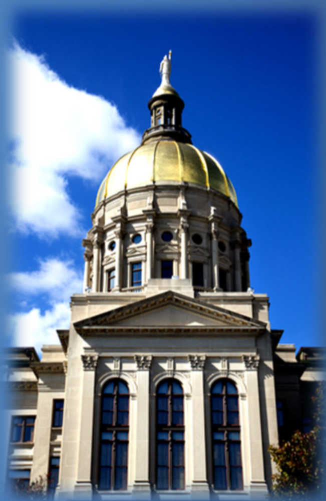

ATLANTA METROPOLITAN STATE COLLEGE

ATLANTA, GEORGIA

MANAGEMENT REPORT
FOR FISCAL YEAR ENDED
JUNE 30, 2021

A Member Institution of the
University System of Georgia

ATLANTA METROPOLITAN STATE COLLEGE

- TABLE OF CONTENTS -

SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
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, 2021. Additionally, we audited Atlanta Metropolitan State College's Federal Student Aid programs for the year ended June 30, 2021 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 Annual Comprehensive 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, 2021.

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,

Greg S. Griffin
State Auditor

September 15, 2021

SELECTED FINANCIAL INFORMATION

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF NET POSITION - (GAAP BASIS)
JUNE 30, 2021

EXHIBIT "A"

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	1,800,816
Cash and Cash Equivalents (Externally Restricted)		82,772
Accounts Receivable, Net		
Federal Financial Assistance		1,917,389
Affiliated Organizations		322
Other		695,026
Total Current Assets		4,496,325
Noncurrent Assets		
Accounts Receivable, Net		
Due From USO - Capital Liability Reserve Fund		69,628
Capital Assets, Net		39,683,769
Total Noncurrent Assets		39,753,397
Total Assets		44,249,722
Deferred Outflows of Resources		5,619,921
LIABILITIES		
Current Liabilities		
Accounts Payable		404,472
Salaries Payable		50,235
Benefits Payable		11,788
Contracts Payable		4,504
Advances (Including Tuition and Fees)		523,181
Deposits		4,536
Deposits Held for Other Organizations		101,563
Other Liabilities		96,727
Lease Purchase Obligations		321,526
Claims and Judgments		276,903
Compensated Absences		287,552
Total Current Liabilities		2,082,987
Noncurrent Liabilities		
Lease Purchase Obligations		8,389,428
Compensated Absences		260,634
Net Other Post Employment Benefits Liability		14,802,244
Net Pension Liability		11,697,728
Total Noncurrent Liabilities		35,150,034
Total Liabilities		37,233,021
Deferred Inflows of Resources		10,611,363
NET POSITION		
Net Investment in Capital Assets		30,641,206
Unrestricted (Deficit)		(28,615,947)
Total Net Position	$	2,025,259

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2021

EXHIBIT "B"

OPERATING REVENUES	
Student Tuition and Fees (Net of Scholarship Allowance)	$ 2,678,788
Grants and Contracts	
Federal	2,198,317
State	100,362
Other	704,373
Sales and Services	43,205
Rents and Royalties	136,355
Auxiliary Enterprises (Net of Scholarship Allowance)	
Food Services	6,562
Other Organizations	553
Other Operating Revenues	143,953
Total Operating Revenues	6,012,468
OPERATING EXPENSES	
Faculty Salaries	2,603,372
Staff Salaries	5,351,375
Employee Benefits	2,350,599
Other Personal Services	45,359
Travel	16,354
Scholarships and Fellowships	4,630,460
Utilities	661,269
Supplies and Other Services	4,456,681
Depreciation	1,225,162
Total Operating Expenses	21,340,631
Operating Loss	(15,328,163)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	8,588,530
Grants and Contracts	
Federal	7,378,519
Gifts	434,744
Interest Expense (Capital Assets)	(536,543)
Net Nonoperating Revenues	15,865,250
Income Before Other Revenues, Expenses, Gains, or Losses	537,087
Capital Grants and Gifts	
Other	3,826
Change in Net Position	540,913
Net Position - Beginning of Year	1,484,346
Net Position - End of Year	$ 2,025,259

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF CASH FLOWS - (GAAP BASIS)
YEAR ENDED JUNE 30, 2021

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES		
Payments from Customers	$	3,055,498
Grants and Contracts (Exchange)		2,660,253
Payments to Suppliers		(8,505,402)
Payments to Employees		(8,139,031)
Payments for Scholarships and Fellowships		(4,630,461)
Other Payments		96,673
Net Cash Used by Operating Activities		(15,462,470)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State Appropriations		8,588,530
Gifts and Grants Received for Other than Capital Purposes		6,568,315
Net Cash Flows Provided by Non-Capital Financing Activities		15,156,845
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Gifts Received		9,298
Purchases of Capital Assets		(28,438)
Principal Paid on Capital Debt and Leases		(223,170)
Interest Paid on Capital Debt and Leases		(536,543)
Net Cash Used by Capital and Related Financing Activities		(778,853)
Net Decrease in Cash and Cash Equivalents		(1,084,478)
Cash and Cash Equivalents - Beginning of Year		2,968,066
Cash and Cash Equivalents - End of Year	$	1,883,588
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	$	(15,328,163)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation		1,225,162
Change in Assets and Liabilities:		
Receivables, Net		(367,573)
Accounts Payable		79,501
Salaries Payable		(150,951)
Benefits Payable		(2,578)
Contracts Payable		4,504
Advances (Including Tuition and Fees)		54,824
Other Liabilities		(190,797)
Funds Held for Others		96,673
Compensated Absences		(16,978)
Claims and Judgments		(365,992)
Net Pension Liability		(2,194,739)
Other Post-Employment Benefit Liability		(1,248,315)
Change in Deferred Inflows/Outflows of Resources:		
Deferred Inflows of Resources		3,583,934
Deferred Outflows of Resources		(640,982)
Net Cash Used by Operating Activities	$	(15,462,470)
NONCASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	$	1,870,595
Gift of Capital Assets	$	3,826
Deferred Gain (Loss) due to Debt Refundings	$	331,609

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF FIDUCIARY NET POSITION - (GAAP BASIS)
JUNE 30, 2021

EXHIBIT "D"

	CUSTODIAL FUNDS
ASSETS	
Accounts Receivable, Net	
Other	$ 791,376
LIABILITIES	
Cash Overdraft	142,818
Accounts Payable	11,538
Advances (Including Tuition and Fees)	323,074
Deposits Held for Other Organizations	49,162
Total Liabilities	526,592
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	$ 264,784

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2021

EXHIBIT "E"

	CUSTODIAL FUNDS
ADDITIONS	
Federal Financial Aid	$ 2,977,438
State Financial Aid	335,220
Other Financial Aid	234,464
Clubs and Other Organizations Fund Raising	1,165
Total Additions	3,548,287
DEDUCTIONS	
Scholarships and Other Student Support	3,551,848
Student Organizations Support	891
Total Deductions	3,552,739
Change in Net Position	(4,452)
Net Position - Beginning	269,236
Net Position - Ending	$ 264,784

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 Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities and fiduciary fund 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, 2021, 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 ACFR. The most recent State of Georgia ACFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at sao.georgia.gov/statewide-reporting/acfr.

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 2021, the Institution adopted GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, it defines a majority equity interest and specifies that majority equity interest in a legal separate organization should be reported as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The adoption of this statement does not have an 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 GSFIC.

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 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.

