net OPEB Liability	198,401.00
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	2,954,509.00
Deferred Outflows of Resources	<u>(2,813,258.37)</u>
Net Cash Used by Operating Activities	<u>\$ (10,424,563.02)</u>