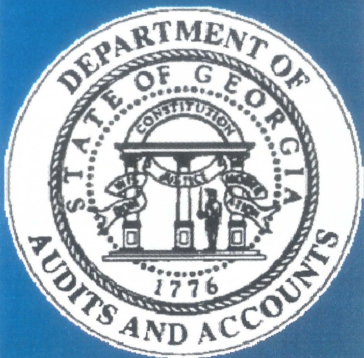




**SAVANNAH STATE
UNIVERSITY
SAVANNAH, GEORGIA**

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



**Georgia Department of
Audits and Accounts**

**Russell W. Hinton
State Auditor**

SAVANNAH STATE UNIVERSITY

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

RUSSELL W. HINTON
STATE AUDITOR
(404) 656-2174

December 12, 2011

Members of the State Board of Regents of the
University System of Georgia
and
Honorable Cheryl Dozier, President
Savannah State University

Independent Accountant's Report on Applying Agreed-Upon Procedures

Ladies and Gentlemen:

We have performed the procedures enumerated below, which were agreed to by the University and the University System Office (Oversight Unit) of the Board of Regents of the University System of Georgia, solely to assist you in assessing the accuracy of the financial information reported to the University System Office in the University's 2011 Annual Financial Report for inclusion in the University System of Georgia's *Annual Financial Report*, the State of Georgia's *Comprehensive Annual Financial Report (CAFR)* and *Single Audit Report*, and to assist you in assessing the accuracy of the budget basis information provided in the *Summary Budget Comparison and Surplus Analysis Report*, *Statement of Funds Available and Expenditures Compared to Budget By Program and Funding Source*, and the *Statement of Changes To Fund Balance By Program and Funding Source* which are attached as Exhibits A, B and C, respectively. Savannah State University's management is responsible for the financial information reported to the University System Office in the University's Annual Financial Report. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

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

No detailed listing of prepaid items totaling \$4,669.94 was provided to support the balance reported on the Annual Financial Report.

A test of students accounts receivable under one year old revealed three instances, totaling \$5,998.11 in which accounts receivable were not supported by approved student financial aid.

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

Net Assets Restricted for Nonexpendable was overstated by \$163,366.67 and Net Assets Restricted for Expendable was understated by \$163,366.67. A correction to reclassify these Net Assets was proposed and made to the Statement of Net Assets.

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

Cash Flows from Noncapital Financing Activities were improperly reflected on the Statement of Cash Flows. Specifically, Agency Fund Transactions were reported as Federal Stimulus – Stabilization Funds and Gifts and Grants Received for Other Than Capital Purposes were shown as Agency Fund Transactions.

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

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

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

Year-end GAAP entries related to GSFIC gifts were made incorrectly. GSFIC gift revenues of \$73,885.26 were recorded as Capital Grants and Gifts - State instead of Nonoperating Gift Revenue on the Statement of Revenues, Expenses and Changes in Net Assets in error.

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

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

7. Obtain listing of write-off requests for accounts receivable less than \$3,000.00 for fiscal year 2011. Confirm that these write-off requests have been approved by the State Accounting Officer and have been posted to the University's financial statements.

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

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

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

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

Encumbrances totaling \$39,938.19 were deemed invalid.

The University failed to reclassify activity of \$16,657.75 related to prior year payables/expenditures from current year expense to adjustments to Fund Balance.

The University's Fund Balance Reserved for Inventories was not properly documented. Inventory records were not updated and the University was unable to validate the Reserve for Inventories amount reported.

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

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

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

The University's Schedule of Expenditures of Federal Awards (SEFA) did not agree with the Federal expenditure activity reflected on the University's accounting records. Expenditures for Federal Direct Student Loans were inaccurately reported on the SEFA. An adjustment to increase expenditures reported on the SEFA by \$30,990,941.00 was made.

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

Variances noted in the prior year between the capital asset management module and capitals ledger for Accumulated Depreciation - Buildings and Equipment have still not been corrected in the capital asset management module.

