



ATLANTA METROPOLITAN STATE COLLEGE ATLANTA, GEORGIA

**MANAGEMENT REPORT
FOR FISCAL YEAR ENDED
JUNE 30, 2020**

**A Member Institution of the
University System of Georgia**



ATLANTA METROPOLITAN STATE COLLEGE

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SECTION I

FINANCIAL



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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Regents of the
University System of Georgia
and
Dr. Georj Lewis, President
Atlanta Metropolitan State College

Ladies and Gentlemen:

This Management Report contains information pertinent to the Atlanta Metropolitan State College's compliance with the requirements of the Southern Association of Colleges and Schools Commission on Colleges (COC) Standard 13.2 (Financial resources) as of and for the year ended June 30, 2020. Additionally, we audited Atlanta Metropolitan State College's Federal Student Aid programs for the year ended June 30, 2020 to meet the requirements of COC Standard 13.6. Included in this report is a section on findings and other items for any matters that came to our attention during our engagement, including results of our audit of the Federal Student Aid programs. The other information contained in this report is the representation of management. Accordingly, we do not express an opinion or any form of assurance on it.

Additionally, we have performed certain procedures at Atlanta Metropolitan State College to support 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, 2020.

This report is intended solely for the information and use of the management of Atlanta Metropolitan State College, members of the Board of Regents of the University System of Georgia and the Southern Association of Colleges and Schools - Commission on Colleges 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".

Greg S. Griffin
State Auditor

September 29, 2020

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SELECTED FINANCIAL INFORMATION

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF NET POSITION - (GAAP BASIS)
JUNE 30, 2020

EXHIBIT "A"

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 2,863,695
Cash and Cash Equivalents (Externally Restricted)	104,371
Accounts Receivable, Net	
Federal Financial Assistance	710,066
Affiliated Organizations	1,647
Other	297,801
	<hr/>
Total Current Assets	3,977,580
	<hr/>
Noncurrent Assets	
Accounts Receivable, Net	
Due From USO - Capital Liability Reserve Fund	69,628
Capital Assets, Net	40,876,667
	<hr/>
Total Noncurrent Assets	40,946,295
	<hr/>
Total Assets	44,923,875
	<hr/>
Deferred Outflows of Resources	4,978,939
	<hr/>

LIABILITIES

Current Liabilities	
Accounts Payable	324,971
Salaries Payable	201,186
Benefits Payable	14,366
Advances (Including Tuition and Fees)	468,358
Deposits	4,536
Deposits Held for Other Organizations	4,890
Other Liabilities	287,523
Lease Purchase Obligations	223,170
Claims and Judgements	365,992
Compensated Absences	447,061
	<hr/>
Total Current Liabilities	2,342,053
	<hr/>
Noncurrent Liabilities	
Lease Purchase Obligations	9,042,563
Claims and Judgements	276,903
Compensated Absences	118,103
Net Other Post Employment Benefits Liability	16,050,559
Net Pension Liability	13,892,467
	<hr/>
Total Noncurrent Liabilities	39,380,595
	<hr/>
Total Liabilities	41,722,648
	<hr/>
Deferred Inflows of Resources	6,695,820
	<hr/>

NET POSITION

Net Investment in Capital Assets	31,610,934
Restricted for:	
Expendable	3,460
Unrestricted (Deficit)	(30,130,048)
	<hr/>
Total Net Position	\$ 1,484,346
	<hr/>

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2020

EXHIBIT "B"

OPERATING REVENUES

Student Tuition and Fees (Net of Scholarship Allowance)	\$ 2,671,794
Grants and Contracts	
Federal	2,497,528
State	31,360
Other	170,231
Sales and Services	23,326
Rents and Royalties	76,369
Auxiliary Enterprises (Net of Scholarship Allowance)	
Bookstore	70,257
Food Services	30,384
Intercollegiate Athletics	(35,277)
Other Organizations	10,500
Other Operating Revenues	<u>179,160</u>
Total Operating Revenues	<u>5,725,632</u>

OPERATING EXPENSES

Faculty Salaries	2,824,944
Staff Salaries	6,045,063
Employee Benefits	4,399,399
Other Personal Services	124,710
Travel	66,314
Scholarships and Fellowships	3,564,441
Utilities	809,427
Supplies and Other Services	3,212,952
Depreciation	<u>1,237,124</u>
Total Operating Expenses	<u>22,284,374</u>
Operating Income (Loss)	<u>(16,558,742)</u>

NONOPERATING REVENUES (EXPENSES)

State Appropriations	9,964,069
Grants and Contracts	
Federal	6,671,215
Gifts	320,636
Interest Expense (Capital Assets)	<u>(549,204)</u>
Net Nonoperating Revenues	<u>16,406,716</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>(152,026)</u>
Capital Grants and Gifts	
State	18,138
Other	<u>3,213</u>
Total Other Revenues, Expenses, Gains or Losses	<u>21,351</u>
Change in Net Position	(130,675)
Net Position - Beginning of Year	<u>1,615,021</u>
Net Position - End of Year	<u>\$ 1,484,346</u>

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF CASH FLOWS - (GAAP BASIS)
YEAR ENDED JUNE 30, 2020

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 2,520,062
Grants and Contracts (Exchange)	3,477,986
Payments to Suppliers	(8,082,875)
Payments to Employees	(8,990,786)
Payments for Scholarships and Fellowships	(3,564,441)
Other Receipts	<u>4,890</u>
Net Cash Used by Operating Activities	<u>(14,635,164)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	9,964,069
Gifts and Grants Received for Other than Capital Purposes	<u>7,506,537</u>
Net Cash Flows Provided by Non-Capital Financing Activities	<u>17,470,606</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants and Gifts Received	145,130
Purchases of Capital Assets	(166,749)
Principal Paid on Capital Debt and Leases	(210,509)
Interest Paid on Capital Debt and Leases	<u>(549,204)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(781,332)</u>
Net Increase in Cash and Cash Equivalents	2,054,110
Cash and Cash Equivalents - Beginning of Year (Restated)	<u>913,956</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 2,968,066</u></u>

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF CASH FLOWS - (GAAP BASIS)
YEAR ENDED JUNE 30, 2020

EXHIBIT "C"

RECONCILIATION OF OPERATING LOSS TO NET CASH

USED BY OPERATING ACTIVITIES:

Operating Loss	\$ (16,558,742)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities	
Depreciation	1,237,124
Change in Assets and Liabilities:	
Receivables, Net	743,993
Prepaid Items	154,634
Accounts Payable	(712,824)
Salaries Payable	97,337
Benefits Payable	(8,052)
Deposits	(402)
Advances (Including Tuition and Fees)	(284,073)
Other Liabilities	287,523
Funds Held for Others	4,890
Compensated Absences	(155,390)
Claims and Judgements	(362,355)
Net Pension Liability	293,842
Other Post-Employment Benefit Liability	(1,538,193)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	2,094,846
Deferred Outflows of Resources	<u>70,678</u>

Net Cash Used by Operating Activities	\$ <u><u>(14,635,164)</u></u>
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NONCASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND

