



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR

PHIL BRYANT
State Auditor

RAMONA HILL, CPA
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Director, Education Audit Section

JONES COUNTY JUNIOR COLLEGE

Audited Financial Statements
For the Year Ended June 30, 1997

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

FINANCIAL AUDIT REPORT

JONES COUNTY JUNIOR COLLEGE

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR-S REPORT
ON
THE GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

June 10, 1998

Dr. Ronald Whitehead, President
and Board of Trustees
Jones County Junior College
Ellisville, Mississippi

We have audited the general purpose financial statements of Jones County Junior College as of and for the year ended June 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of Jones County Junior College's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Jones County Junior College as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 1998 on our consideration of Jones County Junior College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance Audit Division

JONES COUNTY JUNIOR COLLEGE

AUDITED FINANCIAL STATEMENTS

JONES COUNTY JUNIOR COLLEGE
Balance Sheet
June 30, 1997
(With Comparative Figures at June 30, 1996)

Exhibit A

ASSETS	Current Year	Prior Year	LIABILITIES AND FUND BALANCES	Current Year	Prior Year
Current Funds			Current Funds		
Current Unrestricted Funds:			Current Unrestricted Funds:		
Cash and other deposits (Note 3)	\$ 8,130,059	7,016,807	Accounts payable and accrued expenses	\$ 1,310,571	1,359,912
Accounts receivable:			Deposits refundable	20,575	25,225
Students, less allowance of			Deferred credits	279,457	250,447
\$84,800 (1997) and			Fund balances:		
\$109,533 (1996)	37,890	91,299	Unallocated		
Other	588,275	515,898	General	7,243,058	6,102,194
Inventories	572,737	424,780	Auxiliary	475,300	311,006
Total Current Unrestricted Funds	<u>9,328,961</u>	<u>8,048,784</u>	Total Current Unrestricted Funds	<u>9,328,961</u>	<u>8,048,784</u>
Current Restricted Funds:			Current Restricted Funds:		
Cash and other deposits (Note 3)	134,832	51,964	Accounts payable and accrued expenses	43,490	43,336
Other accounts receivable	393,292	518,076	Fund balance:		
Total Current Restricted Funds	<u>528,124</u>	<u>570,040</u>	Allocated	484,634	526,704
Total Current Funds	<u>\$ 9,857,085</u>	<u>8,618,824</u>	Total Current Restricted Funds	<u>528,124</u>	<u>570,040</u>
			Total Current Funds	<u>\$ 9,857,085</u>	<u>8,618,824</u>
Loan Funds			Loan Funds		
Cash and other deposits (Note 3)	\$ 11,138	12,310	Fund balances:		
Notes receivable:			Federal	\$ 1,819	5,236
Federal student loans, less allowance of			Institution	14,958	14,537
\$14,267 (1997) and (1996) (Note 5)	1,318	2,486	Total Loan Funds	<u>\$ 16,777</u>	<u>19,773</u>
Institutional student loans (Note 5)	4,321	4,977			
Total Loan Funds	<u>\$ 16,777</u>	<u>19,773</u>			
Endowment and Similar Funds			Endowment and Similar Funds		
Cash and other deposits (Note 3)	\$ 295,349	269,035	Fund balances:		
Investments (Note 4)	4,628	4,628	Endowment	\$ 300,171	289,116
Other accounts receivable	194	15,453	Total Endowment & Similar Funds	<u>\$ 300,171</u>	<u>289,116</u>
Total Endowment & Similar Funds	<u>\$ 300,171</u>	<u>289,116</u>			

Plant Funds		
Cash and other deposits (Note 3)	\$ 2,793,572	3,271,444
Other accounts receivable	345,484	44,027
Land	202,900	209,347
Improvements other than buildings	1,780,944	555,268
Buildings	23,454,371	24,660,040
Furniture, machinery and equipment	5,308,126	4,993,223
Books and films	1,575,329	1,584,916
Assets under capital leases (Note 6)	40,690	40,690
Construction in progress	3,530,971	1,572,228
Total Plant Funds	<u>\$ 39,032,387</u>	<u>36,931,183</u>