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

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

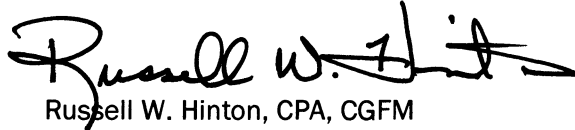
14. Review documentation to ensure that all subsidiary modules including BANNER are reconciled to the general ledger at least quarterly in accordance with the Business Procedures Manual Section 10.6.2. and ensure that reconciling items are adequately explained and resolved in a timely manner.

An unidentified variance of \$6,975.52 exists between the subsidiary module for purchase orders and the general ledger.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as

EXHIBITS

SAVANNAH STATE UNIVERSITY
SUMMARY BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT
YEAR ENDED JUNE 30, 2011

EXHIBIT "A"

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
State Appropriation			
State General Funds	\$ 17,663,509.00	\$ 17,663,509.00	\$ 0.00
Other Funds	50,295,207.00	48,026,992.06	-2,268,214.94
Total Revenues	\$ 67,958,716.00	\$ 65,690,501.06	\$ -2,268,214.94
<u>ADJUSTMENTS AND PROGRAM TRANSFERS</u>			
	0.00	0.00	0.00
<u>CARRY-OVER FROM PRIOR YEARS</u>			
Transfers from Reserved Fund Balance	0.00	1,472,452.33	1,472,452.33
Total Funds Available	\$ 67,958,716.00	\$ 67,162,953.39	\$ -795,762.61
<u>EXPENDITURES</u>			
Special Funding Initiative	\$ 296,564.00	\$ 296,564.00	\$ 0.00
Teaching	67,662,152.00	64,523,759.52	3,138,392.48
Total Expenditures	\$ 67,958,716.00	\$ 64,820,323.52	\$ 3,138,392.48
Excess of Funds Available over Expenditures	0.00	2,342,629.87	2,342,629.87
<u>FUND BALANCE JULY 1</u>			
Reserved		1,977,740.77	
Unreserved		112,922.69	
<u>ADJUSTMENTS</u>			
Prior Year Payables/Expenditures		102,233.99	
Prior Year Receivables/Revenues		-23,850.54	
Unreserved Fund Balance (Surplus) Returned to Board of Regents - University System Office Year Ended June 30, 2010		-112,922.69	
Early Return of Fiscal Year 2011 Surplus		-3,387.43	
Prior Year Reserved Fund Balance Included in Funds Available		-1,472,452.33	
<u>FUND BALANCE JUNE 30</u>		\$ 2,922,914.33	
<u>SUMMARY OF FUND BALANCE</u>			
Reserved			
Department Sales and Services	\$	120,073.40	
Indirect Cost Recoveries		1,151,782.53	
Technology Fees		600,304.09	
Uncollectible Accounts Receivable		384,779.34	
Tuition Carry-Over		505,640.36	
Inventories		49,594.43	
Total Reserved	\$	2,812,174.15	
Unreserved			
Surplus		110,740.18	
Total Fund Balance	\$	2,922,914.33	

SAVANNAH STATE UNIVERSITY
 STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE
 YEAR ENDED JUNE 30, 2011

	Original Appropriation	Amended Appropriation	Final Budget	Current Year Revenues
Special Funding Initiative				
State Appropriation				
State General Funds	\$ 308,921.00	\$ 296,564.00	\$ 296,564.00	\$ 296,564.00
Teaching				
State Appropriation				
State General Funds	\$ 18,467,902.00	\$ 17,366,945.00	\$ 17,366,945.00	\$ 17,366,945.00
Other Funds	36,451,317.00	40,816,471.00	50,295,207.00	48,026,992.06
Total Teaching	\$ 54,919,219.00	\$ 58,183,416.00	\$ 67,662,152.00	\$ 65,393,937.06
Total Operating Activity	\$ 55,228,140.00	\$ 58,479,980.00	\$ 67,958,716.00	\$ 65,690,501.06