RELATED FINANCING TRANSACTIONS

Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	\$ <u>625,647</u>
Current Year Accruals Related to Capital Financing Activities	\$ <u><u>13,803</u></u>

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF FIDUCIARY NET POSITION - (GAAP BASIS)
JUNE 30, 2020

EXHIBIT "D"

	<u>CUSTODIAL FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 210,147
Accounts Receivable, Net	
Other	<u>146,454</u>
 Total Assets	 <u>356,601</u>
<u>LIABILITIES</u>	
Deposits Held for Other Organizations	<u>87,365</u>
 <u>NET POSITION</u>	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 269,236</u>

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2020

EXHIBIT "E"

	CUSTODIAL FUNDS
<u>ADDITIONS</u>	
Federal Financial Aid	\$ 3,782,933
State Financial Aid	513,914
Other Financial Aid	193,815
Clubs and Other Organizations Fund Raising	<u>23,234</u>
Total Additions	<u>4,513,896</u>
<u>DEDUCTIONS</u>	
Scholarships and Other Student Support	4,466,000
Student Organizations Support	<u>29,333</u>
Total Deductions	<u>4,495,333</u>
Change in Net Position	18,563
Net Position - Beginning (Restated)	<u>250,673</u>
Net Position - Ending	<u><u>\$ 269,236</u></u>

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Atlanta Metropolitan State College (Institution) serves the state and national communities by providing its students with academic instruction that advances fundamental knowledge and by disseminating knowledge to the people of Georgia, the nation, and throughout the world.

REPORTING ENTITY

As defined by Official Code of Georgia Annotated (O.C.G.A) § 20-3-50, the 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 Board is composed of 19 members, one member from each congressional district in the State and five additional members from the state-at-large, appointed by the Governor and confirmed by the Senate. Members of the Board serve a seven year term and members may be reappointed to subsequent terms by a sitting governor.

The 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 as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The accompanying basic financial statements are intended to supplement the State's Comprehensive Annual Financial Report (CAFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the Institution. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2020, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements should be read in conjunction with the State's CAFR. The most recent State of Georgia CAFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at sao.georgia.gov/comprehensive-annual-financial-reports.

BASIS OF PREPARATION

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

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

The Institution reports the following fiduciary fund:

Custodial funds – Accounts for activities resulting from the Institution acting as an agent or fiduciary for various governments, companies, clubs or individuals.

NEW ACCOUNTING PRONOUNCEMENTS

For fiscal year 2020, the Institution adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement improves guidance regarding the identification and reporting of fiduciary activities. This Statement requires activity meeting certain criteria to be reported in a fiduciary fund within a statement of fiduciary net position and a statement of changes in fiduciary net position. The adoption of this Statement resulted in the restatement of the July 1, 2019 fiduciary net position for custodial fiduciary funds.

For fiscal year 2020, the Institution adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The adoption of this Statement did not have a significant impact on the Institution's financial statements.

NET POSITION

The Institution's net position is classified as follows:

Net Investment in capital assets represents the Institution's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. The term "debt obligations" as used in this definition does not include debt of the GSFC.

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

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

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the Institution, and may be used at the discretion of the governing board or management to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended

ATLANTA METROPOLITAN STATE COLLEGE
SELECTED FINANCIAL NOTES
JUNE 30, 2020

EXHIBIT "F"

state appropriations must be refunded to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

RESTATEMENT NOTE DISCLOSURE

The institution made the following restatements related to business-type activities:

	<u>Fiduciary Fund</u>
Net position, Beginning of Year, As Originally Reported	\$ -
Changes in accounting principles	<u>250,673</u>
Net Position, Beginning of Year, Restated	<u>\$ 250,673</u>

Changes in Accounting Principles

The Institution made prior period adjustments due to the adoption of GASB No. 84, which required the restatement of the June 30, 2019 fiduciary fund net position. The result is an increase in fiduciary net position at July 1, 2019 of \$250,673 reported on the Statement of Changes in Fiduciary Net Position and a decrease in cash and cash equivalents at July 1, 2019 of \$144,329 reported on the Statement of Cash Flows. This change is in accordance with generally accepted accounting principles.

NOTE 2: DEPOSITS

Cash and cash equivalents as of June 30, 2020 are classified in the accompanying statement of net position as follows:

Statement of Net Position

Current

Cash and Cash Equivalents	\$ 3,073,842
Cash and Cash Equivalents (Externally Restricted)	<u>104,371</u>
	<u>\$ 3,178,213</u>

Cash on hand and deposits as of June 30, 2020 consist of the following:

Cash on Hand	\$ 3,195
Deposits with Financial Institutions	<u>3,175,018</u>
	<u>\$ 3,178,213</u>

DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits include certificates of deposits and demand deposit accounts, including certain interest bearing demand deposit accounts. The custodial credit risk for deposits is the risk that in the event of a bank failure, the Institution's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the Institution) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated (O.C.G.A.) § 50-17-59:

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
6. Letters of credit issued by a Federal Home Loan Bank.
7. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

The Institution participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

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

At June 30, 2020, the bank balances of the Institution's deposits totaled \$3,719,766. This balance includes deposits in fiduciary funds as these balances are not separable from the holdings of the USG. Of these deposits, \$0 were exposed to custodial credit risk.

ATLANTA METROPOLITAN STATE COLLEGE
SELECTED FINANCIAL NOTES
JUNE 30, 2020

EXHIBIT "F"

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2020:

	Business-type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 4,222,591	\$ 16,341
Auxiliary Enterprises and Other Operating Activities	616,395	-
Federal Financial Assistance	710,066	119,167
Georgia State Financing and Investment Commission	13,803	-
Due from Affiliated Organizations	1,647	-
Due from Other USG Institutions	93,178	-
Other	36,001	27,287
	<u>5,693,681</u>	<u>162,795</u>
Less Allowance for Doubtful Accounts	<u>4,614,539</u>	<u>16,341</u>
Net Accounts Receivable	<u>\$ 1,079,142</u>	<u>\$ 146,454</u>

NOTE 4: CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Capital Assets, Not Being Depreciated:				
Land	\$ 3,401,946	\$ -	\$ -	\$ 3,401,946
Construction Work-In-Progress	2,484,329	15,164	-	2,499,493
Total Capital Assets, Not Being Depreciated	<u>5,886,275</u>	<u>15,164</u>	<u>-</u>	<u>5,901,439</u>
Capital Assets, Being Depreciated:				
Building and Building Improvements	51,623,781	2,974	-	51,626,755
Facilities and Other Improvements	1,708,222	-	-	1,708,222
Equipment	2,463,986	7,351	400,886	2,070,451
Library Collections	2,027,350	3,678	27	2,031,001
Total Capital Assets Being Depreciated/Amortized	<u>57,823,339</u>	<u>14,003</u>	<u>400,913</u>	<u>57,436,429</u>
Less: Accumulated Depreciation:				
Building and Building Improvements	16,144,780	1,101,272	-	17,246,052
Facilities and Other Improvements	1,316,955	47,275	-	1,364,230
Equipment	2,167,347	80,595	400,886	1,847,056
Library Collections	1,995,908	7,982	27	2,003,863
Total Accumulated Depreciation	<u>21,624,990</u>	<u>1,237,124</u>	<u>400,913</u>	<u>22,461,201</u>
Total Capital Assets, Being Depreciated, Net	<u>36,198,349</u>	<u>(1,223,121)</u>	<u>-</u>	<u>34,975,228</u>
Capital Assets, Net	<u>\$ 42,084,624</u>	<u>\$ (1,207,957)</u>	<u>\$ -</u>	<u>\$ 40,876,667</u>

ATLANTA METROPOLITAN STATE COLLEGE
SELECTED FINANCIAL NOTES
JUNE 30, 2020

EXHIBIT "F"

For Projects managed by GSFIC, GSFIC retains construction-in-progress on its book throughout the construction period and transfers the entire project to the Institution when complete. For projects managed by the Institution, the Institution retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2020, the college had no construction work in progress being held on GSFIC books.