Agency Funds		
Cash and other deposits (Note 3)	\$ 84,871	84,509
Deferred compensation plan assets at fair market value (Note 10)		2,011,462
Due from depositors	495	15,024
Total Agency Funds	<u>\$ 85,366</u>	<u>2,110,995</u>

Plant Funds		
Accounts payable	\$ 8,006	289,262
Obligations under capital leases (Note 6)	13,341	21,750
Fund balances:		
Unexpended	3,131,050	3,026,209
Net investment in plant	35,879,990	33,593,962
Total Plant Funds	<u>\$ 39,032,387</u>	<u>36,931,183</u>

Agency Funds		
Due to depositors	\$ 85,366	2,110,995
Total Agency Funds	<u>\$ 85,366</u>	<u>2,110,995</u>

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

JONES COUNTY JUNIOR COLLEGE
Statement of Changes in Fund Balances
For the Year Ended June 30, 1997

Exhibit B

	<u>Current Funds</u>			Loan Funds	Endowment and Similar Funds	<u>Plant Funds</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>			<u>Unexpended</u>	<u>Investment in Plant</u>
Revenues and Other Additions							
Tuition and fees	\$ 3,712,888		3,712,888				
State appropriations	12,116,540		12,116,540			1,029,957	
Local appropriations	1,382,762		1,382,762			988,115	
Federal grants and contracts	360,075	4,590,439	4,950,514				
State grants and contracts	1,657,773	567,071	2,224,844				
Private gifts, grants & contracts		67,742	67,742				
Investment income	413,293		413,293	467	19,664	124,561	
Interest on loans receivable				755			
Additions to plant facilities							2,700,894
Retirement of indebtedness							8,409
Sales and services of educational activities	126,780		126,780				
Sales and services of auxiliary activities	2,685,059		2,685,059				
Decrease in allowance for doubtful accounts	24,733		24,733				
Other	263,946	5,461	269,407			141,057	
Total Rev. & Other Additions	22,743,849	5,230,713	27,974,562	1,222	19,664	2,283,690	2,709,303
Expenditures & Other Deductions							
Educational and general:							
Instruction	10,959,365	1,178,176	12,137,541				
Academic support	1,164,263	15,417	1,179,680				
Student services	2,303,080	275,702	2,578,782				
Institutional support	1,852,546	11,508	1,864,054				
Operation & maintenance of plant	1,591,630	5,939	1,597,569				
Student aid	662,991	4,200,099	4,863,090		8,609		
Total Educational and General	18,533,875	5,686,841	24,220,716		8,609		
Auxiliary	2,474,004	16,754	2,490,758				
Refunds to grantors				4,202			
Administrative costs recovered				16			
Repairs and maintenance Expended for plant facilities						132,285	
						2,046,564	
Plant assets sold or retired							423,275
Total Expenditures and Other Deductions	21,007,879	5,703,595	26,711,474	4,218	8,609	2,178,849	423,275

Transfers - Additions (Deductions)

Mandatory:							
Restricted fund matching	<u>(39,127)</u>	<u>39,127</u>					
Total Mandatory	<u>(39,127)</u>	<u>39,127</u>					
Other:							
Other	<u>(391,685)</u>	<u>391,685</u>					
Total Other	<u>(391,685)</u>	<u>391,685</u>					
Total Transfers	<u>(430,812)</u>	<u>430,812</u>					
Net Increase (Decr.) for Year	<u>1,305,158</u>	<u>(42,070)</u>	<u>1,263,088</u>	<u>(2,996)</u>	<u>11,055</u>	<u>104,841</u>	<u>2,286,028</u>
Fund Balance at Beg. of Year	<u>6,413,200</u>	<u>526,704</u>	<u>6,939,904</u>	<u>19,773</u>	<u>289,116</u>	<u>3,026,209</u>	<u>33,593,962</u>
Fund Balance at End of Year	<u>\$ 7,718,358</u>	<u>484,634</u>	<u>8,202,992</u>	<u>16,777</u>	<u>300,171</u>	<u>3,131,050</u>	<u>35,879,990</u>