NOTE 2: DEPOSITS

Cash and cash equivalents and investments as of June 30, 2021 are classified in the accompanying statement of net position as follows:

Statement of Net Position		
Current		
Cash and Cash Equivalents	$	1,800,816
Cash and Cash Equivalents (Externally Restricted)		82,772
Statement of Fiduciary Net Position		
Cash Overdraft		(142,818)
	$	1,740,770

Cash on hand, deposits and investments as of June 30, 2021 consist of the following:

Cash on Hand	$	2,918
Deposits with Financial Institutions		1,737,852
	$	1,740,770

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, 2021, the bank balances of the Institution’s deposits totaled $1,775,035. This balance includes deposits in fiduciary funds as these balances are not separable from the holdings of the USG. Of these deposits, none were exposed to custodial credit risk.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2021:

	Business-Type Activities	Fiduciary Fund
Student Tuition and Fees	$ 2,826,921	$ -
Auxiliary Enterprises and Other Operating Activities	476,629	-
Federal Financial Assistance	1,917,389	93,329
Georgia Student Financing Commission	-	634,684
Georgia State Financing and Investment Commission	4,504	-
Due from Affiliated Organizations	322	-
Due from Other USG Institutions	95,828	-
Other	402,290	63,363
	5,723,883	791,376
Less Allowance for Doubtful Accounts	3,041,518	-
Net Accounts Receivable	$ 2,682,365	$ 791,376

NOTE 4: CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Capital Assets, Not Being Depreciated:				
Land	$ 3,401,946	$ -	$ -	$ 3,401,946
Construction Work-In-Progress	2,499,493	-	2,499,493	-
Total Capital Assets, Not Being Depreciated	5,901,439	-	2,499,493	3,401,946
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	-	2,499,493	-	2,499,493
Building and Building Improvements	51,626,755	-	-	51,626,755
Facilities and Other Improvements	1,708,222	-	122,394	1,585,828
Equipment	2,070,451	28,022	101,316	1,997,157
Library Collections	2,031,001	4,242	87,909	1,947,334
Total Capital Assets Being Depreciated/Amortized	57,436,429	2,531,757	311,619	59,656,567
Less: Accumulated Depreciation:				
Infrastructure	-	28,119	-	28,119
Building and Building Improvements	17,246,052	1,095,927	-	18,341,979
Facilities and Other Improvements	1,364,230	40,728	122,394	1,282,564
Equipment	1,847,056	53,467	101,316	1,799,207
Library Collections	2,003,863	6,921	87,909	1,922,875
Total Accumulated Depreciation	22,461,201	1,225,162	311,619	23,374,744
Total Capital Assets, Being Depreciated, Net	34,975,228	1,306,595	-	36,281,823
Capital Assets, Net	$ 40,876,667	$ 1,306,595	$ 2,499,493	$ 39,683,769

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

Fiscal Year	Depreciation Expense
2021	$ 1,225,162
2020	$ 1,237,124
2019	$ 1,293,094

NOTE 5: ADVANCES (INCLUDING TUITION AND FEES)

Advances, including tuitions and fees consisted of the following at June 30, 2021:

	Current Liabilities
Prepaid Tuition and Fees	$ 434,628
Other - Advances	88,553
Total Advances	$ 523,181

Fiduciary Fund advances in the amount of $323,074 consist of student support received prior to eligibility requirements being met.

NOTE 6: LONG-TERM LIABILITIES

Changes in long-term liability for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Leases					
Lease Obligations	$ 9,265,733	$ 8,710,954	$ 9,265,733	$ 8,710,954	$ 321,526
Other Liabilities					
Compensated Absences	565,164	317,480	334,458	548,186	287,552
Claims and Judgments	642,895	-	365,992	276,903	276,903
Total	1,208,059	317,480	700,450	825,089	564,455
Total Long-Term Obligations	$ 10,473,792	$ 9,028,434	$ 9,966,183	$ 9,536,043	$ 885,981

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 Judgments liability reflects the amounts currently outstanding on this five year payback agreement.

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, 2021 and June 30, 2020 consisted of the following:

	Fiscal Year 2021	Fiscal Year 2020
Deferred Outflows of Resources		
Deferred Loss on Defined Benefit Pension Plans (See Note 11)	$ 3,095,782	$ 3,611,067
Deferred Loss on OPEB Plan (See Note 14)	2,524,139	1,367,872
Total Deferred Outflows of Resources	$ 5,619,921	$ 4,978,939
Deferred Inflows of Resources		
Deferred Gain on Debt Refunding	$ 331,609	$ -
Deferred Gain on Defined Benefit Pension Plans (See Note 11)	4,175,050	2,833,387
Deferred Gain on OPEB Plan (See Note 14)	6,104,704	2,862,433
Total Deferred Inflows of Resources	$ 10,611,363	$ 5,695,820

NOTE 8: NET POSITION

The breakdown of business-type activity net position for the Institution at June 30, 2021 is as follows:

Net Investment in Capital Assets	$	30,641,206
Unrestricted		
Auxiliary Operations		373,443
Reserve for Encumbrances		2,092,338
Capital Liability Reserve Fund		69,628
Health Insurance Reserve		(31,151,356)
Sub-Total		(28,615,947)
Total Net Position	$	2,025,259

Changes in Net Position for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Net Investments in Capital Assets	$ 31,610,934	$ 587,043	$ 1,556,771	$ 30,641,206
Restricted Net Position	3,460	10,385,397	10,388,857	-
Unrestricted Net Position	(30,130,048)	12,032,690	10,518,589	(28,615,947)
Total Net Position	$ 1,484,346	$ 23,005,130	$ 22,464,217	$ 2,025,259

NOTE 9: ENDOWMENTS

The institution did not have donor restricted endowments at June 30, 2021

NOTE 10: LEASES

The Institution is obligated under various capital and operating lease 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 2021 were $223,170 and $536,543, respectively. Interest rate for the current capital lease is 3.152%.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2021:

Description		Gross Amount		Accumulated Depreciation		Net Assets Held Under Capital Lease at June 30, 2021		Outstanding Balances per Lease Schedules at June 30, 2021
		(+)		(-)		(=)		
Buildings and Building Improvements	$	10,250,000	$	2,800,912	$	7,449,088	$	8,710,954

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	$	8,710,954	20 years	6/1/2021	6/1/2041	$	8,710,954

Atlanta Metropolitan State College 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 2021 was $11,263, which is for postage machine and copiers.

FUTURE COMMITMENTS

Future commitments for capital leases having remaining terms in excess of one year as of June 30, 2021, are as follows:

		Capital Leases
Year Ending June 30:		
2022	$	631,227
2023		634,697
2024		632,447
2025		639,726
2026		636,036
2027 - 2031		3,225,194
2032 - 2036		3,271,301
2037 - 2041		3,316,142
Total Minimum Lease Payments	$	12,986,770
Less: Interest		3,102,496
Less: Executory Costs		1,173,320
Principal Outstanding	$	8,710,954

NOTE 11: RETIREMENT PLANS

The significant retirement plans that the Institution participates in are 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.

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 2021. The Institution's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of the Institution's annual payroll. The Institution's contributions to TRS totaled $1,019,694 for the year ended June 30, 2021.

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

At June 30, 2021, 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, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 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, 2020. At June 30, 2020, the Institution's TRS proportion was 0.048290%, which was an decrease of 0.016318% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Institution recognized pension expense of $681,903 for TRS. At June 30, 2021, 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	$ 509,440	$ -
Changes of assumptions	1,204,879	-
Net difference between projected and actual earnings on pension plan investments	281,742	-
Changes in proportion and differences between contributions and proportionate share of contributions	80,027	4,175,050
Contributions subsequent to the measurement date	1,019,694	-
Total	$ 3,095,782	$ 4,175,050

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, 2022. 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:	TRS
2022	$ (875,049)
2023	$ (703,547)
2024	$ (333,683)
2025	$ (186,683)

Actuarial assumptions: The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 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	1.50% semi-annually

Post-retirement mortality rates were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount

Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvements in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 with the exception of the long-term assumed rate of return.