Funds Available Compared to Budget				Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
Prior Year Carry-Over	Adjustments and Program Transfers	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
\$ 0.00	\$ 0.00	\$ 296,564.00	\$ 0.00	\$ 296,564.00	\$ 0.00	\$ 0.00
\$ 0.00	\$ 0.00	\$ 17,366,945.00	\$ 0.00	\$ 17,355,902.81	\$ 11,042.19	\$ 11,042.19
<u>1,472,452.33</u>	<u>0.00</u>	<u>49,499,444.39</u>	<u>-795,762.61</u>	<u>47,167,856.71</u>	<u>3,127,350.29</u>	<u>2,331,587.68</u>
\$ 1,472,452.33	\$ 0.00	\$ 66,866,389.39	\$ -795,762.61	\$ 64,523,759.52	\$ 3,138,392.48	\$ 2,342,629.87
<u>\$ 1,472,452.33</u>	<u>\$ 0.00</u>	<u>\$ 67,162,953.39</u>	<u>\$ -795,762.61</u>	<u>\$ 64,820,323.52</u>	<u>\$ 3,138,392.48</u>	<u>\$ 2,342,629.87</u>

SAVANNAH STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
YEAR ENDED JUNE 30, 2011

	<u>Beginning Fund Balance/(Deficit) July 1</u>	<u>Fund Balance Carried Over from Prior Period as Funds Available</u>	<u>Return of Fiscal Year 2010 Surplus</u>	<u>Prior Period Adjustments</u>
Special Funding Initiative				
State Appropriation				
State General Funds	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Teaching				
State Appropriation				
State General Funds	\$ 9,896.75	\$ 0.00	\$ -9,896.75	\$ 12,755.79
Other Funds	<u>1,575,478.27</u>	<u>-1,472,452.33</u>	<u>-103,025.94</u>	<u>65,627.66</u>
Total Teaching	\$ <u>1,585,375.02</u>	\$ <u>-1,472,452.33</u>	\$ <u>-112,922.69</u>	\$ <u>78,383.45</u>
Total Operating Activity	\$ 1,585,375.02	\$ -1,472,452.33	\$ -112,922.69	\$ 78,383.45
Prior Year Reserves				
Not Available for Expenditure				
Inventories	47,672.64	0.00	0.00	0.00
Uncollectible Accounts Receivable	<u>457,615.80</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
 Budget Unit Totals	 \$ <u>2,090,663.46</u>	 \$ <u>-1,472,452.33</u>	 \$ <u>-112,922.69</u>	 \$ <u>78,383.45</u>

Other Adjustments	Early Return Fiscal Year 2011 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
\$ 0.00	\$ -3,387.43	\$ 11,042.19	\$ 20,410.55	\$ 0.00	\$ 20,410.55	\$ 20,410.55
<u>70,914.67</u>	<u>0.00</u>	<u>2,331,587.68</u>	<u>2,468,130.01</u>	<u>2,377,800.38</u>	<u>90,329.63</u>	<u>2,468,130.01</u>
\$ 70,914.67	\$ -3,387.43	\$ 2,342,629.87	\$ 2,488,540.56	\$ 2,377,800.38	\$ 110,740.18	\$ 2,488,540.56
\$ 70,914.67	\$ -3,387.43	\$ 2,342,629.87	\$ 2,488,540.56	\$ 2,377,800.38	\$ 110,740.18	\$ 2,488,540.56
1,921.79	0.00	0.00	49,594.43	49,594.43	0.00	49,594.43
<u>-72,836.46</u>	<u>0.00</u>	<u>0.00</u>	<u>384,779.34</u>	<u>384,779.34</u>	<u>0.00</u>	<u>384,779.34</u>
\$ <u>0.00</u>	\$ <u>-3,387.43</u>	\$ <u>2,342,629.87</u>	\$ <u>2,922,914.33</u>	\$ <u>2,812,174.15</u>	\$ <u>110,740.18</u>	\$ <u>2,922,914.33</u>

Summary of Ending Fund Balance

Reserved		
Department Sales and Services	\$ 120,073.40	\$ 120,073.40
Indirect Cost Recoveries	1,151,782.53	1,151,782.53
Technology Fees	600,304.09	600,304.09
Uncollectible Accounts Receivable	384,779.34	384,779.34
Tuition Carry-Over	505,640.36	505,640.36
Inventories	49,594.43	49,594.43
Unreserved Surplus	\$ 110,740.18	110,740.18
Total Ending Fund Balance - June 30	\$ <u>2,812,174.15</u>	\$ <u>2,922,914.33</u>