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

JONES COUNTY JUNIOR COLLEGE
Statement of Current Fund Revenues, Expenditures and Other Changes
For the Year Ended June 30, 1997
(With Comparative Figures for the Year Ended June 30, 1996)

Exhibit C

	Current Year			Prior Year
	Unrestricted	Restricted	Total	Total
Revenues and Other Additions				
Tuition and fees	\$ 3,712,888		3,712,888	3,668,767
State appropriations	12,116,540		12,116,540	11,936,315
Local appropriations	1,382,762		1,382,762	1,349,100
Federal grants and contracts	360,075	4,590,439	4,950,514	4,769,524
State grants and contracts	1,657,773	1,000,826	2,658,599	2,415,123
Private gifts, grants and contracts		67,742	67,742	35,717
Investment income	413,293		413,293	279,387
Sales and services of educational activities	126,780		126,780	124,042
Sales and services of auxiliary activities	2,685,059		2,685,059	2,523,039
Decrease in allowance for doubtful accounts	24,733		24,733	
Other	263,946		269,407	310,564
Total Revenues and Other Additions	<u>22,743,849</u>	<u>5,664,468</u>	<u>28,408,317</u>	<u>27,411,578</u>
Expenditures & Mandatory Transfers				
Educational and general:				
Instruction	10,959,365	1,178,176	12,137,541	11,938,553
Academic support	1,164,263	15,417	1,179,680	1,167,603
Student services	2,303,080	275,702	2,578,782	2,493,332
Institutional support	1,852,546	11,508	1,864,054	1,828,193
Operation & maintenance of plant	1,591,630	5,939	1,597,569	1,579,295
Student aid	662,991	4,200,099	4,863,090	4,448,370
Total Educational and General Expenditures	<u>18,533,875</u>	<u>5,686,841</u>	<u>24,220,716</u>	<u>23,455,346</u>
Mandatory transfers:				
Restricted fund matching	34,938	(34,938)		
Total Educational and General	<u>18,568,813</u>	<u>5,651,903</u>	<u>24,220,716</u>	<u>23,455,346</u>
Auxiliary enterprises:				
Expenditures	2,474,004	16,754	2,490,758	2,193,602
Mandatory transfers:				
Restricted fund matching	4,189	(4,189)		
Total Auxiliary Enterprises	<u>2,478,193</u>	<u>12,565</u>	<u>2,490,758</u>	<u>2,193,602</u>
Total Expenditures and Mandatory Transfers	<u>21,047,006</u>	<u>5,664,468</u>	<u>26,711,474</u>	<u>25,648,948</u>
Other Transfers - Additions (Ded.)				
Excess restricted receipts over expenditures & mandatory transfers		(433,755)	(433,755)	(336,848)
Other	(391,685)	391,685		
Total Other Transfers - Additions (Deductions)	<u>(391,685)</u>	<u>(42,070)</u>	<u>(433,755)</u>	<u>(336,848)</u>
Net Change in Fund Balance	\$ <u>1,305,158</u>	<u>(42,070)</u>	<u>1,263,088</u>	<u>1,425,782</u>

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

JONES COUNTY JUNIOR COLLEGE

Summary of Significant Accounting Policies For the Year Ended June 30, 1997

The significant accounting policies followed by Jones County Junior College are described below to enhance the usefulness of the financial statements to the reader.

(1) Basis of Accounting.

Jones County Junior College uses the accounting system set out in the "Accounting Manual for Mississippi's Public Junior Colleges." This manual conforms in most respects with the principles set forth in the "Financial and Reporting Manual for Higher Education" issued by the National Association of College and University Business Officers (NACUBO), and the Industry Audit Guide, "Audits of Colleges and Universities" issued by the American Institute of Certified Public Accountants, while acknowledging the goals and activities of Mississippi's public community colleges.