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

<u>Fiscal Year</u>	<u>Depreciation Expense</u>
2020	\$ 1,237,124
2019	\$ 1,293,094
2018	\$ 1,029,845

NOTE 5: ADVANCES (INCLUDING TUITION AND FEES)

Advances, including tuitions and fees consisted of the following at June 30, 2020:

	<u>Current Liabilities</u>
Prepaid Tuition and Fees	\$ 363,462
Other - Advances	<u>104,896</u>
Total Advances	<u>\$ 468,358</u>

NOTE 6: LONG-TERM LIABILITIES

Changes in long-term liability for the year ended June 30, 2020 was as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Current Portion</u>
Leases					
Lease Obligations	\$ 9,476,242	\$ -	\$ 210,509	\$ 9,265,733	\$ 223,170
Other Liabilities					
Compensated Absences	720,554	344,140	499,530	565,164	447,061
Claims and Judgments	<u>1,005,250</u>	<u>-</u>	<u>362,355</u>	<u>642,895</u>	<u>365,992</u>
Total	<u>1,725,804</u>	<u>344,140</u>	<u>861,885</u>	<u>1,208,059</u>	<u>813,053</u>
Total Long-Term Obligations	<u>\$ 11,202,046</u>	<u>\$ 344,140</u>	<u>\$ 1,072,394</u>	<u>\$ 10,473,792</u>	<u>\$ 1,036,223</u>

Claims and Judgments

In 2016, the Department of Education, in cooperation with the Board of Regents Internal audit staff, conducted a Title IV program review. During this review, it was determined that Atlanta Metropolitan State College owed Title IV funds back to the Department of Education in the amount of \$2.4 million. Since January 2017, the Institution has been making quarterly payments to the Department of Education to pay back this debt. The Claims and Judgements liability reflects the amounts currently outstanding on this five year payback agreement.

ATLANTA METROPOLITAN STATE COLLEGE
SELECTED FINANCIAL NOTES
JUNE 30, 2020

EXHIBIT "F"

NOTE 7: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2020 and June 30, 2019, consisted of the following:

	Fiscal Year 2020	Fiscal Year 2019
Deferred Outflows of Resources		
Deferred Loss on Defined Benefit Pension Plans (See Note 11)	\$ 3,611,067	\$ 2,986,085
Deferred Loss on OPEB Plan (See Note 14)	<u>1,367,872</u>	<u>2,063,532</u>
Total Deferred Outflows of Resources	<u>\$ 4,978,939</u>	<u>\$ 5,049,617</u>
Deferred Inflows of Resources		
Unavailable Revenues	\$ -	\$ 7,752
Deferred Gain on Defined Benefit Pension Plans (See Note 11)	2,833,387	2,149,120
Deferred Gain on OPEB Plan (See Note 14)	<u>3,862,433</u>	<u>2,444,102</u>
Total Deferred Inflows of Resources	<u>\$ 6,695,820</u>	<u>\$ 4,600,974</u>

NOTE 8: NET POSITION

The breakdown of business-type activity net position for the Institution at June 30, 2020 is as follows:

Net Investment in Capital Assets	\$ <u>31,610,934</u>
Restricted for	
Expendable	
Sponsored and Other Organized Activities	<u>3,460</u>
Unrestricted	
Auxiliary Operations	348,663
Reserve for Encumbrances	470,616
Capital Liability Reserve Fund	69,628
Other Unrestricted	<u>(31,018,955)</u>
Sub-Total	<u>(30,130,048)</u>
Total Net Position	<u>\$ 1,484,346</u>

Changes in Net Position for the year ended June 30, 2020 are as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Net Investments in Capital Assets	\$ 32,470,800	\$ 239,676	\$ 1,099,542	\$ 31,610,934
Restricted Net Position	62,528	9,391,685	9,450,753	3,460
Unrestricted Net Position	<u>(30,918,307)</u>	<u>13,311,218</u>	<u>12,522,959</u>	<u>(30,130,048)</u>
Total Net Position	<u>\$ 1,615,021</u>	<u>\$ 22,942,579</u>	<u>\$ 23,073,254</u>	<u>\$ 1,484,346</u>

ATLANTA METROPOLITAN STATE COLLEGE
SELECTED FINANCIAL NOTES
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EXHIBIT "F"

NOTE 9: ENDOWMENTS

The Institution did not have donor restricted endowments at June 30, 2020.

NOTE 10: LEASES

The Institution is obligated under various capital and operating leases agreements for the acquisition or use of real property and equipment.

CAPITAL LEASES

The Institution acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. §50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the Institution. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The Institution's principal and interest payments related to capital leases for fiscal year 2020 were \$210,509 and \$549,204, respectively. Interest rate for the current lease is 5.85%.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2020:

Description	Gross Amount	Accumulated Depreciation	Net Assets Held Under Capital Lease at June 30, 2020	Outstanding Balances per Lease Schedules at June 30, 2020
	(+)	(-)	(=)	
Buildings and Building Improvements	\$ 10,250,000	\$ 2,488,472	\$ 7,761,528	\$ 9,265,733

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Student Center	Atlanta Metropolitan State College Foundation	\$ 10,250,000	29 years	7/2012	6/2041	\$ 9,265,733

Atlanta Metropolitan State College's capital lease is with a related party.

Certain capital leases provided for renewal and/or purchase options. Generally purchase options are bargain prices of one dollar exercisable at the expiration of the lease terms.

OPERATING LEASES

The Institution leases equipment and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriations from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the Institution has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The Institution's operating lease expense for fiscal year 2020 was \$4,452, which is the postage machine.

