



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR

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State Auditor

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MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Audited Financial Statements
For the Years Ended June 30, 1997 and June 30, 1998

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

TABLE OF CONTENTS

FINANCIAL AUDIT REPORT 1

 Independent Auditor's Report on the General Purpose Financial Statements and Supplemental
 Information 3

AUDITED FINANCIAL STATEMENTS 5

 Balance Sheet 6

 Statement of Changes in Fund Balances (1997) 8

 Statement of Changes in Fund Balances (1998) 10

 Statement of Current Fund Revenues, Expenditures and Other Changes (1997) 12

 Statement of Current Fund Revenues, Expenditures and Other Changes (1998) 13

 Summary of Significant Accounting Policies 14

 Notes to Financial Statements 16

SUPPLEMENTAL INFORMATION 21

 Schedule of Expenditures of Federal Awards (1997) 22

 Schedule of Expenditures of Federal Awards (1998) 24

REPORTS ON COMPLIANCE AND INTERNAL CONTROL 27

 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 29

 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 31

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS 33

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 37

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

FINANCIAL AUDIT REPORT

MISSISSIPPI GULF COAST 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

October 23, 1998

Dr. Willis H. Lott, President
and Board of Trustees
Mississippi Gulf Coast Community College
Perkinston, Mississippi

We have audited the accompanying balance sheet of Mississippi Gulf Coast Community College as of June 30, 1998, the related statements of changes in fund balances and the statements of current fund revenues, expenditures and other changes for the years ended June 30, 1997 and June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of Mississippi Gulf Coast 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 Mississippi Gulf Coast Community College as of June 30, 1998, and the results of its operations for the years ended June 30, 1997 and June 30, 1998 in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 1998 on our consideration of Mississippi Gulf Coast 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

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

MISSISSIPPI GULF COAST COMMUNITY COLLEGE
 Balance Sheet
 June 30, 1998

Exhibit A

ASSETS	Current Year
Current Funds	
Current Unrestricted Funds:	
Cash and other deposits (Note 4)	\$ 7,085,225
Accounts receivable:	
Students, less allowance of \$404,786	550,211
Other, less allowance of \$45,469	1,045,586
Inventories	901,827
Prepaid items and deferred charges	645,945
Due from other funds	388,272
	10,617,066
 Total Current Unrestricted Funds	
Current Restricted Funds:	
Other accounts receivable	708,187
	708,187
 Total Current Restricted Funds	
 Total Current Funds	\$ 11,325,253
Plant Funds	
Cash and other deposits (Note 4)	\$ 3,400,600
Deposits held	199,492
Other accounts receivable	119,931
Land	1,118,621
Improvements other than buildings	2,411,712
Buildings	54,826,198
Furniture, machinery and equipment	15,116,518
Books and films	3,057,134
Construction in progress	3,618,963
 Total Plant Funds	\$ 83,869,169

LIABILITIES AND FUND BALANCES	Current Year
Current Funds	
Current Unrestricted Funds:	
Accounts payable and accrued expenses	\$ 862,649
Accrued leave (Note 3)	2,616,597
Deposits refundable	16,833
Deferred credits	824,965
Other liabilities	105,263
Fund balances:	
Unallocated	
General	4,569,314
Auxiliary	1,621,445
 Total Current Unrestricted Funds	10,617,066
Current Restricted Funds:	
Accounts payable and accrued expenses	108,085
Due to other funds	388,272
Deferred credits	86,830
Fund balance:	
Allocated	125,000
 Total Current Restricted Funds	708,187
 Total Current Funds	\$ 11,325,253
Plant Funds	
Accounts payable	\$ 53,396
Fund balances:	
Unexpended	3,666,627
Net investment in plant	80,149,146
 Total Plant Funds	\$ 83,869,169

Agency Funds	
Cash and other deposits (Note 4)	\$ 119,464
Total Agency Funds	<u>\$ 119,464</u>

