



STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR

PHIL BRYANT  
State Auditor

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Director, Financial and Compliance Audit Division

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Director, Education Audit Section

MERIDIAN COMMUNITY COLLEGE

Audited Financial Statements  
For the Year Ended June 30, 1997



MERIDIAN COMMUNITY COLLEGE

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MERIDIAN COMMUNITY COLLEGE

FINANCIAL AUDIT REPORT

MERIDIAN COMMUNITY 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

November 4, 1997

President and Board of Trustees  
Meridian Community College  
Meridian, MS 39307

We have audited the general purpose financial statements of Meridian Community 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 Meridian Community 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 Meridian Community 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 November 4, 1997 on our consideration of Meridian Community 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

MERIDIAN COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

MERIDIAN COMMUNITY 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 4)	\$ 361,089	286,340	Accounts payable and accrued expenses	\$ 356,903	388,747
Accounts receivable:			Accrued leave (Note 3)	214,134	173,232
State appropriation	141,338	137,617	Deposits refundable	23,050	19,246
Students, less allowance of \$273,640 (1997) and \$242,088 (1996)	41,849	17,854	Deferred credits	1,110	
Other	117,874	809,970	Fund balances:		
Notes receivable	35,000	35,000	Unallocated		
Inventories	221,168	189,972	General	1,088,268	775,747
Prepaid items and deferred charges	1,901	205	Auxiliary	225,515	169,551
Due from other funds	988,761	49,565			
Total Current Unrestricted Funds	<u>1,908,980</u>	<u>1,526,523</u>	Total Current Unrestricted Funds	<u>1,908,980</u>	<u>1,526,523</u>
Current Restricted Funds:			Current Restricted Funds:		
Cash and other deposits (Note 4)	159,658	133,004	Accounts payable and accrued expenses	28,395	
Other accounts receivable	689,876		Accrued leave (Note 3)	26,065	16,191
			Due to other funds	689,876	
			Deferred credits	48,059	60,787
			Fund balance:		
			Allocated	57,139	56,026
Total Current Restricted Funds	<u>849,534</u>	<u>133,004</u>	Total Current Restricted Funds	<u>849,534</u>	<u>133,004</u>
Total Current Funds	<u>\$ 2,758,514</u>	<u>1,659,527</u>	Total Current Funds	<u>\$ 2,758,514</u>	<u>1,659,527</u>
Loan Funds			Loan Funds		
Cash and other deposits (Note 4)	\$ 1,098	196	Fund balances:		
Notes receivable:			Federal	\$ 1,098	196
Federal student loans, less allowance of \$22,980 (1997) and \$23,399 (1996) (Note 5)					
Total Loan Funds	<u>\$ 1,098</u>	<u>196</u>	Total Loan Funds	<u>\$ 1,098</u>	<u>196</u>

Plant Funds		
Cash and other deposits (Note 4)	\$ 644,496	644,369
Accounts receivable - state appropriations	218,570	
Other accounts receivable	20,336	
Land	228,479	228,479
Improvements other than buildings	2,315,064	2,224,618
Buildings	14,639,709	14,276,853
Furniture, machinery and equipment	3,804,958	2,995,743
Books and films	939,479	893,554
Assets under capital leases (Note 6)	222,425	222,425
Construction in progress (Note 7)	2,152,708	711,014
Total Plant Funds	\$ <u>25,186,224</u>	<u>22,197,055</u>

Agency Funds		
Cash and other deposits (Note 4)	\$ 265,009	103,317
Deferred compensation plan assets at fair market value (Note 9)		2,729,088
Due from depositors	22,342	
Total Agency Funds	\$ <u>287,351</u>	<u>2,832,405</u>

Plant Funds		
Accounts payable	\$ 32,109	34,558
Due to other funds	298,885	49,565
Notes payable (Note 6)	4,285,000	4,455,000
Bonds payable (Note 6)	3,120,000	3,355,000
Obligations under capital leases (Note 6)	30,241	78,955
Fund balances:		
Unexpended	2,242	30,103
Retirement of indebtedness	550,166	530,143
Net investment in plant	16,867,581	13,663,731
Total Plant Funds	\$ <u>25,186,224</u>	<u>22,197,055</u>