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	TRS Target allocation	Long-term 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	$ 18,549,804	$ 11,697,728	$ 6,080,990

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is 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 (Board). 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. 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 2021, 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 $102,916 (9.24%) and $66,829 (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 2021, 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

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 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 2021, 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, 2021:

Active Employees	106
Retirees or Beneficiaries Receiving Benefits	79
Retirees Receiving Life Insurance Only	13
Total	198

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 2021 plan year, the employer rate was approximately 90% of the total health insurance cost for eligible retirees and the retiree rate was approximately 10%. 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 2021, the Institution contributed $286,402 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, 2021, the Institution reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2020. An expected total OPEB liability as of June 30, 2020 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, 2020. At June 30, 2020, the Institution's proportion was 0.277522%, which was a decrease of 0.081425% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Institution recognized OPEB expense of $124,093. At June 30, 2021 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	$ 751,680	$ 59,303
Changes of assumptions	1,358,892	1,055,565
Net difference between projected and actual earnings on OPEB plan investments	-	4,607
Changes in proportion and differences between contributions and proportionate share of contributions	127,165	4,985,229
Contributions subsequent to the measurement date	286,402	-
Total	$ 2,524,139	$ 6,104,704

The Institution's contributions subsequent to the measurement date of $286,402 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, 2022. 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:		
2022	$	(727,075)
2023	$	(725,196)
2024	$	(688,371)
2025	$	(668,199)
2026	$	(587,263)
Thereafter	$	(470,863)

Actuarial assumptions

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of May 1, 2020 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 actual gains/losses
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2020 2.21% from Bond Buyer GO 20 - Bond Municipal Bond Index Interest Rate as of 6/30/2019 3.50% from Bond Buyer GO 20 - Bond Municipal Bond Index Long-term Rate of Return 3.75% General Inflation 2.10% Salary Growth 4.00%
Mortality Rates	Pub-2010 for Teachers (headcount weighted) projected with Scale MP-2019
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.7%
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 for Medicare Eligible
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 remove excise tax adjustments. Mortality improvement scale was updated from MP-2018 to MP-2019. The discount rate was update from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020. The withdrawal rates were updated to better reflect the anticipated future experience as the result of an assumption study. The coverage election assumption was updated to better reflect anticipated future experience as the result of an assumption study. The spousal coverage assumption and the spousal age difference assumption were updated to better reflect anticipated future experience as the result of an assumption study.

Plan Changes

HRA cost sharing for employees hired on or after January 1, 2013 and retiring after January 1, 2018 is based on a policy that ties years of service to the amount the USG contributes based on 22-tiers ranging from 100% for employees retiring with 30 years of service to 21% for employees retiring with 10 years of service.

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, 2020 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	- %	70%
Equity Allocation	4.51%	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, 2020. 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 3.75% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020. 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 2.21% 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 (1.21%) or 1% (3.21%) higher than the current discount rate (2.21%):

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
Proportionate Share of the Net OPEB Liability	$ 18,045,269	$ 14,802,244	$ 12,206,798

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	$ 12,273,366	$ 14,802,244	$ 18,008,853
Pre-Medicare Eligible	5.7% decreasing to 3.5%	6.7% decreasing to 4.5%	7.7% decreasing to 5.5%
Medicare Eligible	3.5%	4.5%	5.5%

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, 2021

SCHEDULE "1"

ASSETS		
Cash and Cash Equivalents	$	825,178.29
Accounts Receivable		
Federal Financial Assistance		2,437,035.95
Other		3,720,390.82
Other Assets		26,200.00
Total Assets	$	7,008,805.06
LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued Payroll	$	50,234.58
Encumbrances Payable		2,090,297.54
Accounts Payable		346,541.46
Unearned Revenue		485,222.65
Funds Held for Others		101,449.02
Other Liabilities		276,902.83
Total Liabilities		3,350,648.08
Fund Balances		
Reserved		
Department Sales and Services		334,833.84
Indirect Cost Recoveries		455,090.66
Technology Fees		368,363.02
Restricted/Sponsored Funds		3,460.40
Uncollectible Accounts Receivable		2,385,790.74
Tuition Carry-Over		84,647.17
Unreserved		
Surplus		25,971.15
Total Fund Balances		3,658,156.98
Total Liabilities and Fund Balances	$	7,008,805.06

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, 2021

	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over
Teaching				
State Appropriation				
State General Funds	$ 8,421,775.00	$ 8,612,181.00	$ 8,612,181.00	$ -
Federal Coronavirus Relief Funds	-	3,282,218.00	3,206,635.72	-
Other Funds	16,907,345.00	14,209,013.00	13,623,135.76	863,949.78
Total Operating Activity	$ 25,329,120.00	$ 26,103,412.00	$ 25,441,952.48	$ 863,949.78

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
Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive	Over Expenditures
$ -	$ 8,612,181.00	$ -	$ 8,608,038.12	$ 4,142.88	$ 4,142.88
-	3,206,635.72	(75,582.28)	3,206,635.72	75,582.28	-
-	14,487,085.54	278,072.54	13,230,366.07	978,646.93	1,256,719.47
$ -	$ 26,305,902.26	$ 202,490.26	$ 25,045,039.91	$ 1,058,372.09	$ 1,260,862.35

ATLANTA METROPOLITAN STATE COLLEGE
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
(STATUTORY BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2021

	Beginning Fund Balance July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2020 Surplus	Prior Period Adjustments
Teaching				
State Appropriation				
State General Funds	$ 14,873.93	$ -	$ (14,873.93)	$ 16,865.20
Federal Coronavirus Relief Funds	-	-	-	-
Other Funds	872,727.10	(863,949.78)	(8,777.32)	(1,275,633.14)
Total Teaching	887,601.03	(863,949.78)	(23,651.25)	(1,258,767.94)
Prior Year Reserves				
Not Available for Expenditure				
Inventories	-	-	-	-
Uncollectible Accounts Receivable	3,656,062.57	-	-	-
Budget Unit Totals	$ 4,543,663.60	$ (863,949.78)	$ (23,651.25)	$ (1,258,767.94)

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 2021 Surplus	Excess of Funds Available Over Expenditures	Ending Fund Balance June 30	Analysis of Ending Fund Balance Reserved	Surplus	Total
$ -	$ -	$ 4,142.88	$ 21,008.08	$ -	$ 21,008.08	$ 21,008.08
-	-	-	-	-	-	-
1,270,271.83	-	1,256,719.47	1,251,358.16	1,246,395.09	4,963.07	1,251,358.16
1,270,271.83	-	1,260,862.35	1,272,366.24	1,246,395.09	25,971.15	1,272,366.24
-	-	-	-	-	-	-
(1,270,271.83)	-	-	2,385,790.74	2,385,790.74	-	2,385,790.74
$ -	$ -	$ 1,260,862.35	$ 3,658,156.98	$ 3,632,185.83	$ 25,971.15	$ 3,658,156.98

	Reserved	Surplus	Total
Department Sales and Services	$ 334,833.84	$ -	$ 334,833.84
Indirect Cost Recoveries	455,090.66	-	455,090.66
Technology Fees	368,363.02	-	368,363.02
Restricted/Sponsored Funds	3,460.40	-	3,460.40
Tuition Carry-Over	84,647.17	-	84,647.17
Uncollectible Accounts Receivable	2,385,790.74	-	2,385,790.74
Surplus	-	25,971.15	25,971.15
Total Ending Fund Balance - June 30	$ 3,632,185.83	$ 25,971.15	$ 3,658,156.98

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, 2021

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR 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 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: P007A190964 (Fiscal Year: 2020), P033A190964 (Fiscal Year: 2020), P063P193513 (Fiscal Year: 2020), P268K203513 (Fiscal Year: 2020)
Questioned Costs: $11,340.00

Finding Status: Partially Resolved

The College has had turnover in key positions during FY2021. As such, we have hired College Aid Services. The finding will be resolved by October 11, 2021.

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 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: P007A190964 (Fiscal Year: 2020), P033A190964 (Fiscal Year: 2020), P063P193513 (Fiscal Year: 2020), P268K203513 (Fiscal Year: 2020)
Questioned Costs: $16,086.99
Repeat of Prior Year Finding: FA-2017-004

Finding Status: Unresolved

The College has had turnover in key positions during FY2021. As such, we have hired College Aid Services. The finding will be resolved by October 11, 2021.

ATLANTA METROPOLITAN STATE COLLEGE
ENTITY'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

FA-2020-003 Improve Controls over Enrollment Reporting

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

Finding Status: Unresolved

The College has had turnover in key positions during FY2021. As such, we have hired College Aid Services. The finding will be resolved by October 11, 2021.

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 Numbers: P268K203513 (Fiscal Year: 2020)
Questioned Costs: None Identified
Repeat of Prior Year Finding: FA-2017-005

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

See response to finding number FA-2020-002.