Agency Funds	
Due to depositors	\$ 119,464
Total Agency Funds	<u>\$ 119,464</u>

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

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

Exhibit B

	Current Funds			Plant Funds	
	Unrestricted	Restricted	Total	Unexpended	Investment in Plant
Revenues and Other Additions					
Tuition and fees	\$ 7,282,248		7,282,248		
State appropriations	20,126,229	353,289	20,479,518	3,272,261	
Local appropriations	5,081,772		5,081,772	4,049,710	
Federal grants and contracts	1,175,707	5,460,442	6,636,149		
State grants and contracts	4,763,139	858,341	5,621,480		
Local grants and contracts	581,397		581,397		
Private gifts, grants & contracts	772,902	168,744	941,646		
Investment income	337,908		337,908	124,956	
Additions to plant facilities					5,468,864
Sales and services of educational activities	85,552		85,552		
Sales and services of auxiliary activities	2,169,471		2,169,471		
Other	213,601		213,601	42,511	
Total Rev. & Other Additions	42,589,926	6,840,816	49,430,742	7,489,438	5,468,864
Expenditures & Other Deductions					
Educational and general:					
Instruction	23,366,886	1,330,805	24,697,691		
Academic support	2,484,550	546,385	3,030,935		
Student services	3,375,520	151,848	3,527,368		
Institutional support	4,643,636	161,529	4,805,165		
Operation & maintenance of plant	4,859,638		4,859,638		
Student aid	678,313	5,180,249	5,858,562		
Total Educational and General	39,408,543	7,370,816	46,779,359		
Auxiliary	2,059,212		2,059,212		
Repairs and maintenance				1,753,432	
Expended for plant facilities				4,815,044	
Plant assets sold or retired					205,957
Provision for uncollectible accounts	50,380		50,380		
Provision for accrued leave	77,949		77,949		
Other	6,741	41,149	47,890	2,705	
Total Expenditures and Other Deductions	41,602,825	7,411,965	49,014,790	6,571,181	205,957

Transfers - Additions (Deductions)

Mandatory:					
Restricted fund matching	(563,790)	563,790			
Other	<u>(7,359)</u>	<u>7,359</u>			
Total Mandatory	<u>(571,149)</u>	<u>571,149</u>			
Total Transfers	<u>(571,149)</u>	<u>571,149</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase (Decr.) for Year	<u>415,952</u>	<u>0</u>	<u>415,952</u>	<u>918,257</u>	<u>5,262,907</u>
Fund Balance at Beg. of Year	<u>4,895,637</u>	<u>125,000</u>	<u>5,020,637</u>	<u>3,677,343</u>	<u>68,928,508</u>
Fund Balance at End of Year	\$ <u><u>5,311,589</u></u>	<u><u>125,000</u></u>	<u><u>5,436,589</u></u>	<u><u>4,595,600</u></u>	<u><u>74,191,415</u></u>

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

MISSISSIPPI GULF COAST COMMUNITY COLLEGE
Statement of Changes in Fund Balances
For the Year Ended June 30, 1998

Exhibit B

	Current Funds			Plant Funds	
	Unrestricted	Restricted	Total	Unexpended	Investment in Plant
Revenues and Other Additions					
Tuition and fees	\$ 7,663,009		7,663,009		
State appropriations	21,371,929	487,065	21,858,994	2,300,552	
Local appropriations	5,212,837		5,212,837	4,164,488	
Federal grants and contracts	713,144	7,009,477	7,722,621		
State grants and contracts	5,101,095	1,180,328	6,281,423		
Local grants and contracts	615,039	2,194	617,233		
Private gifts, grants & contracts	776,963	245,098	1,022,061		
Investment income	315,886		315,886	138,141	
Additions to plant facilities					6,127,778
Sales and services of educational activities	78,371		78,371		
Sales and services of auxiliary activities	2,466,435		2,466,435		
Other	130,545	35,050	165,595	97,794	
Total Rev. & Other Additions	44,445,253	8,959,212	53,404,465	6,700,975	6,127,778
Expenditures & Other Deductions					
Educational and general:					
Instruction	24,558,030	1,990,218	26,548,248		
Academic support	2,633,600	341,523	2,975,123		
Student services	3,570,782	103,173	3,673,955		
Institutional support	4,889,500	165,086	5,054,586		
Operation & maintenance of plant	4,890,236	147,386	5,037,622		
Student aid	566,808	6,541,731	7,108,539		
Total Educational and General	41,108,956	9,289,117	50,398,073		
Auxiliary	1,968,752		1,968,752		
Repairs and maintenance				1,163,484	
Expended for plant facilities				6,466,464	
Plant assets sold or retired					170,047
Provision for uncollectible accounts	22,085		22,085		
Provision for accrued leave	134,272		134,272		
Other	37	2,076	2,113		
Total Expenditures and Other Deductions	43,234,102	9,291,193	52,525,295	7,629,948	170,047