The accompanying financial statements have been prepared generally on the accrual basis with the following exceptions, which are common practices in colleges and universities:

- A. Depreciation on physical plant and equipment has not been provided.
- B. To the extent that Current Funds are used to finance plant assets, the amounts so provided are accounted for as (a) expenditures, in the case of normal acquisition and/or replacement of moveable equipment and library books; (b) mandatory transfers, in the case of required provisions for debt amortization and interest, and equipment renewals and replacements; and (c) transfers of a nonmandatory nature for all other cases.
- C. Interest on student loans is recorded only when received.
- D. Interest expense on debt is recorded when paid.

Gifts, grants and pledges are generally recorded when received or when billable.

Investments are recorded at cost if purchased or if acquired by gift at fair market value at the time of donation.

Property, buildings and equipment are stated at cost at the date of acquisition or fair market value at date of donation. Improvements made as part of repair and renovation projects are capitalized based upon institution estimates which approximate cost. Public domain (infrastructure) fixed assets consisting of certain improvements other than buildings, such as roads, bridges, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the institution, are capitalized.

Merchandise for resale inventories and consumable supply inventories are stated at cost, with cost being determined principally by the first-in, first-out method.

All revenues and related expenditures incurred in connection with summer sessions are reported within the fiscal year in which the summer sessions are predominantly conducted.

Service activities at the institution are those activities which provide general services benefiting many funds. Service activities include duplicating services. Such activities are maintained during the fiscal year as Auxiliary Funds for management purposes. These activities' expenditures are allocated to other funds based upon a user charge system. At fiscal year-end, any over or under allocation made during the year is closed to institutional support in the Current Unrestricted Fund.

JONES COUNTY JUNIOR COLLEGE

Summary of Significant Accounting Policies
For the Year Ended June 30, 1997

(2) Fund Accounting.

In order to insure observance of limitations and restrictions placed on the use of the resources available, the accounts of the institution are maintained in accordance with the principles of "fund accounting". This accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The Current Funds are used primarily to account for transactions which are expended in performing the primary and support objectives of the institution.

Current Funds consist of the following:

- A. The Unrestricted Fund which is used to account for:
 - 1. The appropriated budget as approved by the Mississippi State Legislature and the Board of Trustees of Jones County Junior College.
 - 2. The transactions of substantially self-supporting activities that primarily provide services for students, faculty and staff.
- B. The Restricted Fund which is used to account for Current Funds expended for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Other funds consist of the following:

- A. The Loan Funds are used to account for loans to students. Resources to provide loans are derived primarily from the federal government. Provisions of the federal loan program stipulate that:
 - 1. The institution's matching share is one-third of the federal contributions.
 - 2. A portion of the loan principal and interest (maximum of 30% per year) will be canceled and absorbed by the federal government, if the recipient completes certain employment requirements.
- B. Endowment Funds are subject to the restrictions of donor gift instruments and only the income is to be utilized.
- C. The Plant Funds which are used to account for the transactions relating to institution physical properties include:
 - 1. The Unexpended Plant Fund which is comprised of amounts which have been appropriated or designated for the purchase of institution physical properties or the repair and maintenance of such physical properties.

JONES COUNTY JUNIOR COLLEGE

Summary of Significant Accounting Policies
For the Year Ended June 30, 1997

2. The Investment in Plant Fund which represents the total physical properties in service by the institution and all construction in progress as well as any associated liabilities.
- D. Agency Funds account for assets held by the institution as custodian or fiscal agent for others. Consequently, the transactions of this fund do not affect the statement of changes in fund balances.

JONES COUNTY JUNIOR COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 1997

(1) Appropriations - General Operations.

Jones County Junior College receives funds from the state of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the state of Mississippi. In addition, the institution receives funds from taxes levied by the counties in the district for general support, maintenance and capital improvement.

(2) Accrued Leave.

Because the institution does not provide for the accumulation of sick leave or vacation beyond one fiscal year, no liability has been accrued in the financial statements.

(3) Cash and Other Deposits.