FA-2017-005 Federal Direct Student Loans Reconciliations

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 Numbers:	P268K173513 (Fiscal Year: 2017)
Questioned Costs:	None Identified

Finding Status: Previously Reported Corrective Action Implemented

SECTION III

FINDINGS, QUESTIONED COSTS AND OTHER ITEMS

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 noted.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA-2021-001 Improve Controls over the Awarding Process

Compliance Requirement:	Eligibility
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:	P007A200964 (Year: 2021), P033A200964 (Year: 2021), P063P203513 (Year: 2021), P268K213513 (Year: 2021)
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	FA-2020-001

Description:
The Institution's Student Financial Aid Office improperly determined the Student Financial Assistance award amounts for eligible students.

Background Information:
To receive student financial assistance (SFA), students must complete a Free Application for Federal Student Aid (FAFSA). Once the FAFSA is processed, an Institutional Student Information Record (ISIR) is provided to the Institution. Among other things, the ISIR contains the applicant's Expected Family Contribution (EFC) and helps determine student eligibility, award amounts, and disbursements. Additionally, we followed up on the Institution's efforts to implement corrective action plans in response to the prior year finding in which we reported that the Institution improperly determined the SFA award amounts for eligible students. Although the Institution was unable to fully implement their

corrective action plans associated with awarding students aid prior to fiscal year-end, we noted significant progress in implementing student information system coding updates, which led to the resolution of Satisfactory Academic Progress and transfer monitoring issues noted in the prior year.

The following types of student financial aid (SFA) was awarded and disbursed to students at the Institution:

- *Federal Pell Grant (Pell)* – The Federal Pell Grant program provides grants to eligible students enrolled in eligible undergraduate programs and certain eligible post-baccalaureate teacher certificate programs and is intended to provide the foundation of financial aid. Maximum and minimum Pell Grant awards are established by statute, but the amount for which each student is eligible is based on Pell Grant Payment and Disbursement Schedules published every year by the U.S. Department of Education (ED).

- *Federal Supplemental Educational Opportunity Grants (FSEOG)* – The FSEOG program provides grants to eligible undergraduate students. Priority for FSEOG awards is given to Pell Grant recipients who have the lowest EFC.

- *Federal Work-Study (FWS)* – The FWS program provides part-time employment to eligible undergraduate and graduate students who need earnings to help meet the costs of postsecondary education.

- *Federal Direct Student Loans* – The Direct Loan Program makes Direct Subsidized Loans and Direct Unsubsidized Loans to eligible students, and Direct PLUS Loans to eligible graduate or professional students or to eligible parents of eligible dependent undergraduate students, to pay for the cost of attending postsecondary educational institutions. Each student's ISIR, along with other information, is used by the Institution to originate the student's Direct Loan.

Criteria:
As a recipient of federal awards, the Institution is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

All ED programs are authorized by Title IV of the Higher Education Act (HEA) of 1965, as amended (20 USC 1001 *et seq.*). In addition, provisions included in Title 34 CFR Section 668 provide general provisions for administering SFA programs and Title 34 CFR Sections 675, 676, 685, and 690 provide eligibility and other related program requirements that are specific to the FWS Program, FSEOG Program, Federal Direct Student Loans Program, and Federal Pell Grant Program, respectively.

Condition:
A sample of 60 students from a population of 1,370 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:

- 24 students were not offered additional Federal Direct Student Loans that they were qualified to receive.

- Credit balances were not provided to eight students within 14 days of the date the balances were created.

- SFA disbursements were made to three students more than ten days prior to the first day of classes for the payment period.

- The disbursement of Federal Direct Student Loan funds was not delayed for 30 days after the first day of classes for one first-time borrower.

Cause:
In discussing these deficiencies with management, they stated that the student information system was improperly configured to limit student loan eligibility to the second-year annual loan limits in the current year. This was a result of the Institution participating in the Experiment Six program with the United States Department of Education in the prior award year. In addition, the student information system was configured to only recognize the first day of the standard semester schedule rather than alternate sessions. As a result, funds were disbursed after thirty days from the original start date of the semester rather than having individual disbursement schedules built for each session within a semester. Furthermore, the Institution was awaiting various adjustments to student accounts before issuing refunds resulting from credit balances. These adjustments were not made in a timely manner and caused an unallowable delay in processing refunds due to the students.

Effect or Potential Effect:
These deficiencies could expose students to unnecessary financial strains as they may have requested additional Federal Direct Student Loan funds had the funds been offered. In addition, if students who received SFA funds prior to the allowable disbursement period chose not to attend classes when they actually began, the Institution would be required to return the funds 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. Furthermore, 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.

FA-2021-002 Strengthen Controls over the Verification 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:	P007A200964 (Year: 2021), P033A200964 (Year: 2021), P063P203513 (Year: 2021), P268K213513 (Year: 2021)
Questioned Costs:	$3,966

Description:
The Institution's Student Financial Assistance Office did not meet student verification requirements appropriately.

Background Information:
The U.S. Department of Education's Central Processing System (CPS) is used to select students who will receive or have received subsidized student financial assistance for verification. Unless the student is otherwise excluded from the verification process, the Institution must require each student selected by the CPS to verify information as required for the verification tracking group to which the applicant is assigned. The annual *Federal Student Aid* (*FSA) Handbook*, Application and Verification Guide, provides institutions with information associated with the verification tracking groups and verification items required to be tested. The Institution may also require applicants to verify any information used to calculate an applicant's expected family contribution (EFC) that the Institution has reason to believe is inaccurate.

Approximately 31% of the students who received federal student aid in the current fiscal year were selected for verification.

Criteria:
As a recipient of federal awards, the Institution is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Provisions included in Title 34 CFR Sections 668.51 through 668.61 provide the compliance requirements for verification and updating student aid application information. Specifically, Title 34 CFR Section 668.56 states "For each award year the Secretary publishes… the FAFSA [Free Application for Federal Student Aid] information that an institution and an applicant may be required to verify. For each applicant whose FAFSA information is selected for verification by the Secretary, the Secretary specifies the specific information… that the applicant must verify." Additionally, Title 34 CFR Section 668.57 states, "If an applicant is selected… an institution must obtain the specified documentation."

Furthermore, Title 34 CFR Section 668.60 states that "(a) An institution must require an applicant selected for verification to submit to it, within the period of time it or the Secretary specifies, the documentation… that is requested by the institution. (b) For purposes of the subsidized student financial assistance programs, excluding the Federal Pell Grant Program – (1) If an applicant fails to provide the requested documentation within a reasonable time period established by the institution – (i) The institution may not (A) Disburse any additional Federal Perkins Loan or FSEOG [Federal Supplemental Educational Opportunity Grants] Program funds to the applicant; (B) Employ, continue to employ or allow an employer to employ the applicant under FWS [Federal Work-Study]; or (C) Originate the applicant's Direct Subsidized Loan or disburse any additional Direct Subsidized Loan proceeds for the applicant; and (ii) The applicant must repay to the institution any Federal Perkins Loan or FSEOG received for that award year… (3) If an institution has received proceeds for a Direct Subsidized Loan on behalf of an applicant, the institution must return all or a portion of those funds… if the applicant does not complete verification within the time period specified. (c) For the purposes of the Federal Pell Grant Program… (2) If the applicant does not provide to the institution the requested documentation, and if necessary, a valid SAR [Student Aid Report] or the institution does not receive a valid ISIR [Institutional Student Information Record]… the applicant – (i) Forfeits the Federal Pell Grant for the award year; and (ii) Must return any Federal Pell Grant payments previously received for that award year."

Condition:
A sample of 40 students from a population of 420 students who received student financial assistance (SFA) and were selected for verification by the U.S. Department of Education was randomly selected for testing using a non-statistical sampling method. Verification records were reviewed to ensure that the Institution obtained acceptable verification documentation, matched documentation obtained to the student aid application, submitted appropriate corrections when necessary, and reported the correct verification status to the Common Origination and Disbursement (COD) system. The following deficiencies were identified:

- One student's 2020-2021 Verification Worksheet was not signed and dated to support compliance with verification requirements. The student was disbursed $3,966 in error.

- Two students who were independent non-filers did not appropriately certify all statements reflected on the 2020-2021 Unable to Obtain Verification of Nonfiling Letter from IRS Student Certification form.

- The tax return documentation provided for one student did not agree to their most recent ISIR.