Transfers - Additions (Deductions)

Mandatory:

Restricted fund matching	(329,905)	329,905			
Other	(2,076)	2,076			
Total Mandatory	<u>(331,981)</u>	<u>331,981</u>			
Total Transfers	<u>(331,981)</u>	<u>331,981</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase (Decr.) for Year	<u>879,170</u>	<u>0</u>	<u>879,170</u>	<u>(928,973)</u>	<u>5,957,731</u>
Fund Balance at Beg. of Year	<u>5,311,589</u>	<u>125,000</u>	<u>5,436,589</u>	<u>4,595,600</u>	<u>74,191,415</u>
Fund Balance at End of Year	<u>\$ 6,190,759</u>	<u>125,000</u>	<u>6,315,759</u>	<u>3,666,627</u>	<u>80,149,146</u>

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

MISSISSIPPI GULF COAST 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	\$ 7,282,248		7,282,248	7,654,193
State appropriations	20,126,229	353,289	20,479,518	19,828,929
Local appropriations	5,081,772		5,081,772	4,939,394
Federal grants and contracts	1,175,707	5,460,442	6,636,149	6,722,874
State grants and contracts	4,763,139	858,341	5,621,480	5,703,034
Local grants and contracts	581,397		581,397	533,469
Private gifts, grants and contracts	772,902	127,595	900,497	954,219
Investment income	337,908		337,908	305,868
Sales and services of educational activities	85,552		85,552	72,276
Sales and services of auxiliary activities	2,169,471		2,169,471	2,091,006
Other	213,601		213,601	187,513
Total Revenues and Other Additions	<u>42,589,926</u>	<u>6,799,667</u>	<u>49,389,593</u>	<u>48,992,775</u>
Expenditures & Mandatory Transfers				
Educational and general:				
Instruction	23,366,886	1,330,805	24,697,691	24,616,035
Academic support	2,484,550	546,385	3,030,935	3,080,860
Student services	3,375,520	151,848	3,527,368	3,847,831
Institutional support	4,643,636	161,529	4,805,165	4,336,323
Operation & maintenance of plant	4,859,638		4,859,638	4,969,018
Student aid	678,313	5,180,249	5,858,562	5,527,177
Total Educational and General Expenditures	<u>39,408,543</u>	<u>7,370,816</u>	<u>46,779,359</u>	<u>46,377,244</u>
Mandatory transfers:				
Restricted fund matching	563,790	(563,790)		
Other	7,359	(7,359)		
Total Educational and General	<u>39,979,692</u>	<u>6,799,667</u>	<u>46,779,359</u>	<u>46,377,244</u>
Auxiliary enterprises:				
Expenditures	2,059,212		2,059,212	1,936,049
Total Auxiliary Enterprises	<u>2,059,212</u>	<u>0</u>	<u>2,059,212</u>	<u>1,936,049</u>
Total Expenditures and Mandatory Transfers	<u>42,038,904</u>	<u>6,799,667</u>	<u>48,838,571</u>	<u>48,313,293</u>
Other Transfers - Additions (Ded.)				
Excess restricted receipts over expenditures & mandatory transfers		41,149	41,149	38,271
Provision for uncollectible accounts	(50,380)		(50,380)	(36,979)
Provision for accrued leave	(77,949)		(77,949)	(293,177)
Other	(6,741)	(41,149)	(47,890)	(24,291)
Total Other Transfers - Additions (Deductions)	<u>(135,070)</u>	<u>0</u>	<u>(135,070)</u>	<u>(316,176)</u>
Net Change in Fund Balance	\$ <u>415,952</u>	<u>0</u>	<u>415,952</u>	<u>363,306</u>