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FUTURE COMMITMENTS

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2020, are as follows:

	Capital Leases	Operating Leases
Year Ending June 30:		
2021	\$ 806,596	\$ 4,452
2022	808,003	-
2023	809,451	-
2024	810,943	-
2025	816,474	-
2026 - 2030	4,116,984	-
2031 - 2035	4,200,006	-
2036 - 2040	4,281,422	-
2041 - 2045	870,353	-
Total Minimum Lease Payments	\$ 17,520,232	\$ <u>4,452</u>
Less: Interest	6,910,057	
Less: Executory Costs	<u>1,344,442</u>	
Principal Outstanding	\$ <u>9,265,733</u>	

NOTE 11: RETIREMENT PLANS

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

A. Teachers Retirement System of Georgia

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

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SELECTED FINANCIAL NOTES
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EXHIBIT "F"

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2020. The Institution's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of the Institution's annual payroll. The Institution's contributions to TRS totaled \$1,342,077 for the year ended June 30, 2020.

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

At June 30, 2020, the Institution reported a liability for its proportionate share of the net pension liability for TRS. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The Institution's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2019. At June 30, 2019, the Institution's TRS proportion was 0.064608%, which was an decrease of 0.008652% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Institution recognized pension expense of \$1,695,204 for TRS. At June 30, 2020, the Institution reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 783,050	\$ 4,119
Changes of assumptions	1,333,163	-
Net difference between projected and actual earnings on pension plan investments	-	330,822
Changes in proportion and differences between contributions and proportionate share of contributions	152,777	2,498,446
Contributions subsequent to the measurement date	1,342,077	-
Total	\$ 3,611,067	\$ 2,833,387

ATLANTA METROPOLITAN STATE COLLEGE
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EXHIBIT "F"

The Institution's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	<u>TRS</u>
2021	\$ 99,542
2022	\$ (513,211)
2023	\$ (262,385)
2024	\$ 111,657

Actuarial assumptions: The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System:

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.5% semi-annually

Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the long-term assumed rate of return.

ATLANTA METROPOLITAN STATE COLLEGE
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EXHIBIT "F"

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

Asset class	Target allocation	Expected real rate of return*
Fixed income	30.00%	(0.10)%
Domestic large equities	51.00%	8.90%
Domestic small equities	1.50%	13.20%
International developed market equities	12.40%	8.90%
International emerging market equities	5.10%	10.90%
Alternatives	-	12.00%
Total	100.00%	

* Rates shown are net of inflation

Discount rate: The discount rate used to measure the total TRS pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Institution's proportionate share of the net pension liability to changes in the discount rate: The following presents the Institution's proportionate share of the net pension liability calculated using the discount rate, as well as what the Institution's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 22,551,540	\$ 13,892,467	\$ 6,771,632

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial reports which are publicly available at www.trsga.com/publications.

B. Defined Contribution Plan

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2019, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The Institution and the covered employees made the required contributions of \$110,222 (9.24%) and \$71,573 (6.00%), respectively.

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

NOTE 12: RISK MANAGEMENT

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2020, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

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

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

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks.

The Institution is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the O.C.G.A § 45-9-1.

The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

NOTE 13: CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. This could result in refunds to the grantor agency for any expenditure disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Institution expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the Institution, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Board of Regents Retiree Health Benefit Plan

Plan Description and Funding Policy

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

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled

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to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2020, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

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

The Institution's membership in the Plan consisted of the following at June 30, 2020:

Active Employees	125
Retirees or Beneficiaries Receiving Benefits	76
Retirees Receiving Life Insurance Only	<u>15</u>
 Total	 <u><u>216</u></u>

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

The Institution pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2020 plan year, the employer rate was approximately 84% of the total health insurance cost for eligible retirees and the retiree rate was approximately 16%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. With regard to life insurance, the employer covers the total premium cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2020, the Institution contributed \$285,270 to the plan for current premiums or claims.

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

At June 30, 2020, the Institution reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2019. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. The Institution's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the Institution's proportion was 0.358947%, which was a decrease of 0.039823% from its proportion measured as of June 30, 2018.

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For the year ended June 30, 2020, the Institution recognized OPEB expense of \$861,068. At June 30, 2020 the Institution reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 890,225	\$ 91,596
Changes of assumptions	-	1,803,095
Net difference between projected and actual earnings on OPEB plan investments	-	4,217
Changes in proportion and differences between contributions and proportionate share of contributions	192,377	1,963,525
Contributions subsequent to the measurement date	<u>285,270</u>	<u>-</u>
Total	\$ <u>1,367,872</u>	\$ <u>3,862,433</u>

The Institution's contributions subsequent to the measurement date of \$285,270 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2021	\$ (511,405)
2022	\$ (511,405)
2023	\$ (508,019)
2024	\$ (442,213)
2025	\$ (420,628)
Thereafter	\$ (386,161)

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EXHIBIT "F"

Actuarial assumptions

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of May 1, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2019 3.50% from Bond Buyers GO 20-Bond Municipal Bond Index Interest Rate as of 6/30/2018 3.87% from Bond Buyers GO 20-Bond Municipal Bond Index Long-term Rate of Return 4.5% General Inflation 2.50% Salary Growth 4.00%
Mortality Rates	Healthy: Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with Scale MP-2018 Disabled: Pub-2010 Disabled Mortality for General Employees and Teachers (as appropriate) headcount weighted projected with Scale MP-2018
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.9%
Medicare Eligible	4.5%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.5%
Year Ultimate Trend is Reached	Fiscal Year 2031 for Pre-Medicare Eligible, Fiscal Year 2020
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019. All other assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which cover the five year period ending June 30, 2014.

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption. Mortality rates were changed from the RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with MP-2018. Retirement rates were updated from the rates developed for the Teachers Retirement System to rates based on actual experience. The discount rate was updated from 3.87% to 3.50%.

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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.09%	70%
Equity Allocation	4.46%	30%

Discount rate

The Plan's projected fiduciary net position at the end of 2023 is \$0, based on the valuation completed for the fiscal year ending June 30, 2019. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2023. Therefore, the long-term expected rate of return on Plan investments of 4.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.50% from the Bond Buyers GO 20-Bond Municipal Bond Index.

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

The following presents the Institution's proportionate share of the net OPEB liability, as well as what the Institution's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% (4.50%) higher than the current discount rate (3.50%):

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Proportionate Share of the Net OPEB Liability	\$ 18,999,353	\$ 16,050,559	\$ 13,592,234

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the Institution's proportionate share of the net OPEB liability, as well as what the Institution's proportionate shares of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 13,458,590	\$ 16,050,559	\$ 19,298,097
Pre-Medicare Eligible	5.9% decreasing to 3.5%	6.9% decreasing to 4.5%	7.93% decreasing to 5.5%
Medicare Eligible	3.5%	4.5%	5.5%

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OPEB plan fiduciary net position:

Detailed information about the Plan's fiduciary net position is available in the USG Consolidated Annual Financial Report which is publicly available at www.usg.edu/fiscal_affairs/financial_reporting.