Questioned Costs:
Upon testing a sample of $201,979 in financial aid disbursements to students who were selected for verification, known questioned costs of $3,966 were identified for the students for whom verification procedures were not completed appropriately and received SFA in excess of their eligibility. Using the total population amount of $2,091,830, we project the likely questioned costs to be approximately $41,075. The following CFDA number was affected by the known and likely questioned costs: 84.063.

Cause:
In discussing these deficiencies with management, they stated that the errors were the result of limited staff in the Office of Financial Aid and human error.

Effect or Potential Effect:
These deficiencies may expose the Institution to unnecessary financial strains and shortages. The excess funds disbursed to students for whom verification procedures have not been completed appropriately 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 performing verification procedures and awarding of SFA funds to students.

Recommendation:
The Institution should follow established procedures to ensure that verification requirements are met and appropriate documentation is maintained on file. Management should also develop and implement a monitoring process to ensure that controls are operating properly. The Institution should contact the U.S. Department of Education regarding resolution of this finding.

Views of Responsible Officials:
We concur with this finding.

FA-2021-003 Improve 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 Agencies:	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:	P007A200964 (Year: 2021), P033A200964 (Year: 2021), P063P203513 (Year: 2021), P268K213513 (Year: 2021)
Questioned Costs:	$29,734
Repeat of Prior Year Findings:	FA-2020-002, 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.

Background Information:
Student financial assistance, or Title IV, funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws, the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive. If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the school must perform a Return of Title IV (R2T4) calculation to determine the amount of Title IV assistance earned by the student. Up through the 60% point in each period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60% point in the period of enrollment, a student is considered to have earned 100% of the Title IV funds the student was scheduled to receive during the period.

The R2T4 calculation is prepared using the following information associated with the period of enrollment:

- The student's Title IV aid information, including amounts disbursed and amounts that could have been disbursed,
- The withdrawal date and scheduled start date, end date, and break days, and
- Institutional charges, including tuition, fees, room, board, books, supplies, materials, and equipment.

In addition, an unofficial withdrawal is one in which the Institution has not received notice from the student that the student has ceased or will cease attending the school. Schools must have a procedure in place to determine when a student who began attendance and received or could have received an initial disbursement of Title IV funds unofficially withdrew. For these unofficial withdrawals, the Institution must also determine a withdrawal date, which may be the midpoint of the period of enrollment or the last date of an academically related activity in which the student participated.

Criteria:
As a recipient of federal awards, the Institution is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Provisions included in Title 34 CFR Section 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 the 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.

Additionally, provisions included in Title 34 CFR Section 668.22(j) address the timeframe for the return of title IV funds and state "(1) An institution must return the amount of title IV funds for which it is responsible… as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew… (2) For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the – (i) Payment period or period of enrollment… (ii) Academic year in which the student withdrew; or (iii) Educational program from which the student withdrew."

Condition:
A sample of 21 students from a population of 105 students who received student financial assistance (SFA) and withdrew from the Institution during the Fall 2020 and Spring 2021 semesters was randomly selected for testing using a non-statistical sampling method. The students' R2T4 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 five students who withdrew during the Fall 2020 semester could not be provided for review. Two of these students were included on the listing in error as they did not withdraw and earned grades. In addition, one student did not attend during the period in which they were listed as having a R2T4 calculation. Furthermore, though it was determined that one of these students did withdraw but was eligible to receive their entire financial aid disbursement based upon their withdrawal date, this student was reflected on the Institution's R2T4 listing and should have a calculation on-file.

- The refund calculations for one student who withdrew during the Fall 2020 semester and three students who withdrew during the Spring 2021 semester were calculated incorrectly due to the use of the improper scheduled term end date, scheduled break days and/or institutional charges. Two students were requested to return $452 less than the required amount to various SFA programs, and two students were requested to return $1,302 more than the required amount to various SFA programs.

- The proration between the school and student portion of the refund was incorrect for one student who withdrew during the Fall 2020 semester and three students who withdrew during the Spring 2021 semester.

- The amount returned within the student information system did not agree to the Institution's calculation for one student. This caused the student to receive $601 in excess of their eligibility.

- Funds were not returned to the appropriate grantor programs within the required time frame for eleven of the withdrawn students tested.

A sample of 60 students from a population of 270 students who received SFA for the Fall 2020 and Spring 2021 semesters and withdrew from the Institution but for whom no R2T4 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. The following deficiencies were noted:

- R2T4 calculations were not performed appropriately for one student who unofficially withdrew during the Fall 2020 semester and 11 students who unofficially withdrew during the Spring 2021 semester. These students should have been required to return a total of $27,047 to various SFA programs.

- R2T4 calculations were actually performed for an additional 12 students; therefore, the listing of R2T4 calculations provided for review was not accurate. In addition, upon review of these calculations, auditors noted errors as follows:

  - The proration between the school and student portion of the refund was incorrect for one student who withdrew during the Fall 2020 semester.

  - The refund calculations for six students who withdrew during the Fall 2020 semester was calculated incorrectly due to the use of the improper scheduled end date and institutional charges. Five students were requested to return $1,634 less than the required amount to various SFA programs and one student was requested to return $170 more than the required amount to various SFA programs.

Questioned Costs:
Upon testing a sample of $64,349 in financial aid disbursements to students for whom a R2T4 calculation was completed and $196,065 in financial aid disbursements to students who withdrew from the Institution but for whom no R2T4 calculation was performed, known questioned costs of $29,734 were identified for refunds not calculated appropriately or omitted. Using the total population amount of $1,085,800, we project the likely questioned costs to be approximately $122,692. 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 the calculation to identify the 60% completion threshold was not correct and software issues identified in the student information system caused the errors noted above.

Effect or Potential Effect:
These deficiencies may expose the Institution to unnecessary financial strains and shortages. The Institution's portion of the refunds that 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, 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.

Recommendation:
The Institution should implement procedures to ensure that R2T4 calculations are accurate and that unearned funds are returned to the appropriate accounts in a timely manner in accordance with federal regulations. Management should also develop and implement a monitoring process to ensure that controls are operating properly. The Institution should contact the U.S. Department of Education regarding resolution of the finding, as well.

Views of Responsible Officials:
We concur with this finding.

FA-2021-004	<u>Strengthen Controls over Enrollment Reporting</u>
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:	P063P203513 (Year: 2021), P268K213513 (Year: 2021)
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	FA-2020-003

Description:
Student enrollment information was not reported to required organizations in a timely and accurate manner.

Background Information:
Institutions are required to report enrollment information under the Federal Pell Grant and Federal Direct Student Loans programs via the National Student Loan Data System (NSLDS). Institutions must review, update, and verify student enrollment statuses, program information, and effective dates periodically throughout the award year. The accuracy and timeliness of enrollment information reported by the Institution impacts its ability to properly administer the various Student Financial Assistance programs.

There are two categories of enrollment information reported to the NSLDS:

- Campus-Level, which includes data related to the student's overall enrollment at an institution's campus, and
- Program-Level, which includes data related to the student's program(s) of attendance.

The NSLDS Enrollment Reporting Guide provides institutions the requirements and guidance for reporting these specific campus-level and program-level enrollment details for students.

Criteria:
As a recipient of federal awards, the Institution is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Regarding the enrollment reporting process, provisions included in Title 34 Section CFR 685.309(b) state that "(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 NSLDS Enrollment Reporting Guide issued by the U.S. Department of Education, students who have received Federal Pell Grant Program 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:

- For 38 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 26 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 four students, the Certification Date reflected on the Campus-Level Record was not within 60 days of the students' change in enrollment.

- For one student, the Credential Level reflected on the Program-Level Record did not agree to the level of credential that the student would receive for the program the student was attending.

- For six students, the Published Program Length Measurement and/or Published Program Length reflected on the Program-Level Record was not appropriate based upon review of the Institution's catalog.

- For two students, the Program Begin Date reflected on the Program-Level Record did not agree with the information reported in the student information system.

Additionally, a sample of 21 students from a population of 105 students who received student financial assistance (SFA) and withdrew from the Institution during the Fall 2020 and Spring 2021 semesters was randomly selected for testing using a non-statistical sampling method. The students' enrollment statuses were reviewed to ensure that their withdrawn status was submitted to the NSLDS. For nine students, the withdrawn enrollment status was not submitted to the NSLDS appropriately.