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

MISSISSIPPI GULF COAST COMMUNITY COLLEGE
Statement of Current Fund Revenues, Expenditures and Other Changes
For the Year Ended June 30, 1998
(With Comparative Figures for the Year Ended June 30, 1997)

Exhibit C

	Current Year			Prior Year
	Unrestricted	Restricted	Total	Total
Revenues and Other Additions				
Tuition and fees	\$ 7,663,009		7,663,009	7,282,248
State appropriations	21,371,929	487,065	21,858,994	20,479,518
Local appropriations	5,212,837		5,212,837	5,081,772
Federal grants and contracts	713,144	7,009,477	7,722,621	6,636,149
State grants and contracts	5,101,095	1,180,328	6,281,423	5,621,480
Local grants and contracts	615,039	2,194	617,233	581,397
Private gifts, grants and contracts	776,963	243,022	1,019,985	900,497
Investment income	315,886		315,886	337,908
Sales and services of educational activities	78,371		78,371	85,552
Sales and services of auxiliary activities	2,466,435		2,466,435	2,169,471
Other	130,545	35,050	165,595	213,601
Total Revenues and Other Additions	<u>44,445,253</u>	<u>8,957,136</u>	<u>53,402,389</u>	<u>49,389,593</u>
Expenditures & Mandatory Transfers				
Educational and general:				
Instruction	24,558,030	1,990,218	26,548,248	24,697,691
Academic support	2,633,600	341,523	2,975,123	3,030,935
Student services	3,570,782	103,173	3,673,955	3,527,368
Institutional support	4,889,500	165,086	5,054,586	4,805,165
Operation & maintenance of plant	4,890,236	147,386	5,037,622	4,859,638
Student aid	566,808	6,541,731	7,108,539	5,858,562
Total Educational and General Expenditures	<u>41,108,956</u>	<u>9,289,117</u>	<u>50,398,073</u>	<u>46,779,359</u>
Mandatory transfers:				
Restricted fund matching	329,905	(329,905)		
Other	2,076	(2,076)		
Total Educational and General	<u>41,440,937</u>	<u>8,957,136</u>	<u>50,398,073</u>	<u>46,779,359</u>
Auxiliary enterprises:				
Expenditures	1,968,752		1,968,752	2,059,212
Total Auxiliary Enterprises	<u>1,968,752</u>	<u>0</u>	<u>1,968,752</u>	<u>2,059,212</u>
Total Expenditures and Mandatory Transfers	<u>43,409,689</u>	<u>8,957,136</u>	<u>52,366,825</u>	<u>48,838,571</u>
Other Transfers - Additions (Ded.)				
Excess restricted receipts over expenditures & mandatory transfers		2,076	2,076	41,149
Provision for uncollectible accounts	(22,085)		(22,085)	(50,380)
Provision for accrued leave	(134,272)		(134,272)	(77,949)
Other	(37)	(2,076)	(2,113)	(47,890)
Total Other Transfers - Additions (Deductions)	<u>(156,394)</u>	<u>0</u>	<u>(156,394)</u>	<u>(135,070)</u>
Net Change in Fund Balance	\$ <u>879,170</u>	<u>0</u>	<u>879,170</u>	<u>415,952</u>

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

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Summary of Significant Accounting Policies For the Years Ended June 30, 1997 and June 30, 1998

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

(1) Basis of Accounting.