SUPPLEMENTARY INFORMATION

ATLANTA METROPOLITAN STATE COLLEGE
BALANCE SHEET (STATUTORY BASIS)
BUDGET FUND
JUNE 30, 2020

SCHEDULE "1"

ASSETS

Cash and Cash Equivalents	\$ 1,945,157.61
Accounts Receivable	
Federal Financial Assistance	710,066.15
Other	3,906,446.82
Other Assets	<u>23,550.00</u>

Total Assets	\$ <u><u>6,585,220.58</u></u>
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LIABILITIES AND FUND EQUITY

Liabilities	
Accrued Payroll	\$ 201,186.05
Encumbrances Payable	469,080.62
Accounts Payable	259,434.94
Unearned Revenue	464,069.97
Funds Held for Others	4,890.43
Other Liabilities	<u>642,894.97</u>

Total Liabilities	<u>2,041,556.98</u>
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Fund Balances

Reserved	
Department Sales and Services	191,642.55
Indirect Cost Recoveries	303,971.06
Technology Fees	251,794.48
Restricted/Sponsored Funds	3,460.40
Uncollectible Accounts Receivable	3,656,062.57
Tuition Carry-Over	113,081.29
Unreserved	
Surplus	<u>23,651.25</u>

Total Fund Balances	<u>4,543,663.60</u>
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Total Liabilities and Fund Balances	\$ <u><u>6,585,220.58</u></u>
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Statutory Basis financial information was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE
(STATUTORY BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2020

	Original Appropriation	Amended Appropriation	Final Budget	Current Year Revenues
Teaching				
State Appropriation				
State General Funds	\$ 9,980,284.00	\$ 9,980,284.00	\$ 9,982,355.00	\$ 9,982,355.00
Federal Coronavirus Relief Funds	-	-	2,288,974.00	1,074,597.00
Other Funds	<u>16,958,353.00</u>	<u>16,958,353.00</u>	<u>12,839,593.00</u>	<u>15,434,014.67</u>
 Total Operating Activity	 \$ <u>26,938,637.00</u>	 \$ <u>26,938,637.00</u>	 \$ <u>25,110,922.00</u>	 \$ <u>26,490,966.67</u>

Statutory Basis financial information was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

Funds Available Compared to Budget				Expenditures Compared to Budget		Excess of Funds Available Over Expenditures
Prior Year Reserve Carry-Over	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
\$ -	\$ -	\$ 9,982,355.00	\$ -	\$ 9,977,170.87	\$ 5,184.13	\$ 5,184.13
-	-	1,074,597.00	(1,214,377.00)	1,074,597.00	1,214,377.00	-
<u>556,816.30</u>	<u>-</u>	<u>15,990,830.97</u>	<u>3,151,237.97</u>	<u>13,272,195.29</u>	<u>(432,602.29)</u>	<u>2,718,635.68</u>
<u>\$ 556,816.30</u>	<u>\$ -</u>	<u>\$ 27,047,782.97</u>	<u>\$ 1,936,860.97</u>	<u>\$ 24,323,963.16</u>	<u>\$ 786,958.84</u>	<u>\$ 2,723,819.81</u>

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
(STATUTORY BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2020

	Beginning Fund Balance July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2019 Surplus	Prior Period Adjustments
Teaching				
State Appropriation				
State General Funds	\$ 6,908.24	\$ -	\$ (6,908.24)	\$ 9,689.80
Federal Coronavirus Relief Funds	-	-	-	-
Other Funds	<u>568,193.59</u>	<u>(556,816.30)</u>	<u>(11,377.29)</u>	<u>11,463.70</u>
Total Teaching	575,101.83	(556,816.30)	(18,285.53)	21,153.50
Prior Year Reserves				
Not Available for Expenditure				
Uncollectible Accounts Receivable	<u>1,798,690.29</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Budget Unit Totals	 <u>\$ 2,373,792.12</u>	 <u>\$ (556,816.30)</u>	 <u>\$ (18,285.53)</u>	 <u>\$ 21,153.50</u>

Statutory Basis financial information was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

Other Adjustments	Early Return Fiscal Year 2020 Surplus	Excess of Funds Available Over Expenditures	Ending Fund Balance June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus	Total
\$ -	\$ -	\$ 5,184.13	\$ 14,873.93	\$ -	\$ 14,873.93	\$ 14,873.93
-	-	-	-	-	-	-
<u>(1,857,372.28)</u>	<u>-</u>	<u>2,718,635.68</u>	<u>872,727.10</u>	<u>863,949.77</u>	<u>8,777.32</u>	<u>872,727.09</u>
(1,857,372.28)	-	2,723,819.81	887,601.03	863,949.77	23,651.25	887,601.02
<u>1,857,372.28</u>	<u>-</u>	<u>-</u>	<u>3,656,062.57</u>	<u>3,656,062.57</u>	<u>-</u>	<u>3,656,062.57</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,723,819.81</u>	<u>\$ 4,543,663.60</u>	<u>\$ 4,520,012.34</u>	<u>\$ 23,651.25</u>	<u>\$ 4,543,663.59</u>

Summary of Ending Fund Balance

Reserved

Department Sales and Services	\$ 191,642.55	\$ -	\$ 191,642.55
Indirect Cost Recoveries	303,971.06	-	303,971.06
Technology Fees	251,794.48	-	251,794.48
Restricted/Sponsored Funds	3,460.40	-	3,460.40
Tuition Carry-Over	113,081.29	-	113,081.29
Uncollectible Accounts Receivable	3,656,062.57	-	3,656,062.57

Unreserved

Surplus	-	23,651.25	23,651.25
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Total Ending Fund Balance - June 30

\$ 4,520,012.35	\$ 23,651.25	\$ 4,543,663.60
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SECTION II

ENTITY'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

ATLANTA METROPOLITAN STATE COLLEGE
ENTITY'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA-2017-003

Reports Not Reconciled

Compliance Requirement: Reporting
Internal Control Impact: Significant Deficiency
Compliance Impact: Nonmaterial Noncompliance
Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: None
CFDA Number and Title: 84.007 – Federal Supplemental Educational Opportunity Grants
84.033 – Federal Work-Study Program
84.063 – Federal Pell Grant Program
84.268 – Federal Direct Student Loans
Federal Award Numbers: P007A150964 (Fiscal Year: 2016), P033A150964 (Fiscal Year: 2016),
P063P153513 (Fiscal Year: 2016), P268K163513 (Fiscal Year: 2016)
Questioned Costs: None Identified
Finding Status: Previously Reported Corrective Action Implemented

FA-2017-004

Return of Title IV Funds

Compliance Requirement: Special Tests and Provisions
Internal Control Impact: Significant Deficiency
Compliance Impact: Nonmaterial Noncompliance
Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: None
CFDA Number and Title: 84.007 – Federal Supplemental Educational Opportunity Grants
84.033 – Federal Work-Study Program
84.063 – Federal Pell Grant Program
84.268 – Federal Direct Student Loans
Federal Award Numbers: P007A160964 (Fiscal Year: 2017), P033A160964 (Fiscal Year: 2017),
P063P163513 (Fiscal Year: 2017), P268K173513 (Fiscal Year: 2017)
Questioned Costs: \$12,355.03
Finding Status: Unresolved

The Institution has updated its institutional procedures for processing Return of Title IV Funds (R2T4) in order to ensure complete and accurate calculations. The updated procedures will include a mechanism for identifying students who completely withdraw. The Office of Financial Aid is working in conjunction with the Office of the Registrar to streamline this process. The Office of the Registrar now requires a last date of attendance for any student who does not successfully complete classes during the semester. All withdrawal forms are now in the process of being moved to an electronic form, which will be routed from the student to the instructor, then to the Registrar and finally to the Office of Financial Aid. In addition, the Office of Financial Aid has now been moved from the Division of Enrollment Services to the Division of Fiscal Affairs.