Cause:
In discussing these deficiencies with management, they stated the code for three quarters enrollment status was missing in the Banner Validation Table. In addition, human errors in which individuals changed status start dates in the enrollment reports unintentionally occurred.

Effect or Potential Effect:
The Institution was not in compliance with federal regulations concerning enrollment reporting requirements. Additionally, 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.

Recommendation:
The Institution should follow established policies and procedures to ensure that all changes in student enrollment statuses are reported in accordance with timeframes prescribed by the U.S. Department of Education. 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, 2021, 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 $410,837.43. 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.

Fiscal Operations and Application to Participate (FISAP) Reporting

Observation:
All amounts reflected on the FISAP for the Fiscal Operations Report related to award year July 1, 2019 through June 30, 2020 and Application to Participate related to award year July 1, 2021 through June 30, 2022 were not accurately completed and supported by the accounting records or other appropriate documentation. Several amounts reported by the Institution did not agree to or could not be supported by institutional records and reports. Additionally, the Administrative Cost Allowance amount reported on the FISAP for the Federal Work-Study program was not recorded appropriately on the general ledger. Provisions included in Title 34 CFR Sections 674.19(d)(2), 675.19(b)(3), and 676.19(b)(3) state, "Each year an Institution shall submit a Fiscal Operations Report plus other information the Secretary requires. The Institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary."

Recommendation:
The Institution should follow established policies and procedures to ensure that all reports submitted to the U.S. Department of Education are accurately completed and supported by the accounting records. Management should also develop and implement a monitoring process to ensure that controls are operating properly. In addition, the Institution should implement procedures to ensure that Administrative Cost Allowance amounts are appropriately recorded on the general ledger.

SECTION IV

MANAGEMENT'S CORRECTIVE ACTION FOR CURRENT YEAR FINDINGS

ATLANTA METROPOLITAN STATE COLLEGE
1630 Metropolitan Parkway, SW
Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

ATLANTA METROPOLITAN STATE COLLEGE
AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

CORRECTIVE ACTION PLANS – FEDERAL AWARD FINDINGS

FA-2021-001 Improve Controls over the Awarding Process

Compliance Requirement:	Eligibility
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:	P007A200964 (Year: 2021), P033A200964 (Year: 2021), P063P203513 (Year: 2021), P268K213513 (Year: 2021)
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	FA-2020-001

Description:
The Institution's Student Financial Aid Office improperly determined the Student Financial Assistance award amounts for eligible students.

Corrective Action Plans:

1. The Financial Aid adapted its awarding process to replace manual calculations to Banner electronic calculations
2. Banner Validation Tables and Rules were reviewed and updated internally to ensure fee/charge data were aligned with course registration/withdrawal and other registration data associated with R2T4 calculations
3. Enhanced faculty training to improve accuracy, documentation, and reporting of attendance verification ("No Shows")
4. Developed a validation control, utilizing Crystal Report, to monitor "over awards." The results are passed on to the Business Office for updates to any refunds processed.
5. FA implemented a population selection process to extract all transfer students and verify against the RNATMNT form, prior to SFA, listing student registering after the Transfer Monitoring List, to ensure all transfer student data has been submitted.

Finding Description #1 - Early Disbursement schedules not setup correctly in Banner; therefore, first-time loan borrowers were disbursed funds prior to an actual 30-day hold.

Finding Description #2 - Banner setup was incorrect and thus the system did not recognize loan amount in excess of Grade Level 2. All students who were Grade Level 3 or 4 were never shown the true and

ATLANTA METROPOLITAN STATE COLLEGE
AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

correct loan eligibility amounts and instead were only shown and disbursed the lower Grade Level amounts as being their maximum eligibility.

Finding Description #3 - Delayed credit balances provided to students after balances were created

Finding Description #4 - Early disbursement for students receiving PELL grant funds registered in different parts-of-term

Institutional Response to the Cause of the Finding Descriptions

The Financial Aid Office relies on Banner, the institution's student information system, for scheduling and implementation of disbursement of funds to students. The incorrect configuration of Banner validation and rule tables caused the 30-day disbursement hold error **(Finding Description #1)**. The 30-day hold issue occurred because part-of-term start dates may occur less than 30 days apart (e.g. 15 Week Start Date: August 16, 2021; and the 12 Week Start Date: September 7, 2021). Disbursements, prior to the Spring 2021 finding, were distributed to students at the start of the semester, in the 15 Week part of term, regardless if the student was enrolled in a later part-of-term. Thus, this created the finding when students' funds were disbursed and the start dates of the part-of terms were less than 30 days apart.

Finding Description #2, associated with loan amount limits, was a carry-over from the institution's participation in a Department of Education "Experiment 7" Pilot program. In this DOE program, the financial aid for certain students were limited based on certain variables, such as registered credit hours and classification. While the pilot program ended, the loan limits, inadvertently were kept in place.

Finding Description #3, delayed credit balances to students were caused at a time during the semester when the institution's Bursar was hospitalized and unable to process and send the credit balances to students in a timely manner. Moving forward, a back-up system has been put in place should the Bursar's Office is unable to fulfill the responsibility of sending credit balances to students. The corrective actions taken to addressing Finding Description #3 and the other Finding Descriptions are provided in Table 2.

The early disbursement of funds for PELL recipients **(Finding #4)** occurred when student was registered for multiple parts-of-term, but the disbursement was distributed in a single term. The source of this error was also incorrect setup of Banner validation/rule Tables (RORSAYR), which was configured with a disbursement scheduling based only on "credit hours," without any consideration for students who register for multiple parts-of-term. For example, if a student registered for nine total credit hours, one course in full 15-week term and two courses in the 12-week term, the student would receive all funds in the 15-week at the beginning of the 15-week term. Student disbursements were released by credit hour in a single disbursement, as opposed to being distributed across multiple parts-of-term.

The institution does find it noteworthy of mentioning that while the award findings are classified under the same category, the nature (or types) of these findings in the Spring 2021 audit are different in nature from those in prior monitoring periods. Also, while the College takes all findings and their resolution very

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1630 Metropolitan Parkway, SW
Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

seriously, the Spring 2021 findings were all downgraded to non-material findings, when compared to a material finding in the prior year.

Finding Descriptions Addressed	Corrective Action Taken
#1 Early Disbursement	The validation and rule forms in Banner were corrected to accurately schedule disbursement to correspond to the 30-day hold for first-time loan borrowers. Two essential control were put in place to validate accurate disbursement: 1. A dynamic form will automatically notify the financial aid office of every first-time loan recipient who registers. This notification will prompt the Financial Aid staff to verify that the 30-day hold is in effect and accurate. 2. The Financial Aid R2T4 validation tables were certified for accuracy for the Fall 2021 semester.
#2 Incorrect Loan limits	Grade Level loan limits have been removed and corrected in Banner for the 2021-2022 year, and moving forward. Loan Limits per Grade Level have been adjusted to the appropriate amounts at for grade levels, freshman to seniors. A comparison to the previous year demonstrates the correction. Banner screenshots comparing the past and current years verify the updates were made.
#3 Delayed Credit Balances to Students	The contingency for sending out credit balances, and to carry out other Bursar responsibilities, in case the Bursar's office is unable to do so. Effective September 1, 2021, the Interim VP Fiscal Affairs and Director Business Services will serve as backup to the Bursar in his/her absence.
#4 Disbursement Across Multiple Parts-of-Term	The appropriate corrections have been made to Banner calculations to accurately provide disbursement scheduling to accurately disburse funds by part-of-term. Beginning Fall 2021, for students enrolled in multiple terms, disbursements will be distributed based on credits registered and by part of term. Thus, students registered in multiple parts-of-term will receive proportions of their funds, based on in each part-of-term he/she is enrolled.

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1630 Metropolitan Parkway, SW
Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

ATLANTA METROPOLITAN STATE COLLEGE
AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

	Similar to the dynamic form automatic notification for First time loam recipients, a notification will be sent to the Financial Aid Office for all PELL recipients. This notification will prompt Financial aid staff to verify that disbursements occur in the proper part-of-term.