Mississippi Gulf Coast 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. Textbooks are valued on a method assuming a three year usage in the year of purchase. It is also assumed that all sales are from books purchased in the current year.

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 printing and central stores. Such activities are maintained during the fiscal year as Unrestricted 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.

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Summary of Significant Accounting Policies
For the Years Ended June 30, 1997 and June 30, 1998

(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 Mississippi Gulf Coast 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 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.
- B. 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.

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Notes to Financial Statements For the Years Ended June 30, 1997 and June 30, 1998

(1) Financial Reporting Entity.

Mississippi Gulf Coast Community College is governed by a 23 member board composed of trustees from George, Harrison, Jackson and Stone Counties. The members of the board of trustees from each county are elected by the board of supervisors of the county. The institution has a central office, three campuses and four centers which provide academic and/or vocational-technical training.

Governmental Accounting Standards Board Statement Number 14 requires that the financial reporting entity consist of the primary government and its component units. There are no component units of Mississippi Gulf Coast Community College.

(2) Appropriations - General Operations.

Mississippi Gulf Coast 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 the counties in the district for general support, maintenance and capital improvement.

(3) Accrued Leave.

Twelve-month employees earn annual personal leave at a rate of 6.67 hours per month for one month to three years of service; nine hours per month for three to eight years of service; 12 hours per month for eight to 15 years of service; and from 15 years of service and over, 13 hours per month are earned. Nine and ten-month employees earn annual leave at a rate of 7.11 hours per month of service. Hourly employees earn annual personal leave at a rate of 6.67 hours per month for one month to eight years of service; eight hours per month for eight to 15 years of service; and from 15 years and over, nine hours per month. There is no requirement that annual leave be taken and there is no maximum accumulation. At termination, these employees are paid for up to 240 hours of accumulated annual leave. The liability for accrued leave at June 30, 1998, as reported in the Current Funds, was \$2,616,597.

(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 imprest cash accounts held by the institution. The carrying amount of the institution's cash and other deposits at June 30, 1998, was \$10,605,289 and the depository balance, including accrued interest of \$21,599, was \$13,386,578. The portion of such depository balance that was invested in U.S. Treasury bills and notes with maturity dates of one year or less was \$5,000,000. These treasury bills and notes are uninsured or unregistered, with the securities held by the counterparty or trust department or its agent but not in the name of the institution. The portion of such depository balances covered by federal depository insurance or by collateral held by the institution or its agent was \$977,945. The amount of \$7,408,633 was collateralized with securities held by a pledging financial institution's trust department or agent but not in the institution's name.

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Notes to Financial Statements
For the Years Ended June 30, 1997 and June 30, 1998

(5) Operating Leases.

Leased property under operating leases is composed of 11 copier leases and five mail machine/scale leases. The following is a schedule by years of the future minimum rental payments required under those operating leases:

Year Ending June 30	Amount
1999	\$ 4,200
Total Minimum Payments Required	\$ <u>4,200</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, 1998, was \$29,525.

(6) Construction Commitments and Financing.

The institution has contracted for the construction of the following projects at June 30, 1998.

Project	Cost to Complete
Local funds:	
Central office	
Category 5 infrastructure	\$ 26,000
Perkinston Campus	
Truck driver training site	13,002
Water tower	63,289
Cafeteria renovation	79,766
Creek crossing	28,684
Baseball field improvements	2,614
Softball field improvements	487
Jefferson Davis Campus	
Electrical system upgrade	33,850
Fine arts	298,753
Jackson County Campus	
"S" Building drainage improvements	3,100
West Harrison Occupational Training Center	
Parking lot and lighting improvements	69,639

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Notes to Financial Statements
For the Years Ended June 30, 1997 and June 30, 1998

Project	Cost to Complete
State appropriations:	
Perkinston Campus	
Malone Hall addition	33,634
Jefferson Davis Campus	
Fine arts	1,020,505
Allied Health - Phase II	1,033,610
Jackson County Campus	
Classroom building	1,491,236
Total	\$ 4,198,169

(7) 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, 1998, 1997 and 1996 were \$2,757,486, \$2,613,278 and \$2,524,199, respectively, equal to the required contributions for each year.