Agency Funds		
Due to depositors	\$ 287,351	2,832,405
Total Agency Funds	\$ <u>287,351</u>	<u>2,832,405</u>

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

MERIDIAN COMMUNITY COLLEGE  
Statement of Changes in Fund Balances  
For the Year Ended June 30, 1997

Exhibit B

	Current Funds			Loan Funds	Plant Funds		
	Unrestricted	Restricted	Total		Unexpended	Retirement of Indebtedness	Investment in Plant
Revenues and Other Additions							
Tuition and fees	\$ 2,820,803		2,820,803				
State appropriations	6,877,263	319,075	7,196,338		2,817,167		
Local appropriations	976,139	110,336	1,086,475			554,381	
Federal grants and contracts	13,826	2,788,309	2,802,135				
State grants and contracts	933,069	781,628	1,714,697				
Local grants and contracts		10,000	10,000				
Private gifts, grants & contracts	72,716	480,760	553,476				
Investment income	33,419	6,880	40,299			18,773	
Interest on loans receivable				483			
Additions to plant facilities							2,911,269
Retirement of indebtedness							453,714
Sales and services of educational activities	99,860		99,860				
Sales and services of auxiliary activities	2,146,711		2,146,711				
Decrease in N/R - federal allowance				419			
Other	63,886	28,042	91,928				
Total Rev. & Other Additions	<u>14,037,692</u>	<u>4,525,030</u>	<u>18,562,722</u>	<u>902</u>	<u>2,817,167</u>	<u>573,154</u>	<u>3,364,983</u>
Expenditures & Other Deductions							
Educational and general:							
Instruction	5,351,571	2,179,204	7,530,775				
Academic support	886,822	185,290	1,072,112				
Student services	1,722,198	199,822	1,922,020				
Institutional support	1,418,342	5,551	1,423,893				
Operation & maintenance of plant	1,372,874	1,874	1,374,748				
Student aid	354,708	2,239,785	2,594,493				
Total Educational and General	<u>11,106,515</u>	<u>4,811,526</u>	<u>15,918,041</u>				
Auxiliary	1,770,589	34,085	1,804,674				
Loan cancellations and write-offs				487			
Expended for plant facilities					2,845,028		
Plant assets sold or retired							161,133
Retirement of indebtedness						453,714	
Interest on indebtedness						481,496	
Provision for uncollectible accts.	31,552		31,552				
Provision for accrued leave	40,902	9,874	50,776				
Other						5,515	
Total Expenditures and Other Deductions	<u>12,949,558</u>	<u>4,855,485</u>	<u>17,805,043</u>	<u>487</u>	<u>2,845,028</u>	<u>940,725</u>	<u>161,133</u>

Transfers - Additions (Deductions)

Mandatory:							
Principal and interest	(372,182)		(372,182)			372,182	
Restricted fund matching	<u>(331,568)</u>	<u>331,568</u>	<u>(372,182)</u>			<u>372,182</u>	
Total Mandatory	<u>(703,750)</u>	<u>331,568</u>	<u>(372,182)</u>			<u>372,182</u>	
Other:							
Other	<u>(15,899)</u>		<u>(15,899)</u>	<u>487</u>		<u>15,412</u>	
Total Other	<u>(15,899)</u>		<u>(15,899)</u>	<u>487</u>		<u>15,412</u>	
Total Transfers	<u>(719,649)</u>	<u>331,568</u>	<u>(388,081)</u>	<u>487</u>		<u>387,594</u>	
Net Increase (Decr.) for Year	<u>368,485</u>	<u>1,113</u>	<u>369,598</u>	<u>902</u>	<u>(27,861)</u>	<u>20,023</u>	<u>3,203,850</u>
Fund Balance at Beg. of Year As Previously Reported	<u>945,298</u>	<u>56,026</u>	<u>1,001,324</u>	<u>196</u>	<u>30,103</u>	<u>530,143</u>	<u>13,663,731</u>
Fund Balance at End of Year	<u>\$ 1,313,783</u>	<u>57,139</u>	<u>1,370,922</u>	<u>1,098</u>	<u>2,242</u>	<u>550,166</u>	<u>16,867,581</u>