Estimated Completion Date: October 11, 2021

Contact Person: Joel Depue
Title: Interim SFA Director
Telephone: 972-824-8275
Email: joeld@collegeaidservices.net

ATLANTA METROPOLITAN STATE COLLEGE
1630 Metropolitan Parkway, SW
Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

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AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

FA-2021-002	Strengthen Controls over the Verification 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:	P007A200964 (Year: 2021), P033A200964 (Year: 2021), P063P203513 (Year: 2021), P268K213513 (Year: 2021)
Questioned Costs:	$3,966

Description:
The Institution's Student Financial Assistance Office did not meet student verification requirements appropriately.

Corrective Action Plans:

Finding Description #1 - Verification Worksheet was found to be missing student/parent signatures
Finding Description #2 - Certification of Non-Tax Filing was not completed correctly or had missing information

Institutional Response to the Cause of the Finding Descriptions

The primary cause for the finding on verifications is inadequate staffing to provide sufficient process time to not only conduct verifications, but also to perform appropriate quality control checks for accurate and timely verifications. Over the past two years, the University System of Georgia (USG) has implemented shared services across its 26 institutions. Starting Fall 2021, Atlanta Metropolitan State College, along with two other USG institutions (i.e., Fort Valley State University, and Albany State University) were selected for verification shared services.

The goal of this USG shared service is to provide additional verification support to select public institutions, particularly those with the lowest staff FTEs, by coordinating System-wide technology and expertise to create synergistic outcomes that alleviate verification responsibilities at the local level and sustain high efficiency and quality outcomes. This shared service has already resulted in a more efficient and effective financial aid verification process at Atlanta Metropolitan State College. This new verification shared service is permanent and will reduce the staff workload and time required for verifications. This new USG program has directly addressed the College's Spring 2021 Audit verification findings. The following

ATLANTA METROPOLITAN STATE COLLEGE
1630 Metropolitan Parkway, SW
Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

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AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

corrective actions (Table 3) have been implemented Fall 2021 to address Audit Finding #2.

Finding Descriptions Addressed	Corrective Action Taken
#1 and #2	(1) The institution will participate in a USG Shared Service for financial aid verification. This shared service is a comprehensive process that includes quality control of process outputs. AMSC is among the first USG institutions to enroll into this program, with two other USG institutions: Albany State University and Fort Valley State University. USG has assumed a major role organizing and implementing this shared service verification process for participating institutions. Utilizing the USG Shared Services for verification processing has provided the necessary support level needed such that this should not be a future finding for the institution. (2) AMSC has hired a new full-time Financial Aid staff member to assist with workload requirements and quality control of verifications. The new staff member will conduct additional validation to ensure accuracy of verifications. (3) The Department of Education has also negated V1 verification status codes for 2021-2022. Institutions will only be required to complete verification for V4 (i.e., Official HS Transcript or GED) and/or V5 Verification Flags (i.e., verification of identity/educational purpose). The reduction in V1 reduces workload requirements and allows more time spent on other aspects of the verification process.

Estimated Completion Date: October 11, 2021

Contact Person: Joel Depue
Title: Interim SFA Director
Telephone: 972-824-8275
Email: joeld@collegeaidservices.net

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Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

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AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

FA-2021-003 **Improve 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 Agencies:	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:	P007A200964 (Year: 2021), P033A200964 (Year: 2021), P063P203513 (Year: 2021), P268K213513 (Year: 2021)
Questioned Costs:	$29,734
Repeat of Prior Year Findings:	FA-2020-002, 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:

Institutional Response to the Cause of the Finding Descriptions

First and foremost, in early Spring 2021, the institution realized that seasoned and highly experienced leadership were necessary in the Director of Financial Aid and Registrar's positions to fully resolve its compliance findings and issues associated with Standard 13.6. And that while several process changes were made in past monitoring report, the institution was addressing symptoms of the problems, but not truly treating the root source of the problems – appropriate leadership and oversight of the Financial Aid Office and financial aid processes and policies. In addition, the institution realized after several attempts of fully addressing the R2T4 finding and related issues, a comprehensive review and training was necessary by an external, authorized organization for AMSC to fully address R2T4 findings and to align the processes with federal and state requirements. The institution achieved these two fundamental objectives at the beginning of Spring 2021, but was unable to fully really the outcomes before the Spring 2021 in June 2021. Beginning Summer 2021 and moving forward, the full fruition of the fundamental changes made are now fully realized. The institution is prepared to make its case further on the Special Committee's October 2021 visit.

Upon review of the Spring 2021 audit findings, the institution was able to meticulously determine the source of the R2T4 errors: (1) to strengthen process needs and (2) to not take the R2T4 errors into the Fall 2021 semester and beyond. The lack of standard procedures and policies, based on best practices, was an operational need that resulted in inaccurate R2T4 lists, and resulted in missing and inconsistent R2T4s. Prior to the Spring 2021 semester, the withdrawal lists were pulled by two separate offices, the Office of

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Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

Management Information Systems' Database Manager and the Office of Institutional Research. When tracking the source of differences in R2T4 lists, it was determined that the two offices used different parameters to extract the R2T4 lists, which led to multiple variations in the lists created, including different lists, and inconsistent results for official and unofficial withdrawals, ultimately leading to R2T4 audit findings.

The source of the majority of errors in R2T4 calculation findings in the Spring 2021 audit was determined to be human errors, with the exception of original charge errors generated in Banner due to incorrect setup of the appropriate validation and rule forms by the Registrar's Office. For example, if a student reduced the credit hours from one enrollment status to another (e.g., full-time to half-time) but Banner did not accurately recalculate the student's new enrollment status. It that case, the R2T4 calculation would be made on full-time status rather than the actual half-time enrollment status of the student. Incorrect start/end dates, errors in determining the 60% cutoff in determining earned and unearned calculations, and incorrectly factoring holidays into the 60% attendance evaluations were errors tracked back to the source of the R2T4 identified audit report findings. In some cases, an uncertainty of last date of attendance (LDA) contributed to R2T4 calculations errors, which prompted the College to develop standard LDA policy. The references to proration and over-award errors in the audit report were tracked back to original charge errors created when Banner was not setup properly to accurately calculate credit hours for students.

Collectively, the numerous errors led the institution to two clear conclusions (1) a more reliable and valid process was needed to ensure accurate R2T4 calculations across the board, and (2) a control is necessary to identify R2T4 errors at or near the point that they occur. Prior to Spring 2021, a single person, the Financial Aid Director, was responsible for ultimately vetting the withdrawal list for all R2T4 calculations and responsible for making R2T4 electronic fund transfers. A single person being responsible for carrying these multiple functions without neither a check-and-balance nor a monitoring process was a recipe that led to delays in the R2T4 processing and recurring R2T4 errors, such as those identified in the Spring 2021 audit and in prior monitoring reports. The next section identifies the fundamental and operational changes the institution made in the Spring 2021 that extended into early summer 2021 to complete.

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1630 Metropolitan Parkway, SW
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Email: *presidentsoffice@atlm.edu*

ATLANTA METROPOLITAN STATE COLLEGE
AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

Finding Descriptions Addressed	Corrective Action Taken
#1, #2	**New Leadership in Financial Aid and Support Offices** 1. A strategic decision was made to hire a well experienced, seasoned Interim Director of Financial Aid, a person highly capable of immediately addressing the multiple issues and audit findings associated with R4T4 processes and policies. A search for a permanent Director is currently advertised. The Interim Director will remain in place to provide support and training for the permanent Director. 2. A full-time College Registrar was hired, who brings decades of experience in R2T4 processes and support, significant Banner expertise, and a strong background in the Registrar's Office processes and polices. 3. The new Full-time Financial Aid counselor, mentioned earlier in this report, will be assigned a percentage of workload toward R2T4 processing and controls. **External Authorized and Independent Reviews and Training** 1. In consultation with USG Staff, Atlanta Metropolitan State College added two additional layers of external consultation, review, validation, and training: College Aid Services (CAS) and the American Association of Collegiate Registrars and Admissions Officers (AACRAO). CAS is a national organization with expertise in financial aid processing and policy, was hired to review the College Financial Aid SAP and R2T4 processes. College Aid began its work at AMSC in Spring 2021, after the institution received the Third Monitoring Report notification from SACSCOC in January 2021. The timeframe that College Aid began its comprehensive review of AMSC's R2T4 and SAP policies and procedures spanned through the Spring semester into the early summer term. 2. While some of the updates resulting from College Aid's consultation were realized in the Spring Audit, insufficient time was available to incorporate the full scope of the updates prior to the Spring 2021 Audit. Full implementation of College Aid recommended corrective actions for AMSC R2T4 and SAP processes, however, have been implemented for the Summer 2021 and Fall 2021 terms. The College's new full-time Financial Aid staff member, mentioned earlier, will also provide additional support for R2T4 processes. College Aid R2T4 training and support will remain in place through Spring 2021 calendar year. The R2T4 training by College Aid, which started by contract the Spring 2021 semester, will extend into the Spring 2022 semester. 3. A comprehensive and comparable review and training was provided for the