For financial statement purposes, cash and other deposits are represented by demand accounts and time deposits such as savings accounts, certificates of deposit and money market funds. Also included in this account are imprest cash accounts held by the institution. The carrying amount of the institution's cash and other deposits at June 30, 1997, was \$11,449,821 and the depository balance, including accrued interest of \$67,285, was \$12,575,559. The portion of such depository balances covered by federal depository insurance or by collateral held by the institution or its agent was \$405,909. The amount of \$12,169,650 was collateralized with securities held by a pledging financial institution's trust department or agent but not in the institution's name.

(4) Investments.

The following table presents the carrying and market value of investments. All of the investments listed below are held by the institution.

	Carrying Value	Market Value
Corporate bonds	\$ 2,000	2,000
Corporate equities	2,628	16,776
Total	\$ 4,628	18,776

JONES COUNTY JUNIOR COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 1997

(5) Notes Receivable From Students.

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to 12 months from the date of separation from the institution. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the institution at June 30, 1997:

	Interest Rates		Unpaid Balance 6-30-97
Perkins student loans	3% to 5%	\$	4,667
Nursing student loans	3% to 6%		10,918
Institution loans	0%		4,321
Total Notes Receivable			19,906
Less: Allowance for Doubtful Accounts			14,267
Net Notes Receivable		\$	5,639

(6) Long-term Debt.

The institution has long-term obligations of the following:

Description and Purpose	Original Issue	Annual Interest Rate	Maturity Date	Amount Owed at 6-30-97
Capital Leases:				
Classes of property - number of leases in each class				
Copier - 1	\$ 24,810	7%	6/98	\$ 5,678
Copier - 1	15,880	8%	8/99	7,663
Total Capital Leases	\$ 40,690			\$ 13,341

These leases cover a period of 60 months. The institution has the option to prepay all outstanding payments less any unearned interest to fully satisfy the obligation.

There is also a fiscal funding addendum that states that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

The amount capitalized as leased property under capital leases is the amount of the original obligation.

JONES COUNTY JUNIOR COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 1997

Annual requirements to amortize outstanding long-term debt are as follows:

Year Ending June 30	Total	Leases
1998	\$ 9,759	9,759
1999	3,864	3,864
2000	<u>644</u>	<u>644</u>
Total	14,267	14,267
Less: Amounts Representing Interest	<u>926</u>	<u>926</u>
Total at Present Value	<u>\$ 13,341</u>	<u>13,341</u>

(7) Operating Leases.

Leased property under operating leases is composed of mats and four copiers. The following is a schedule by years of the future minimum rental payments required under those operating leases:

Year Ending June 30	Amount
1998	\$ 9,603
1999	3,264
2000	<u>438</u>
Total Minimum Payments Required	<u>\$ 13,305</u>

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the fiscal year ending June 30, 1997, was \$8,430.

JONES COUNTY JUNIOR COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 1997

(8) Construction Commitments and Financing.

The institution has contracted for the construction of the following projects:

Project	Cost to Complete
State Funds	
Vocational-technical building addition	\$ 120,351
Agriculture building	337,962
Student center/cafeteria renovation	1,714,278
Local Funds	
Vocational-technical building addition	1,449
Home Economics building	115,767
Total	\$ 2,289,807

(9) Pension Plan.

Plan Description. The institution contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the institution is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirement of PERS members are established and may be amended only by the State of Mississippi Legislature. The institution's contributions to PERS for the years ending June 30, 1997, 1996 and 1995 were \$1,168,028, \$1,135,494 and \$1,018,765, respectively, equal to the required contributions for each year.

(10) Deferred Compensation Plan.

Due to changes in federal law which the State of Mississippi elected to implement as of January 1, 1997, assets held in the deferred compensation plan available through the Mississippi Public Employees' Retirement System (PERS) are no longer subject to claims by creditors of the employing entity. Therefore, the institution is no longer required to report the assets and liabilities related to this plan in the Agency Fund.

JONES COUNTY JUNIOR COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 1997

(11) Foundation.