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

MERIDIAN COMMUNITY 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	\$ 2,820,803		2,820,803	2,635,880
State appropriations	6,877,263	319,075	7,196,338	7,302,991
Local appropriations	976,139	110,336	1,086,475	1,036,521
Federal grants and contracts	13,826	2,788,309	2,802,135	2,709,954
State grants and contracts	933,069	770,641	1,703,710	1,653,934
Local grants and contracts		10,000	10,000	36,896
Private gifts, grants and contracts	72,716	480,760	553,476	225,324
Investment income	33,419	6,880	40,299	35,871
Sales and services of educational activities	99,860		99,860	113,312
Sales and services of auxiliary activities	2,146,711		2,146,711	1,894,181
Independent operations				
Other	63,886	28,042	91,928	111,425
Total Revenues and Other Additions	<u>14,037,692</u>	<u>4,514,043</u>	<u>18,551,735</u>	<u>17,756,289</u>
Expenditures & Mandatory Transfers				
Educational and general:				
Instruction	5,351,571	2,179,204	7,530,775	7,361,075
Academic support	886,822	185,290	1,072,112	1,088,474
Student services	1,722,198	199,822	1,922,020	1,883,756
Institutional support	1,418,342	5,551	1,423,893	1,411,634
Operation & maintenance of plant	1,372,874	1,874	1,374,748	1,425,683
Student aid	354,708	2,239,785	2,594,493	2,375,486
Total Educational and General Expenditures	<u>11,106,515</u>	<u>4,811,526</u>	<u>15,918,041</u>	<u>15,546,108</u>
Mandatory transfers:				
Principal and interest	53,088		53,088	53,088
Restricted fund matching	331,568	(331,568)		
Total Educational and General	<u>11,491,171</u>	<u>4,479,958</u>	<u>15,971,129</u>	<u>15,599,196</u>
Auxiliary enterprises:				
Expenditures	1,770,589	34,085	1,804,674	1,594,013
Mandatory transfers:				
Principal and interest	319,094		319,094	258,262
Total Auxiliary Enterprises	<u>2,089,683</u>	<u>34,085</u>	<u>2,123,768</u>	<u>1,852,275</u>
Total Expenditures and Mandatory Transfers	<u>13,580,854</u>	<u>4,514,043</u>	<u>18,094,897</u>	<u>17,451,471</u>
Other Transfers - Additions (Ded.)				
Excess restricted receipts over expenditures & mandatory transfers		10,987	10,987	991
Other	(15,899)		(15,899)	(161,000)
Provision for uncollectible accounts	(31,552)		(31,552)	(32,683)
Provision for accrued leave	(40,902)	(9,874)	(50,776)	(28,432)
Reduction in accrued leave				3,431
Total Other Transfers - Additions (Deductions)	<u>(88,353)</u>	<u>1,113</u>	<u>(87,240)</u>	<u>(217,693)</u>
Net Change in Fund Balance	\$ <u>368,485</u>	<u>1,113</u>	<u>369,598</u>	<u>87,125</u>

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

MERIDIAN COMMUNITY COLLEGE

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

The significant accounting policies followed by Meridian Community College are described below to enhance the usefulness of the financial statements to the reader.

(1) Basis of Accounting.

Meridian Community 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.

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.

(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.

MERIDIAN COMMUNITY COLLEGE

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

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 Meridian Community 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. 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.
  - 2. The Retirement of Indebtedness Plant Fund which represents resources held for the retirement of and interest on debt and includes sinking funds established under bond indentures and note and lease amortization payments accumulated, but not yet due.
  - 3. 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.
- C. 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.

## MERIDIAN COMMUNITY COLLEGE

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

(1) Financial Reporting Entity.

In accordance with Governmental Accounting Standards Board Statement Number 14, the Meridian Community College Public Improvement Corporation (the "Corporation") is deemed a component unit of the institution.

The Corporation is a nonprofit corporation incorporated in the state of Mississippi with the approval of the Board of Trustees of Meridian Community College. The purpose of the corporation is for the financing and construction of Meridian Community College student apartments.

(2) Appropriations - General Operations.

Meridian Community 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 Lauderdale County and the City of Meridian for general support, maintenance and capital improvements.

(3) Accrued Leave.