ATLANTA METROPOLITAN STATE COLLEGE
ENTITY'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The College plans to have all new processes and procedures implemented by December 31, 2020.

FA-2017-005

Federal Direct Loan Program Reconciliations

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
CFDA Number and Title:	84.268 – Federal Direct Student Loans
Federal Award Numbers:	P268K173513 (Fiscal Year: 2017)
Questioned Costs:	None Identified

Finding Status: Partially Resolved

The Office of Financial Aid was understaffed during fiscal year 20 and thus reconciliations were not done in a timely manner. AMSC has since added an additional part-time staff member in SFA to help with the reconciliation process going forward into fiscal year 21. The additional staff person will focus solely on monthly and annual reconciliations. In addition, the Office of Financial Aid has now been moved from the Division of Enrollment Services to the Division of Fiscal Affairs.

The College implemented all new reconciliation processes and procedures as of May 31, 2020.

SECTION III

FINDINGS, QUESTIONED COSTS AND OTHER ITEMS

ATLANTA METROPOLITAN STATE COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2020

COMMUNICATION OF INTERNAL CONTROL DEFICIENCIES

The auditor is required to communicate to management and those charged with governance control deficiencies identified during the course of the financial statement audit that, in the auditor's judgment, constitute significant deficiencies or material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. 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. 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.

Internal control deficiencies identified during the course of this engagement that were considered to be significant deficiencies and/or material weaknesses are presented below:

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA-2020-001

Improve Controls over the Awarding Process

Compliance Requirement:	Eligibility
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
CFDA Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grants 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans
Federal Award Numbers:	P007A190964 (Year: 2020), P033A190964 (Year: 2020), P063P193513 (Year: 2020), P268K203513 (Year: 2020)
Questioned Costs:	\$11,340.00

Description:

The Institution's Student Financial Aid Office improperly determined the Student Financial Assistance (SFA) award amounts for eligible students.

Criteria:

Provisions included in 34 CFR 668 provide general provisions for administering SFA programs and 34 CFR, 675, 676, 685, and 690 provide eligibility and other related program requirements that are specific to the Federal Work-Study Program, Federal Supplemental Educational Opportunity Grant (FSEOG) Program, Federal Direct Student Loans Program, and Federal Pell Grant Program, respectively.

ATLANTA METROPOLITAN STATE COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2020

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Condition:

A sample of 40 students from a population of 1,564 students who received student financial assistance funds was randomly selected for testing using a non-statistical sampling method. Student financial assistance files were reviewed to ensure that financial assistance was properly calculated and disbursed to eligible students. The following deficiencies were identified:

- Two students were not in compliance with the Institution's published Satisfactory Academic Progress (SAP) policies. The students did not meet the quantitative and qualitative requirement of SAP, which resulted in over disbursements totaling \$10,840.00.
- One student was awarded more financial aid than their cost of attendance budget.
- Transfer monitoring was not completed properly for 12 students.
- Information from the U.S. Department of Education's Common Origination and Disbursement website did not agree to the information reflected in the student information system for one student.

Questioned Costs:

Upon testing a sample of \$216,445.80 in financial aid disbursements, known questioned costs of \$11,340.00 were identified for the students who received student financial assistance in excess of their eligibility. Using the total population amount of \$9,214,497.36, we project the likely questioned costs to be approximately \$482,764.74. The following CFDA numbers were affected by the known and likely questioned costs: 84.007, 84.063, and 84.268.

Cause:

In discussing these deficiencies with management, they stated that errors occurred as a result of human error, student information system coding issues, and a change in the SAP policy related to transfer students effective at the beginning of the Spring 2020 semester.

Effect or Potential Effect:

These deficiencies may expose the Institution to unnecessary financial strains and shortages. The funds disbursed to students in excess of their eligibility must be returned to the U.S. Department of Education. Though the Institution may attempt to collect the funds from individual students affected by the errors, these collection efforts could be unsuccessful as the students may no longer attend the Institution and/or fail to repay the funds. Additionally, the Institution was not in compliance with Federal regulations concerning awarding of SFA funds to students.

Recommendation:

The Institution should review its processes and procedures for determining each student's financial aid eligibility. Where vulnerable, the Institution should develop and/or modify its policies and procedures to ensure that correct amounts will be awarded to students in conformity with Federal requirements. Additionally, the Institution should develop and implement a monitoring process to ensure that controls are functioning properly. The Institution should also contact the U.S. Department of Education regarding resolution of this finding.

Views of Responsible Officials:

We concur with this finding.

ATLANTA METROPOLITAN STATE COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2020

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA-2020-002 Strengthen Controls over the Return of Title IV Funds Process

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
CFDA Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grants 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans
Federal Award Numbers:	P007A190964 (Year: 2020), P033A190964 (Year: 2020), P063P193513 (Year: 2020), P268K203513 (Year: 2020)
Questioned Costs:	\$16,086.99
Repeat of Prior Year Finding:	FA-2017-004

Description:

The Institution did not properly perform the Return of Title IV funds process to ensure that unearned Title IV funds were returned in a timely manner.

Criteria:

Provisions included in 34 CFR 668.22 provide requirements over the treatment of Title IV funds when a student withdraws. The Institution is required to determine the amount of Title IV funds that the student earned as of the student's withdrawal date when a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance. A refund must be returned to Title IV programs when the total amount of the Title IV grant or loan assistance, or both, that the student earned is less than the amount of the Title IV grant and/or loan assistance that was disbursed to the student as of the withdrawal date.

Condition:

A sample of 27 students from a population of 133 students who received student financial assistance (SFA) for the Fall 2019 and Spring 2020 semesters and withdrew from the Institution was randomly selected for testing using a non-statistical sampling method. The students' Return of Title IV calculations were reviewed to ensure that the refunds were calculated and returned in the correct amount to the proper funding agency and/or student in a timely manner. The following deficiencies were noted:

- The refund calculations for three students who withdrew during the Fall 2019 semester and one student who withdrew during the Spring 2020 semester could not be provided for review. Therefore, it could not be determined if these calculations were performed or accurate. As a result, refunds in the amount of \$7,095.58 were not supported with adequate documentation at the time of the audit.
- The refund calculations for four students who withdrew during the Fall 2019 semester and three students who withdrew during the Spring 2020 semester were calculated incorrectly due to the use of award information and/or institutional charges. Of the Fall 2019 refunds, four students were requested to return \$1,100.89 more than the required amount to various SFA programs. Spring 2020 refunds were not required to be returned to the various SFA programs due to a waiver provided by the U.S. Department of Education.