Jones County Junior College Foundation, Inc. is an independent corporation formed for the purpose of receiving funds for the sole benefit of the institution. Following is a summary of the foundation's financial position at June 30, 1997, which amounts are not included in the financial statements of the institution:

<u>Assets</u>		<u>Amount</u>
Cash and investments	\$	149,875
Investments		1,372,994
Equipment		39,071
Donated assets		<u>4,500</u>
Total Assets	\$	<u><u>1,566,440</u></u>
<u>Liabilities and Fund Balances</u>		
Fund balances:		
Current Funds:		
Unrestricted	\$	227,114
Restricted		<u>1,339,326</u>
Total Liabilities and Fund Balances	\$	<u><u>1,566,440</u></u>

JONES COUNTY JUNIOR COLLEGE

SUPPLEMENTAL INFORMATION

JONES COUNTY JUNIOR COLLEGE
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 1997

	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Number	Federal Expenditures
Major Programs			
Student Financial Aid:			
Department of Education:	N/A		
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007		\$ 155,611
PELL Grant Program	84.063		3,630,183
Federal Work-study Program (FWS)	84.033		117,382
State Student Incentive Grant Program	84.069		4,715
Federal Family Education Loan Program	(1) 84.032		1,311,400
Total Student Financial Aid			<u>5,219,291</u>
Other:			
United States Department of Education:			
Vocational Education - Basic Grants to States	84.048	E-V048A50024 E-V048A60024	539,603
Total Other			<u>539,603</u>
Total Major Programs			<u>5,758,894</u>
Other Federal Assistance			
United States Department of Labor:			
Job Training Partnership Act	17.250	L-599551TA31 L699551TA31	183,106
National Science Foundation:			
Education and Human Resources	47.076		28,323
United States Department of Agriculture:			
Cooperative State Research, Education and Extension Service:			
Mississippi Rural Health Corps	10.500		230,514
Department of Health and Human Services:			
Child Development Associate Scholarships	93.614		12,267
Small Business Administration:			
Small Business Development Center	59.037		38,936

United States Department of Education:			
Tech-prep Education	84.243	E-V243A50095	96,505
		E-V243A40095	
		E-V243A50024	
Adult Education - State-administered Basic Grant Program	84.002		<u>131,999</u>
Total Other Federal Assistance			<u>721,650</u>
Total Federal Financial Assistance			<u>\$ 6,480,544</u>

Notes to Schedule

This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the general purpose financial statements, with the following exceptions:

- (1) For purposes of this schedule, loans made to students under the Federal Family Education Loan Program (CFDA #84.032) are presented as federal expenditures. Neither the funds advanced to students, nor the outstanding loan balance is included in the financial statements since the loans are made and subsequently collected by private lending institutions.

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

JONES COUNTY JUNIOR COLLEGE

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR-S REPORT
ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

June 10, 1998

Dr. Ronald Whitehead, President
and Board of Trustees
Jones County Junior College
Ellisville, Mississippi

We have audited the general purpose financial statements of Jones County Junior College as of and for the year ended June 30, 1997, and have issued our report thereon dated June 10, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the institution's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the institution's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the institution's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 97-1, 97-2 and 97-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions and, accordingly, would not also disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described in the findings referred to above, we consider item 97-2 to be a material weakness.

This report is intended for the use of Jones County Junior College, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance Audit Division



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR-S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

June 10, 1998

Dr. Ronald Whitehead, President
and Board of Trustees
Jones County Junior College
Ellisville, Mississippi

Compliance

We have audited the compliance of Jones County Junior College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1997. The institution's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the institution's management. Our responsibility is to express an opinion on the institution's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the institution's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the institution's compliance with those requirements.

In our opinion, Jones County Junior College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1997. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 97-4.

Internal Control Over Compliance

The management of Jones County Junior College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the institution's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the institution's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 97-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in the finding referred to above is not a material weakness.

This report is intended for the use of Jones County Junior College, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance Audit Division

JONES COUNTY JUNIOR COLLEGE

INDEPENDENT AUDITOR-S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

JONES COUNTY JUNIOR COLLEGE

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR-S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

June 10, 1998

Dr. Ronald Whitehead, President
and Board of Trustees
Jones County Junior College
Ellisville, Mississippi

We have audited the general purpose financial statements of Jones County Junior College as of and for the year ended June 30, 1997, and have issued our report thereon dated June 10, 1998. We conducted our audit in accordance with generally accepted auditing standards.