Twelve-month employees earn annual personal leave at a rate of ten days per year for zero to ten years of service; with a maximum accumulation of 20 days; 12 days per year for ten to 14 years of service, with a maximum accumulation of 24 days; 14 days per year for 15 to 19 years of service, with a maximum accumulation of 28 days; and 16 days per year for over 20 years of service, with a maximum accumulation of 32 days. There is no requirement that annual leave be taken. At termination, these employees are paid for accrued leave.

The liability for accrued leave at June 30, 1997, as reported in the Current Funds, was \$240,199.

(4) 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 the Public Improvement Corporation's cash accounts and imprest cash accounts held by the institution. The carrying amount of the institution's cash and other deposits at June 30, 1997, was \$1,431,350 and the depository balance was \$2,250,107. The carrying amount and the depository balance of the Public Improvement Corporation's cash and other deposits at June 30, 1997, was \$395,095. The portion of depository balances covered by federal depository insurance or by collateral held by the institution or its agent was \$249,712. The amount of \$1,605,300 was collateralized with securities held by a pledging financial institution's trust department or agent but not in the institution's name.

MERIDIAN COMMUNITY 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%	\$	22,980
Total Notes Receivable			22,980
Less: Allowance for Doubtful Accounts			22,980
Net Notes Receivable		\$	<u>0</u>

(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
A. Bonded Debt.				
General Obligation Bonds:				
Limited-tax school bonds, series 1988	\$ 2,000,000	6.3%-9%	2003	\$ 1,065,000
Limited-tax school bonds, series 1994	<u>2,250,000</u>	5.1%-6.5%	2009	<u>2,055,000</u>
Total Bonded Debt	<u>\$ 4,250,000</u>			<u>\$ 3,120,000</u>
B. Notes.				
Public Improvement Corporation-				
student apartment notes, 1993	\$ 3,385,000	4.75%-6.75%	2013	\$ 3,285,000
Education facilities notes, series 1991	<u>1,300,000</u>	5%-6.6%	2006	<u>1,000,000</u>
Total Notes	<u>\$ 4,685,000</u>			<u>\$ 4,285,000</u>
C. Capital Lease.				
Computer equipment	\$ <u>222,245</u>	7.43%	1998	\$ <u>30,241</u>
Total Capital Lease	<u>\$ 222,245</u>			<u>\$ 30,241</u>

MERIDIAN COMMUNITY COLLEGE

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

This lease covers a five year period. 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.

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

Year Ending June 30	Total	Bonds	Notes	Leases
1998	\$ 925,048	444,816	449,262	30,970
1999	886,325	441,992	444,333	
2000	886,715	438,152	448,563	
2001	889,245	437,801	451,444	
2002	890,169	437,191	452,978	
Later years	<u>6,582,199</u>	<u>1,970,793</u>	<u>4,611,406</u>	
Total	11,059,701	4,170,745	6,857,986	30,970
Less: Amounts Representing Interest	<u>3,624,460</u>	<u>1,050,745</u>	<u>2,572,986</u>	<u>729</u>
Total at Present Value	<u>\$ 7,435,241</u>	<u>3,120,000</u>	<u>4,285,000</u>	<u>30,241</u>

(7) Construction Commitments and Financing.

The institution has contracted for the construction of the following:

Project	Cost to Complete
State Funds Ivy Hall renovation	\$ <u>830,361</u>
Total	\$ <u><u>830,361</u></u>

MERIDIAN COMMUNITY COLLEGE

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

(8) 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 \$817,051, \$777,763 and \$717,055, respectively, equal to the required contributions for each year.

(9) 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.

(10) Foundation.