ATLANTA METROPOLITAN STATE COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2020

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- The proration between the school and student portion of the refund was incorrect for four students who withdrew during the Fall 2019 semester and two students who withdrew during the Spring 2020 semester.
- The school portion of the refund calculated by the entity did not agree to the amount actually refunded in Banner for three students who withdrew during the Fall 2019 semester.
- Funds were not returned to the appropriate grantor programs within the required time frame for 15 of the withdrawn students tested.

In addition, a sample of 26 students from a population of 128 students who received Federal financial assistance for the Fall 2019 and Spring 2020 semesters and withdrew from the Institution but for whom no Return of Title IV calculation was performed was randomly selected for testing using a non-statistical sampling method. Attendance and withdrawal records were reviewed to determine if a refund should have been calculated for these students. Our examination revealed that refund calculations were not performed appropriately for eight students who withdrew during the Fall 2019 semester and three students who withdrew during the Spring 2020 semester. As a result, refunds in the amount of \$8,991.41 were not processed appropriately.

Questioned Costs:

Upon testing a sample of \$60,534.00 in financial aid disbursements to students for whom a Return of Title IV calculation was completed and a sample of \$60,890.52 in financial aid disbursements to students who withdrew but for whom no Return of Title IV calculation was performed, known questioned costs of \$16,086.99 were identified for refunds not adequately documented and omitted Return of Title IV calculations. Using the total population amount of \$712,857.52, we project the likely questioned costs to be approximately \$96,163.44. The following CFDA numbers were affected by the known and likely questioned costs: 84.007, 84.063, and 84.268.

Cause:

In discussing these deficiencies with management, they stated that errors occurred because manual calculations were performed for some students, student information system configurations were incorrect, and Return of Title IV calculations were duplicated for some students. In addition, there was turnover within the Student Financial Aid Department.

Effect or Potential Effect:

These deficiencies may expose the Institution to unnecessary financial strains and shortages. The school's portion of the refunds that were not calculated or were not calculated correctly must be returned to the U.S. Department of Education. Though the Institution may attempt to collect the funds from individual students affected by the errors, these collection efforts could be unsuccessful as the students may no longer attend the Institution and/or fail to repay the funds. Additionally, improperly identifying withdrawn students, not performing Return of Title IV calculations, and/or not returning unearned Title IV funds to the U.S Department of Education in a timely manner may result in adverse actions and impact the Institution's participation in Title IV programs.

ATLANTA METROPOLITAN STATE COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2020

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Recommendation:

The Institution should revise and implement procedures to ensure that students who withdrew from the Institution are identified, student financial aid refunds are properly calculated, and that unearned funds are correctly returned to the appropriate accounts in a timely manner in accordance with the Higher Education Amendments 1998, Public Law 105-244. Management should also develop and implement a monitoring process to ensure that controls are operating properly. The Institution should also contact the U.S. Department of Education regarding resolution of the finding.

Views of Responsible Officials:

We concur with this finding.

FA-2020-003

Improve Controls over Enrollment Reporting

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
CFDA Numbers and Titles:	84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans
Federal Award Numbers:	P063P193513 (Year: 2020), P268K203513 (Year: 2020)
Questioned Costs:	None Identified

Description:

Changes in student enrollment statuses were not reported to required organizations in a timely and accurate manner.

Criteria:

Regarding the enrollment reporting process, provisions included in 34 CFR 685.309(b) state in part “(1) Upon receipt of an enrollment report from the Secretary, a school must update all information included in the report and return the report to the Secretary – (i) In the manner and format prescribed by the Secretary; and (ii) Within the timeframe prescribed by the Secretary. (2) Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that – (i) ... the student has ceased to be enrolled on at least a half-time basis for the period.” In addition, per the National Student Loan Data System (NSLDS) Enrollment Reporting Guide issued by the U.S. Department of Education, students who have received Federal Pell Grant funds will be included on the NSLDS roster file received by each institution and are subject to the same enrollment reporting requirements as those students who have received a loan under the William D. Ford Federal Direct Loan Program.

Condition:

A sample of 60 students who received Federal Pell Grant Program and Federal Direct Student Loan funds and had a reduction or increase in attendance level, graduated, withdrew, dropped out, or enrolled but never attended during the audit period was randomly selected for testing using a non-statistical sampling method. NSLDS Enrollment Detail information was reviewed for each student to ensure that the Institution accurately reported significant data elements under both the Campus-Level and Program-Level Record. The following deficiencies were identified:

ATLANTA METROPOLITAN STATE COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2020

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- For 22 students, the Enrollment Effective Date and/or Program Enrollment Effective Date reflected on the Campus-Level Record and/or Program-Level Record, respectively, did not agree to the date on which the current enrollment status reported for the student was first effective.
- For 17 students, the Enrollment Status and/or Program Enrollment Status reflected on the Campus-Level and/or Program Level Record, respectively, was not appropriate based upon the student's enrollment status as of the reporting date.
- For 20 students, the Certification Date reflected on the Campus-Level Record was not within 60 days of the students' change in enrollment.
- For three students, the Published Program Length Measurement and Published Program Length reflected on the Program-Level Record was not appropriate based upon review of the Institution's catalog.
- For one student, the Program Begin Date reflected on the Program-Level Record did not agree with the information reported in the student information system.

Cause:

In discussing these deficiencies with management, they stated that errors in the Return of Title IV process caused reporting to the NSLDS to be incorrect and untimely.

Effect or Potential Effect:

If enrollment statuses are not submitted appropriately to NSLDS by the Institution, loan interest subsidies may be negatively affected, deferments of Federal Direct Student Loans may be continued in error, loan repayment dates could be recorded incorrectly, and the compilation of data associated with other Title IV aid programs could be adversely affected. Additionally, the Institution was not in compliance with Federal regulations concerning enrollment reporting requirements.

Recommendation:

The Institution should implement policies and procedures to ensure that all changes in student enrollment statuses are reported in a timely manner. Additionally, management should develop and implement a monitoring process to ensure that controls are operating properly.

Views of Responsible Officials:

We concur with this finding.

ATLANTA METROPOLITAN STATE COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2020

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA-2020-004 **Strengthen Controls over the Federal Direct Student Loans Reconciliation Process**

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U. S. Department of Education
Pass-Through Entity:	None
CFDA Number and Title:	84.268 – Federal Direct Student Loans
Federal Award Number:	P268K203513 (Year: 2020)
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	FA-2017-005

Description:

The Institution did not perform the required monthly reconciliations for Federal Direct Student Loans appropriately.

Criteria:

Provisions included in 34 CFR 685.300(b) state in part that upon entering into a written program participation agreement associated with Federal Direct Student Loans “the school much promise to comply with the [Higher Education] Act [of 1965] and applicable regulations and must agree to ... (5) on a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary.”

Condition:

A sample of three monthly Federal Direct Student Loan program reconciliations was randomly selected for testing using a non-statistical sampling method. The monthly reconciliations were reviewed to ensure that the School Account Statement (SAS) data files provided by the U.S. Department of Education’s Common Origination and Disbursement (COD) system were reconciled appropriately to the student information system and institution’s financial records and variances were resolved in a timely manner. Testing revealed that these reconciliations were not performed for two months tested.

