

Report on the

Athens State University

Athens, Alabama

October 1, 2018 through September 30, 2020

Filed: September 10, 2021



Department of Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner



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Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on Athens State University, Athens, Alabama, for the period October 1, 2018 through September 30, 2020, by Examiners Denise Owens and Maddie McGuire. I, Denise Owens, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

Denise Owens
Examiner of Public Accounts

rb

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SUMMARY

**Athens State University
October 1, 2018 through September 30, 2020**

Athens State University (the “University”) is a publicly supported state University. The University is under the direction and control of the Athens State University Board of Trustees. The University provides three baccalaureate degree options: the Bachelor of Arts degree, the Bachelor of Science degree, and the Bachelor of Science in Education degree, as well as three graduate programs: the Masters in Global Logistics and Supply Chain Management, the Masters in Religious Studies, and the Masters in Career and Technical Education. Additional information on the history of the University is included in the Comments section of this report.

The firm CDPA, P.C., Certified Public Accountants conducted the financial audits for the fiscal years ended September 30, 2019, and September 30, 2020.

This report presents the results of an examination of the University and a review of the University’s compliance with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

FINDING

The following instance of noncompliance with state laws and regulations and other matters was found during the examination, as shown on the Schedule of State Compliance and Other Findings and it is summarized below.

- ◆ 2020-001 The University may not have complied with the *Code of Alabama 1975*, Section 35-12-72, in regards to remitting unclaimed property to the State of Alabama Treasurer’s Office.

EXIT CONFERENCE

The following officials/employees were invited to an exit conference to discuss the results of this report: Dr. Philip Way, President; Mike McCoy, Vice-President for Financial Affairs; and Jonathan Craft, Assistant Vice-President for Finance. The following individuals attended the exit conference: Dr. Philip Way, President; Mike McCoy, Vice-President for Financial Affairs; Jonathan Craft, Assistant Vice-President for Finance; and Barbara Ferguson, Coordinator for Fiscal Affairs and Risk Management. Representing the Department of Examiners of Public Accounts were: Denise Owens and Maddie McGuire, Examiners and Peter Fisher, Audit Manager.



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COMMENTS

**Athens State University
October 1, 2018 through September 30, 2020**

Athens State University is the oldest institution of higher education in Alabama's state educational system. Athens College was founded in 1822 by the citizens of the City of Athens who purchased five acres of land, erected a building and began Athens Female Academy. It was operated as an independent academy until 1843 when the citizens raised \$10,000 to build Founders Hall and the institution was chartered as a four-year college. The founders turned to the Tennessee Conference of the Methodist Church (Athens and all of Alabama north of the Tennessee River was in the Tennessee Conference). When the North Alabama Conference was formed (1870), Athens College became the property of that Conference.

On May 10, 1974, the Board of Trustees requested from the North Alabama Conference of the United Methodist Church that the Institution seek affiliation with the State of Alabama. In June 1974, the Conference authorized the transfer. In June 1975, the College was accepted by the Alabama State Board of Education, and later that year the legislature appropriated funds for the operation of the College to serve the graduates of state junior, community, and technical colleges/institutes. Athens held its first class as a state operated institution on December 4, 1975 with an enrollment of 837 students.

The institution's name has changed several times since its existence. Upon transfer to the Tennessee Conference of the Methodist Church in 1842, the institution became Athens Female Institute. Then in 1889, it became Athens Female College. In 1931, the College became coeducational and was known as Athens College. In 1975, upon entering the state system, it was renamed Athens State College. In March 1981, the Alabama Legislature placed Athens State College and John C. Calhoun State Community College under a single administration. In 1991, the Legislature passed a resolution to re-establish two autonomous administrations at Athens State College and Calhoun Community College. In 1998, the Legislature passed a resolution to rename Athens State College to Athens State University.

In May 2012, Section 16-60-110, *Code of Alabama 1975*, was amended to remove Athens State University from under the jurisdiction, supervision, and control of the State Board of Education and Department of Postsecondary Education; to create and provide for the governance of the University under the Board of Trustees of Athens State University, effective October 1, 2012.

*Schedule of State Compliance
and Other Findings*

Schedule of State Compliance and Other Findings
For the Year Ended September 30, 2020

Ref. No.	Finding/Noncompliance
2020-001	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Section 35-12-72(a) states, “Property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth below for the particular property:...(14) Wages or other compensation for personal services, one year after the compensation becomes payable...(18) All other property, three years after the owner's right to demand the property or after the obligation to pay or distribute the property arises, whichever first occurs.”</p> <p>The law provides that the State Treasurer shall serve as the custodian of property or funds deemed abandoned under its provisions. The <i>Code of Alabama 1975</i>, Section 35-12-76(a) states, “A holder of property presumed abandoned shall make a report to the Treasurer concerning the property. The report shall be filed electronically, and the monies be remitted electronically...(c) The report shall be filed before November 1 of each year and cover the 12 months next preceding July 1 of that year.”</p> <p>Testing revealed that three payroll checks totaling \$981.03 were over one year old as of June 30, 2020 and should have been remitted to the State Treasurer's Office as unclaimed pay. Testing also revealed that thirty-three additional checks totaling \$6,850.25 were over three years old as of June 30, 2020 and should have been remitted as unclaimed property.</p> <p>The University does not have a policy in place for reviewing outstanding checks each year in order to determine reportable unclaimed property and remitting outstanding checks to the State Treasurer. The University did not submit an unclaimed property report for fiscal years 2019 or 2020.</p> <p><u>Recommendation:</u> The University should implement policies and procedures to review outstanding checks each year to determine reportable unclaimed property. The University should file a report concerning the property or funds considered abandoned in accordance with the <i>Code of Alabama 1975</i>, Section 35-12-76(a).</p>

Additional Information

Board Members and Officials
October 1, 2018 through September 30, 2020

Board Members	Term Expires
Hon. Kay Ivey, Governor	Ex-Officio
Hon. Jimmy Baker, Chancellor Alabama Community College System	Ex-Officio
Hon. Crystal Brown, Alabama Community College System Board Member	Ex-Officio
Hon. Ronnie Chronister	2022
Hon. Cathy Dickens	2024
Hon. Macke Mauldin	2022
Hon. Arthur Orr, Senator	2022
Hon. Maxine Randolph	2019
Hon. Clint Shelton	2019
Hon. Sandra Sims de-Graffenried	2024
Hon. Missy Ming Smith	2024
Hon. Jim America (Beginning 10/01/2019)	2026
Hon. William Dunnivant (Beginning 10/01/2019)	2026

Officials

Dr. Philip Way (Beginning 08/01/2019)	President
Dr. Ronald Ingle (Until 07/31/2019)	Interim President
Mr. Mike McCoy	Vice-President for Financial Affairs