(8) Foundation.

Mississippi Gulf Coast 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, 1998, which amounts are not included in the financial statements of the institution:

Assets	Amount
Cash and investments	\$ 2,271,298
Pledges receivable	35,014
Interest receivable	5,393
Land	559,803
Personal property	8,025
Total Assets	\$ 2,879,533

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Notes to Financial Statements
For the Years Ended June 30, 1997 and June 30, 1998

<u>Liabilities and Fund Balances</u>		<u>Amount</u>
Accounts payable	\$	119,146
Deferred income		35,013
Fund balances		<u>2,725,374</u>
Total Liabilities and Fund Balances	\$	<u><u>2,879,533</u></u>

(9) Year 2000.

The year 2000 problem is the result of computer programs being written using two digits (rather than four) to define the applicable year. Any of the institution's programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures.

The institution has chosen to purchase a new computer and administrative software instead of performing an evaluation of the year 2000 compliance of its old hardware and software. The college has been verbally assured by the various vendors that the new equipment and software is year 2000 compliant. However, the college had not evaluated the new equipment and software through any means of actual testing to determine the extent to which year 2000 compliance exists in these new components. The new equipment and software are scheduled to be put into operation prior to the year 2000.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that Mississippi Gulf Coast Community College is or will be year 2000 ready, that Mississippi Gulf Coast Community College's efforts will be successful in whole or in part, or that parties with which Mississippi Gulf Coast Community College does business will be year 2000 ready.

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

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MISSISSIPPI GULF COAST COMMUNITY COLLEGE

SUPPLEMENTAL INFORMATION

MISSISSIPPI GULF COAST COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1997

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Student Financial Aid - Cluster			
U.S. Department of Education:			
Federal PELL Grant Program	84.063		\$ 4,467,768
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007		186,073
Federal Family Education Loan Program (FFEL)	(1) 84.032		589,838
Federal Work-study Program (FWS)	84.033		194,493
Pass-through programs from:			
Board of Trustees of the Institutions of Higher Learning - State Student Incentive Grant Program	84.069		4,392
Total U.S. Department of Education			<u>5,442,564</u>
U.S. Department of Defense:			
Student Financial Aid	12.UNKNOWN		<u>308,761</u>
Total Student Financial Aid			<u>5,751,325</u>
Other Programs:			
U.S. Department of Education:			
Pass-through programs from:			
State Department of Education - Vocational Education Basic Grant	84.048	E-V048A60024	871,177
State Department of Education - Tech-Prep Education	84.243	E-V243A50095	93,319
State Department of Education - Even Start - State Educational Agencies	84.213	E-S213C60025	72,457
Board of Trustees of the Institutions of Higher Learning - Eisenhower Professional Development - National Activities	84.168		18,119
State Board for Community and Junior Colleges - Adult Education - State Grant Program	84.002	EVO48A700248	155,740
Total U.S. Department of Education			<u>1,210,812</u>
U.S. Department of Labor:			
Pass-through programs from:			
State Department of Education - JTPA 8%	17.250	L699551T801	56,521
Mississippi Employment Security Commission - Individual Referrals	17.250		81,641
Gulf Coast Business Services Corporation - Individual Referrals	17.250		96,143
Total U.S. Department of Labor			<u>234,305</u>

U.S. Department of Agriculture:		
Pass-through programs from:		
Mississippi Community College Foundation - Mississippi Rural Health Corp Program	10.500	<u>284,283</u>
Department of Health and Human Services:		
Pass-through programs from:		
State Department of Human Services - Job Opportunities & Basic Skills Training	93.561	<u>54,310</u>
U.S. Department of Veterans' Affairs:		
Vocational Rehabilitation of Disabled Veterans	64.116	<u>111,231</u>
Small Business Administration:		
Pass-through programs from:		
University of Mississippi - Small Business Development Center	59.037	<u>42,805</u>
Total Other Programs		<u>1,937,746</u>
Total Expenditures of Federal Awards		\$ <u><u>7,689,071</u></u>

Notes to Schedule of Expenditures of Federal Awards

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 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 and/or the federal government.