Cause:

In discussing these deficiencies with management, they stated that turnover in the Student Financial Aid Department and a lack of manpower caused some tasks to be delayed or go uncompleted.

Effect or Potential Effect:

If Federal Direct Student Loans are not reconciled appropriately each month, the Institution is not in compliance with their program participation of agreement or Federal regulations concerning Federal Direct Student Loans. In addition, omissions and errors in information submitted to the COD system or within the student information system may not be identified and corrected in a timely manner. Furthermore, if all SAS data is not reconciled appropriately, the Institution cannot close out the Direct Loan account in the COD system at the end of the award year.

ATLANTA METROPOLITAN STATE COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2020

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Recommendation:

The Institution should establish procedures and assign responsibility for the monthly and yearly reconciliation of the Federal Direct Student Loan program activity to ensure that the guidelines contained in the Direct Loan School Guide and Federal Student Aid Handbook are followed. The Institution's Financial Aid and Business Offices should maintain their internal records in such a way that they can prepare the monthly reconciliations accurately and timely. Additionally, management should develop and implement a monitoring process to ensure that controls are operating properly.

Views of Responsible Officials:

We concur with this finding.

OTHER ITEMS (NOTED FOR MANAGEMENT'S CONSIDERATION)

Private Purpose Venture Not Self-Liquidating

Observation:

For fiscal year ended June 30, 2020, an analysis of the financial statement activity for the College's Student Center public venture project, revealed the project's required capital lease payments and other operating costs exceed yearly revenues by \$179,586.36. The Institution has reserves of \$69,628 that could be used to partially cover such deficits.

Recommendation:

Management should closely monitor project activity to ensure that revenues are sufficient to service capital lease debt as well as all other associated project costs. Also, management should continue to maintain adequate reserves for the project to protect against potential economic downturns.

SECTION IV

MANAGEMENT'S CORRECTIVE ACTION



ATLANTA METROPOLITAN STATE COLLEGE

Office of the President

(404) 756-4440

September 1, 2020

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS

FA-2020-001

Improve Controls over the Awarding Process

Compliance Requirement:	Eligibility
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
CFDA Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grants 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans
Federal Award Numbers:	P007A190964 (Year: 2020), P033A190964 (Year: 2020), P063P193513 (Year: 2020), P268K203513 (Year: 2020)
Questioned Costs:	\$11,340.00

Description:

The Institution's Student Financial Aid Office improperly determined the Student Financial Assistance (SFA) award amounts for eligible students.

Corrective Action Plans:

The Office of Financial Aid in conjunction with the Office of the Registrar will review the internal control processes associated with awarding students aid, including a review of the Banner setup rules in order to ensure the accurate calculation of Satisfactory Academic Progress (SAP).

The transfer monitoring process has already been reworked so that students who transfer mid-year are put on hold for seven days. This hold will prevent students from receiving aid until the institution can ensure they have not been paid for the same term at another institution. In previous years, AMSC completed transfer monitoring; however, it was deleted in Banner after the 7-day expiration. Going forward, AMSC will leave the holds in Banner with an expiration date as a point of reference.

Estimated Completion Date: December 31, 2020

Corrective Action Plan – AMSC – FY2020

Contact Person: Carol Jones
Title: Financial Aid Director
Phone Number: 678-623-1182
Email: cjones@atlm.edu



Dr. Georg L. Lewis
President, Atlanta Metropolitan State College

FA-2020-002

Strengthen Controls over the Return of Title IV Funds Process

Compliance Requirement: Special Tests and Provisions
Internal Control Impact: Significant Deficiency
Compliance Impact: Nonmaterial Noncompliance
Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: None
CFDA Numbers and Titles: 84.007 – Federal Supplemental Educational Opportunity Grants
84.033 – Federal Work-Study Program
84.063 – Federal Pell Grant Program
84.268 – Federal Direct Student Loans
Federal Award Numbers: P007A190964 (Year: 2020), P033A190964 (Year: 2020),
P063P193513 (Year: 2020), P268K203513 (Year: 2020)
Questioned Costs: \$18,935.99
Repeat of Prior Year Finding: FA-2017-004

Description:

The Institution did not properly perform the Return of Title IV funds process to ensure that unearned Title IV funds were returned in a timely manner.

Corrective Action Plans:

The Institution has updated its institutional procedures for processing Return of Title IV (R2T4) in order to ensure complete and accurate calculations. The updated procedures will include a mechanism for identifying students who completely withdraw. The Office of Financial Aid is working in conjunction with the Office of the Registrar to streamline this process. The Office of the Registrar now requires a last date of attendance for any student who does not successfully complete classes during the semester. All withdrawal forms are now in the process of being moved to an electronic form, which will be routed from the student to the instructor, then to the Registrar and finally to the Office of Financial Aid. In addition, the Office of Financial Aid has now been moved from the Division of Enrollment Services to the Division of Fiscal Affairs.

Estimated Completion Date: December 31, 2020

Contact Person: Carol Jones
Title: Interim Financial Aid Director
Phone Number: 678-623-1182
Email: cjones@atlm.edu

FA-2020-003

Improve Controls over Enrollment Reporting

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
CFDA Numbers and Titles:	84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans
Federal Award Numbers:	P063P193513 (Year: 2020), P268K203513 (Year: 2020)
Questioned Costs:	None Identified

Description:

Changes in student enrollment statuses were not reported to required organizations in a timely and accurate manner.

Corrective Action Plans:

The process of enrollment reporting has been the responsibility of two different areas in the past. The process will be officially assigned to one specific office beginning in fiscal year 2021. A schedule, along with policies and procedures, will be developed to ensure the proper and timely reporting of this data. In addition, the enhancements noted in FA-2020-002 regarding R2T4 will help to further assist in the timely updating of enrollment information. The implementation of electronic forms will further enhance our ability to keep up with enrollment changes and ensure data is accurately reported to the National Student Clearinghouse.

Estimated Completion Date: January 31, 2021

Contact Person:	Rob Wingfield
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FA-2020-004

Strengthen Controls over the Federal Direct Student Loans
Reconciliation Process

Compliance Requirement: Special Tests and Provisions
Internal Control Impact: Significant Deficiency
Compliance Impact: Nonmaterial Noncompliance
Federal Awarding Agency: U. S. Department of Education
Pass-Through Entity: None
CFDA Number and Title: 84.268 – Federal Direct Student Loans
Federal Award Number: P268K203513 (Year: 2020)
Questioned Costs: None Identified
Repeat of Prior Year Finding: FA-2017-005

Description:

The Institution did not perform the required monthly reconciliations for Federal Direct Student Loans appropriately.

Corrective Action Plans:

The Office of Financial Aid was understaffed during FY20 and thus reconciliations were not done in a timely manner. AMSC has since added an additional part-time staff member in SFA to help with the reconciliation process going forward into FY21. The additional staff person will focus solely on monthly and annual reconciliations. In addition, the Office of Financial Aid had now been moved from the Division of Enrollment Services to the Division of Fiscal Affairs.

Estimated Completion Date: May 31, 2020

Contact Person: Carol Jones
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