ATLANTA METROPOLITAN STATE COLLEGE
1630 Metropolitan Parkway, SW
Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

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AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

	institution's Registrar's Office by the American Association of Collegiate Registrars and Admissions Officers AACRAO. This support and training began in the Spring 2021 semester and will continue through Summer 2021. **Process Updates and Improvements** As a result of comprehensive reviews by College Aid and AACRAO, along with the recommendations by new leadership in the Financial Aid and Registrar's Offices, the following process updates and improvements were put in place to address the findings in the Spring 2021 audit, and moving forward: 1. A standard R2T4 procedure was created and implemented by the Financial Aid Office, including clear process steps, the responsibilities for all units supporting the R2T4 process, parameters for pulling R2T4 lists, and definitions associated with various steps in the R2T4 process. This standard process ensures consistency, timely reporting, and a coordinated effort for all contributors to the R2T4 process. 2. The Financial Aid R2T4 process has moved from a manual to an automated R2T4 process for making R2T4 calculations. This automated process, initiated Summer 2021, has eliminated the human errors driving most R2T4 miscalculations. The new automated Banner R2T4 process entails automated input of such information as LDAs, original charges, and date of determination. This direct input of R2T4 data are other examples of eliminating human error in R2T4 calculations. 3. An operations calendar was developed and implemented to ensure appropriate personnel R2T4 assignments and other financial aid tasks with timelines 4. To ensure accuracy in withdrawal lists for R2T4 purposes, the primary assignment for pulling withdrawal data was assigned to a single source, the Office of Institutional Research, coordinating with the College's Registrar's Office. This action eliminates different multiple lists generated by different offices. 5. A comprehensive LDA policy was developed and implemented for the Spring 2021 and Fall 2021 semesters to define the terms and conditions of documenting processes for reporting and storing LDAs. This policy eliminates ambiguity and inconsistency of LDA reporting by faculty across the various Schools and increasing R2T4 accuracy. In addition, this policy identifies timeframes allowed for processing withdrawals (i.e., official and unofficial). 6. A "60% calculator" consistent with Financial Aid practices and standards (and verified by College Aid) has been built and currently utilized by the institution for all R2T4 calculations. The "60% calculator" correctly accounts for holidays in R2T4 60%

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Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

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AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

	calculations, a common error identified in the College's Audit Report. A standard calculator to determine whether or not a student attended class beyond the 60% mark. 7. An R2T4 Tracker Form has been employed to identify and document process dates and other critically important R2T4 metrics to allow campus-wide stakeholders to monitor the status of an R2T4 submissions to the DOE. 8. Starting Fall 2021, the Registrar's Office began sending weekly reports of any Official Withdrawals so that R2T4s can be processed throughout the semester, eliminating last minute and late R2T4 submissions. 9. Banner code corrections/updates (e.g., the "No Show" code) have been reinstated to allow offices involved in the R2T4 process to better track student attendance verifications, and to distinguish between drop/add, non-attendance, and withdrawal statuses to make accurate and efficient R2T4 and related calculations. 10. Checkpoint Reports are submitted up to the President's Cabinet level and reviewed in weekly meetings to ensure accountability and sustainability of responsibilities in R2T4 reporting ensuring timely and accurate financial aid processing. 11. The Annual pre-audit completed for the Spring 2021 semester by the USG Department of Audits exposed ongoing issues. The pre-audits will continue for the next two years to serve as an additional layer of validation by an additional external reviewer to ensure the College sustains accurate and appropriate R2T4 policies and procedures. 12. A Financial Aid "Operations Calendar" has been created and implemented to summarize all of the required financial aid procedures, as well as document the appropriate assigned personnel and frequency of each procedure.

Estimated Completion Date: October 11, 2021

Contact Person: Joel Depue
Title: Interim SFA Director
Telephone: 972-824-8275
Email: joeld@collegeaidservices.net

ATLANTA METROPOLITAN STATE COLLEGE
1630 Metropolitan Parkway, SW
Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

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AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

FA-2021-004 <u>Strengthen Controls over Enrollment Reporting</u>

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:	P063P203513 (Year: 2021), P268K213513 (Year: 2021)
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	FA-2020-003

Description:
Student enrollment information was not reported to required organizations in a timely and accurate manner.

Corrective Action Plans:

Institutional Response to the Cause of the Finding Descriptions

The institution's review of the Spring 2021 findings on Enrollment Reporting, its conclusions, and subsequent course of action were very similar to those related to the R2T4 finding. Similarities existed in both cases as related to a single person executing essentially the full enrollment reporting process with limited controls to monitor and validate the outcomes. The lack of appropriate leadership and process controls over the NSC enrollment and NSLDS reporting were undermining progress made in updates made in prior monitoring reports. The institution made the decision to make fundamental changes in enrollment reporting, which details are provided in the next section.

A line-by-line analysis of the errors identified in the Spring 2021 audit was completed. The National Student Loan Data System (NSLDS) Enrollment Finding resulted from a combination insufficient training requirement of staff updating NSLDS records/errors and insufficient controls to ensure consistent reporting across the NSLDS, National Student Clearinghouse (NSC) and Banner platforms. The College Registrar has assumed responsibilities for NSC and NSLDS submissions and validations, who bring extensive experience in NSC and NSLDS processing and submissions. The Regi, including R2T4 and SAP.

The inaccurate enrollment status reporting for ¾ time was an incorrect Banner validation table setting. Incorrect enrollment and program data were tracked to human error, and a lack of understanding NSC and NSLDS codes. Prior to Spring 2021, there was no training requirement for staff processing NSC and

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Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

NSLDS, and the lack train led to misinterpretation of terms and definitions, ultimately leading to errors in enrollment and program data. The lack of appropriate monitoring, accountability, and explicit submission expectations were determined to be the primary factors that led to delayed certification.

Table 4 provides a list of the corrective actions taken to address the Spring 2021 audit Finding Descriptions in NSC and NSLDS Enrollment Reporting.

Finding Descriptions Addressed	Corrective Action Taken
#1	**New Leadership** 1. To ensure the corrective actions in all areas of enrollment reporting are implemented accurately and in a timely manner, the new and permanent College Registrar, introduced earlier, has assumed the responsibility for NSC and NSLDS reporting. This individual brings a wealth of supervisory experience and process knowledge in enrollment reporting. **Banner Updates** 2. The Banner Validation Table was updated to now report the correct ¾ Time Enrollment Status.
#2 , #3, #4	**Process Updates and Improvements** 3. A formal training is now required by the College Registrar for all individuals updating NSC and NSLDS errors and tables. 4. Starting the Fall 2021 semester [Exhibit xx], a control is now implemented to validate consistency between NSLDS, NSC, and Banner enrollment and program level data. (5) Standard NSC and NSLDS policies and Procedures, requirements to demonstrate and proficiency in definitions of SSDs and NSLDS terminology are now implemented to ensure consistent and reliable processing of NSC and

ATLANTA METROPOLITAN STATE COLLEGE
1630 Metropolitan Parkway, SW
Atlanta, Georgia 30310

Office of the President
Telephone: (404) 756-4440
Email: *presidentsoffice@atlm.edu*

ATLANTA METROPOLITAN STATE COLLEGE
AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

	NSLDS error reports in a timely manner.

Estimated Completion Date: October 11, 2021

Contact Person: Joel Depue
Title: Interim SFA Director
Telephone: 972-824-8275
Email: joeld@collegeaidservices.net

Georj L Lewis

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