We have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements did not disclose any instances of noncompliance with state laws and regulations.

This report is intended for the use of Jones County Junior College. However, this report is a matter of public record and its distribution is not limited.

Handwritten signature of Phil Bryant in cursive.

PHIL BRYANT
State Auditor

Handwritten signature of Ramona Hill in cursive.

RAMONA HILL, CPA
Director, Financial and Compliance Audit Division

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1997

Section 1: Summary of Auditor's Results

1. An unqualified opinion was issued on the general purpose financial statements.
2. As described in Section 2 of this schedule, reportable conditions in internal control were disclosed by the audit of the general purpose financial statements. The reportable condition described in Finding 97-2 is considered to be a material weakness.
3. The audit did not disclose any noncompliance which is material to the general purpose financial statements.
4. As described in Section 3 of this schedule, a reportable condition in internal control over major programs was disclosed by the audit. The reportable condition described in Finding 97-4 is not considered to be a material weakness.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit disclosed an audit finding which is required to be reported under Section _____.510(a) of OMB Circular A-133. This finding is described in Section 3 of this schedule.
7. The major programs were the Student Financial Aid cluster and Basic Grants to States - CFDA #84.048.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The auditee did not qualify as a low-risk auditee.

Section 2: Findings Relating to the Financial Statements

97-1. Finding

The institution does not have written procedures for the operation of the business office.

Recommendation

The institution should develop written procedures for the operation of the business office.

97-2. Finding

We noted the following during our test of fixed assets:

1. Equipment was received by the ordering department resulting in untimely tagging of equipment.
2. No reconciliation of fixed asset additions was performed.
3. The general ledger was not updated for current year fixed asset activity.
4. One item of equipment could not be located.

JONES COUNTY JUNIOR COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1997

5. The location was incorrect on the equipment inventory listing for seven items.
6. The inventory tag or inventory number was not located on equipment for four items.
7. One item of equipment was duplicated on the equipment inventory listing.
8. Two inventory tags were attached to one item of equipment.
9. One item of equipment was not included on the year-end inventory listing.
10. Additions and deletions per library records were not reconciled to the general ledger.

Recommendation

The purchases of the college should be monitored to ensure that all equipment is recorded and tagged on a timely basis. The general ledger should be updated yearly for fixed asset activity. A reconciliation of fixed asset additions per expenditure accounts to additions per subsidiary listings should be performed. Inventory tags/numbers should be placed on all equipment owned by the institution. Proper paper work should be completed to document transfers of equipment from location to location. Additions and deletions per library records should be reconciled to accounting records to safeguard assets.

97-3.

Finding

We noted the following during our tests of expenditures and accounts payable:

1. Several invoices were not marked to identify the date received.
2. Invoices were not canceled when paid to prevent reuse.
3. In several instances, no purchase order or requisition was prepared.
4. Several disbursements were paid from copies of invoices.
5. Invoices could not be located in two instances.
6. One invoice was paid at the incorrect amount.
7. In six instances, no approval for payment by a college official was obtained.
8. In four instances, goods were received by the requisitioner.
9. In two cases, the purchase was posted to the incorrect account number.
10. In two cases, supporting documentation was not attached to the disbursement package.
11. One invoice was paid twice.

Recommendation

All disbursements should be reviewed to ensure that required requisitions and purchase orders are properly prepared and approved. The institution should pay only from original invoices. Invoices should be marked to identify the date received and canceled to prevent reuse. Goods should be received by someone other than the requisitioner. All purchases should be reviewed to ensure that they are posted to the correct account number and that payments are not duplicated.

Section 3: Findings and Questioned Costs for Federal Awards

97-4.

Finding

Program: Student Financial Aid

Compliance Requirements: Special tests and provisions

The institution does not have procedures in place to properly calculate federal refunds. The federal refund policy and the institution's refund policy differ on only three days per semester.

Recommendation

The institution should develop procedures to properly calculate federal refunds.

There were no questioned costs as a result of this finding.