MISSISSIPPI GULF COAST COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1998

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Student Financial Aid - Cluster			
U.S. Department of Education:			
Federal PELL Grant Program	84.063		\$ 5,164,019
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007		116,338
Federal Family Education Loan Program (FFEL)	(1) 84.032		792,996
Federal Work-study Program (FWS)	84.033		194,697
Pass-through programs from:			
Board of Trustees of the Institutions of Higher Learning - State Student Incentive Grant Program	84.069		7,661
Total U.S. Department of Education			<u>6,275,711</u>
U.S. Department of Defense:			
Student Financial Aid	12.UNKNOWN		<u>377,062</u>
Total Student Financial Aid			<u>6,652,773</u>
Other Programs:			
U.S. Department of Education:			
Pass-through programs from:			
State Department of Education - Vocational Education Basic Grant	84.048	E-V048A60024	713,144
State Department of Education - Tech-Prep Education	84.243	E-V243A50095	124,061
State Department of Education - Even Start - State Educational Agencies	84.213	E-S213C60025	67,161
Board of Trustees of the Institutions of Higher Learning - Eisenhower Professional Development - National Activities	84.168		20,356
State Board for Community and Junior Colleges - Adult Education - State Grant Program	84.002	EVO48A700248	331,653
Total U.S. Department of Education			<u>1,256,375</u>
U.S. Department of Labor:			
Pass-through programs from:			
State Department of Education - JTPA 8%	17.250	L699551T801	55,234
Mississippi Employment Security Commission - Individual Referrals	17.250		91,211
Gulf Coast Business Services Corporation - Individual Referrals	17.250		58,414
Total U.S. Department of Labor			<u>204,859</u>

U.S. Department of Agriculture:		
Pass-through programs from:		
Mississippi Community College Foundation - Mississippi Rural Health Corp Program	10.500	182,472
National Science Foundation:		
Pass-through programs from:		
Jones County Junior College - Education and Human Resources	47.076	35,995
U.S. Department of Veterans' Affairs:		
Vocational Rehabilitation of Disabled Veterans	64.116	165,434
Small Business Administration:		
Pass-through programs from:		
University of Mississippi - Small Business Development Center	59.037	39,232
Total Other Programs		1,884,367
Total Expenditures of Federal Awards		\$ 8,537,140

Notes to Schedule of Expenditures of Federal Awards

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 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 and/or the federal government.

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

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MISSISSIPPI GULF COAST COMMUNITY COLLEGE

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

MISSISSIPPI GULF COAST 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

October 23, 1998

Dr. Willis H. Lott, President
and Board of Trustees
Mississippi Gulf Coast Community College
Perkinston, Mississippi

We have audited the accompanying balance sheet of Mississippi Gulf Coast Community College as of June 30, 1998, the related statements of changes in fund balances and the statements of current fund revenues, expenditures and other changes for the years ended June 30, 1997 and June 30, 1998, and have issued our report thereon dated October 23, 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 opinion, 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 98-1 and 98-2.

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, we believe none of the findings referred to above is a material weakness.

This report is intended for the use of Mississippi Gulf Coast 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

October 23, 1998

Dr. Willis H. Lott, President
and Board of Trustees
Mississippi Gulf Coast Community College
Perkinston, Mississippi

Compliance

We have audited the compliance of Mississippi Gulf Coast 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 years ended June 30, 1997 and June 30, 1998. 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, Mississippi Gulf Coast 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 years ended June 30, 1997 and June 30, 1998.

Internal Control Over Compliance

The management of Mississippi Gulf Coast 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.