Meridian Community 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:

Assets		Amount
Cash and investments	\$	98,380
Investments		3,705,160
Accounts receivable		1,753
Land		41,506
Equipment		6,746
Construction in progress		50,756
Other assets		20,007
Total Assets	\$	3,924,308

MERIDIAN COMMUNITY COLLEGE

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

<u>Liabilities and Fund Balances</u>		<u>Amount</u>
Accounts payable	\$	3,151
Annuity payable		82,256
Notes payable		40,000
Fund balances:		
Current Funds:		
Unrestricted		231,409
Restricted		<u>3,567,492</u>
Total Liabilities and Fund Balances	\$	<u><u>3,924,308</u></u>

MERIDIAN COMMUNITY COLLEGE

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MERIDIAN COMMUNITY COLLEGE

SUPPLEMENTAL INFORMATION

MERIDIAN COMMUNITY COLLEGE  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1997

Major Programs	Catalog of Federal Domestic <u>Assistance Number</u>	Federal <u>Expenditures</u>
Student Financial Aid:		
United States Department of Education:		
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007	\$ 56,900
Federal Work-study Program (FWS)	84.033	144,035
PELL Grant Program	84.063	1,990,425
State Student Incentive Grant Program (SSIG)	84.069	2,538
Federal Family Education Loan Program (FFEL)	(1) 84.032	868,347
Total United States Department of Education		<u>3,062,245</u>
Veterans' Administration:		
Veterans' Aid Administrative Cost	N/A	813
Total Veterans' Administration		<u>813</u>
Total Major Federal Financial Assistance Programs		<u>3,063,058</u>
Other Financial Assistance		
United States Department of Education:		
Adult Education - State Administered Basic Grant Program	84.002	34,736
Vocational Education - Grants to States	84.048	177,897
Tech-Prep	84.243	104,771
Total United States Department of Education		<u>317,404</u>
United States Department of Agriculture:		
National Rural Health	10.500	113,591
Total United States Department of Agriculture		<u>113,591</u>
United States Department of Commerce:		
Small Business Development Center	11.301	33,972
Total United States Department of Commerce		<u>33,972</u>
United States Department of Defense:		
Mississippi Procurement Center	12.002	30,274
Total United States Department of Defense		<u>30,274</u>

United States Department of Labor:		
Job Training Partnership Act	17.250	<u>87,183</u>
Total United States Department of Labor		<u>87,183</u>
United States Department of Health and Human Services:		
Maternal Child Health Block	93.994	<u>25,000</u>
Total United States Department of Health and Human Services		<u>25,000</u>
Total Other Financial Assistance		<u>607,424</u>
Total Federal Financial Assistance		\$ <u><u>3,670,482</u></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 exception:

- (1) For purposes of this schedule, loans made to students under the Federal Family Educational 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.

MERIDIAN COMMUNITY COLLEGE

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MERIDIAN COMMUNITY COLLEGE

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

MERIDIAN COMMUNITY 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

November 4, 1997

President and Board of Trustees  
Meridian Community College  
Meridian, MS 39307

We have audited the general purpose financial statements of Meridian Community College as of and for the year ended June 30, 1997, and have issued our report thereon dated November 4, 1997. 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We did not note any matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the use of Meridian Community 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

November 4, 1997

President and Board of Trustees  
Meridian Community College  
Meridian, MS 39307

#### Compliance

We have audited the compliance of Meridian Community 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, Meridian Community 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.

Internal Control Over Compliance

The management of Meridian Community 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We did not note any matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the school board, management and 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

MERIDIAN COMMUNITY COLLEGE

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

MERIDIAN COMMUNITY 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

November 4, 1997

President and Board of Trustees  
Meridian Community College  
Meridian, MS 39307

We have audited the general purpose financial statements of Meridian Community College as of and for the year ended June 30, 1997, and have issued our report thereon dated November 4, 1997. 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 Meridian Community 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

MERIDIAN COMMUNITY COLLEGE

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MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MERIDIAN COMMUNITY COLLEGE

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MERIDIAN COMMUNITY 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. The audit of the general purpose financial statements did not disclose any material weaknesses in internal control.
3. The audit did not disclose any noncompliance which is material to the general purpose financial statements.
4. The audit did not disclose any material weaknesses in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit did not disclose any audit findings which are required to be reported under Section \_\_\_\_\_.510(a) of OMB Circular A-133.
7. The major program was Student Financial Aid; CFDA #'s 84.007, 84.032, 84.033, 84.063, 84.069 and 64.XXX.
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.
10. The prior year audit contained no findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section \_\_\_\_\_.315(b) of OMB Circular A-133.

Section 2: Findings Relating to the Financial Statements

There are no findings related to the financial statements.

Section 3: Findings and Questioned Costs for Federal Awards

There are no findings or questioned costs related to federal awards.