We noted certain matters involving the internal control over compliance 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 compliance that, in our opinion, could adversely affect the institution's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 98-3 and 98-4.

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 none of the reportable conditions described in the findings referred to above are material weaknesses.

This report is intended for the information of Mississippi Gulf Coast 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

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

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

MISSISSIPPI GULF COAST 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

October 23, 1998

Dr. Willis H. Lott, President
and Board of Trustees
Mississippi Gulf Coast Community College
Perkinston, Mississippi

We have audited the accompanying balance sheet of Mississippi Gulf Coast Community College as of June 30, 1998, the related statements of changes in fund balances and the statements of current fund revenues, expenditures and other changes for the years ended June 30, 1997 and June 30, 1998, and have issued our report thereon dated October 23, 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 Mississippi Gulf Coast Community College. However, this report is a matter of public record and its distribution is not limited.

Handwritten signature of Phil Bryant in cursive script.

PHIL BRYANT
State Auditor

Handwritten signature of Ramona Hill in cursive script.

RAMONA HILL, CPA
Director, Financial and Compliance Audit Division

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

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MISSISSIPPI GULF COAST COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

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MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Years Ended June 30, 1997 and June 30, 1998

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. Reportable conditions described in Findings 98-1 and 98-2 are not considered to be material weaknesses.
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, reportable conditions in internal control over major programs were disclosed by the audit. Reportable conditions described in Findings 98-3 and 98-4 are not considered to be material weaknesses.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit disclosed audit findings which are required to be reported under Section _____.510(a) of OMB Circular A-133. These findings are described in Section 3 of this schedule.
7. The major programs listed below were major programs for the year ended June 30, 1997 and June 30, 1998 except for CFDA #84.002, which was a major program for the year ended June 30, 1998 only. The major programs were Vocational Education Basic Grants, CFDA #84.048; Adult Education - State Grant Program, CFDA #84.002; and Student Financial Aid cluster, CFDA #s 84.007, 84.063, 84.033, 84.069, 84.032 and 12.UNKNOWN.
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

98-1. Finding

There is a lack of segregation of duties at the campuses for receipting, recording and reconciling cash when personnel are absent.

Recommendation

The institution should segregate the various duties involved with cash and ensure there is adequate rotation of duties on days employees are absent.

98-2. Finding

The following was noted during our review of EDP controls:

- A. There are no written policies and procedures over password usage for computer usage.
- B. There is not a written request form for password assignments or changes.
- C. There is not a lock out of users after a specific number of access attempts.

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Years Ended June 30, 1997 and June 30, 1998

Without these written policies and procedures, institutional personnel lacked consistency in the application of passwords for computer access. Documentation of assignments and changes cannot be maintained without written request forms. Also, the absence of a lock out feature being enacted after a specific number of unsuccessful attempts increases the possibility for hackers or unauthorized personnel to gain access to the system.

Recommendation

We recommend that the college prepare written policies and procedures for computer usage and for proper password usage. The college should also use a password assignment change form to document password authorizations. The computer system should lock out users after three to five failed password access attempts.

Section 3: Findings and Questioned Costs for Federal Awards

98-3. Finding

Program: Student Financial Aid cluster

Compliance Requirement: Special Tests and Provisions

The institution does not have procedures in place requiring vocational students at the Jefferson Davis Campus withdrawing from the institution to obtain clearance from the financial aid office.

Recommendation

The institution should develop procedures requiring all students to obtain clearance from the financial aid office when withdrawing. This will ensure that the financial aid office is notified when all students withdraw, thereby, reducing the possibility of a required refund or repayment not being calculated.

98-4. Finding

Program: Student Financial Aid cluster

Compliance Requirement: Special Tests and Provisions

The procedures applied upon enrollment status changes and required repayments for students receiving Title IV aid are not uniformly followed by each campus.

Recommendation

The institution should ensure that financial aid policies and procedures regarding enrollment status changes and required repayments within a term be applied consistently to all students receiving Title IV aid.