



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR

PHIL BRYANT
State Auditor

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MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Audited Financial Statements
For the Year Ended June 30, 1999

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

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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

February 2, 2000

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

We have audited the general purpose financial statements of Mississippi Gulf Coast Community College as of and for the year ended June 30, 1999, 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.

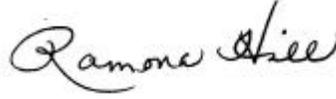
In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Mississippi Gulf Coast Community College as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 2, 2000 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, 1999

(With Comparative Figures at June 30, 1998)

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)	\$ 7,702,894	7,085,225	Accounts payable and accrued expenses	\$ 1,101,776	862,649
Accounts receivable:			Accrued leave (Note 3)	2,896,952	2,616,597
Students, less allowance of			Deposits refundable	19,089	16,833
\$450,288 (1999) and	791,987	550,211	Deferred credits	810,401	824,965
\$404,786 (1998)			Other liabilities	105,263	105,263
Other, less allowance of			Fund balances:		
\$46,418 (1999) and	1,348,518	1,045,586	Unallocated		
\$45,469 (1998)			General	5,356,201	4,569,314
Inventories	961,880	901,827	Auxiliary	1,894,964	1,621,445
Prepaid items and deferred charges	715,784	645,945			
Due from other funds	663,583	388,272			
Total Current Unrestricted Funds	<u>12,184,646</u>	<u>10,617,066</u>	Total Current Unrestricted Funds	<u>12,184,646</u>	<u>10,617,066</u>
Current Restricted Funds:			Current Restricted Funds:		
Other accounts receivable	968,415	708,187	Accounts payable and accrued expenses	102,349	108,085
			Due to other funds	663,583	388,272
			Deferred credits	77,483	86,830
			Fund balance:		
			Allocated	125,000	125,000
Total Current Restricted Funds	<u>968,415</u>	<u>708,187</u>	Total Current Restricted Funds	<u>968,415</u>	<u>708,187</u>
Total Current Funds	<u>\$ 13,153,061</u>	<u>11,325,253</u>	Total Current Funds	<u>\$ 13,153,061</u>	<u>11,325,253</u>
Plant Funds			Plant Funds		
Cash and other deposits (Note 4)	\$ 6,078,309	3,400,600	Accounts payable	\$ 310,693	53,396
Deposits held by Bureau of Buildings & Grounds	199,492	199,492	Fund balances:		
Other accounts receivable	180,564	119,931	Unexpended	6,147,672	3,666,627
Land	1,118,621	1,118,621	Net investment in plant	83,068,345	80,149,146
Improvements other than buildings	3,410,377	2,411,712			
Buildings	58,150,596	54,826,198			
Furniture, machinery and equipment	16,016,915	15,116,518			
Books and films	3,190,063	3,057,134			
Construction in progress (Note 6)	1,181,773	3,618,963			
Total Plant Funds	<u>\$ 89,526,710</u>	<u>83,869,169</u>	Total Plant Funds	<u>\$ 89,526,710</u>	<u>83,869,169</u>

Agency Funds		
Cash and other deposits (Note 4)	\$ <u>128,450</u>	<u>119,464</u>
Total Agency Funds	\$ <u><u>128,450</u></u>	<u><u>119,464</u></u>

Agency Funds		
Due to depositors	\$ <u>128,450</u>	<u>119,464</u>
Total Agency Funds	\$ <u><u>128,450</u></u>	<u><u>119,464</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, 1999

Exhibit B

	Current Funds			Plant Funds	
	Unrestricted	Restricted	Total	Unexpended	Investment in Plant
Revenues and Other Additions					
Tuition and fees	\$ 7,661,532		7,661,532		
State appropriations	22,334,703	795,096	23,129,799	1,413,790	
Local appropriations	5,478,479		5,478,479	4,374,166	
Federal grants and contracts	865,914	7,539,296	8,405,210		
State grants and contracts	4,810,496	1,760,900	6,571,396		
Local grants and contracts	530,847	3,265	534,112		
Private gifts, grants & contracts	799,374	385,732	1,185,106		
Investment income	358,739		358,739	135,177	
Additions to plant facilities					3,344,683
Sales and services of educational activities	86,999		86,999		
Sales and services of auxiliary activities	2,672,199		2,672,199		
Other	324,461	152,505	476,966	1,204,435	
Total Rev. & Other Additions	<u>45,923,743</u>	<u>10,636,794</u>	<u>56,560,537</u>	<u>7,127,568</u>	<u>3,344,683</u>
Expenditures & Other Deductions					
Educational and general:					
Instruction	24,933,493	2,422,621	27,356,114		
Academic support	2,694,522	370,637	3,065,159		
Student services	3,979,416	368,321	4,347,737		
Institutional support	5,297,037	196,287	5,493,324		
Operation & maint. of plant	5,121,155	160,584	5,281,739		
Student aid	175,016	6,992,763	7,167,779		
Total Educational and General	<u>42,200,639</u>	<u>10,511,213</u>	<u>52,711,852</u>		
Auxiliary	2,432,577		2,432,577		
Repairs and maintenance				1,694,815	
Expended for plant facilities				2,943,753	
Plant assets sold or retired					425,484
Provision for uncollectible accts.	46,451		46,451		
Provision for accrued leave	280,355		280,355		
Other	28,896		28,896	7,955	
Total Expenditures and Other Deductions	<u>44,988,918</u>	<u>10,511,213</u>	<u>55,500,131</u>	<u>4,646,523</u>	<u>425,484</u>

Transfers - Additions (Deductions)

Mandatory:

Restricted fund matching	<u>(141,362)</u>	<u>141,362</u>			
Total Mandatory	<u>(141,362)</u>	<u>141,362</u>			

Other:

Other	<u>266,943</u>	<u>(266,943)</u>			
Total Other	<u>266,943</u>	<u>(266,943)</u>			

Total Transfers	<u>125,581</u>	<u>(125,581)</u>			
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Net Increase (Decr.) for Year	<u>1,060,406</u>	<u>0</u>	<u>1,060,406</u>	<u>2,481,045</u>	<u>2,919,199</u>
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Fund Balance at Beg. 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>
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Fund Balance at End of Year	<u>\$ 7,251,165</u>	<u>125,000</u>	<u>7,376,165</u>	<u>6,147,672</u>	<u>83,068,345</u>
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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, 1999
(With Comparative Figures for the Year Ended June 30, 1998)

Exhibit C

	Current Year			Prior Year
	Unrestricted	Restricted	Total	Total
Revenues and Other Additions				
Tuition and fees	\$ 7,661,532		7,661,532	7,663,009
State appropriations	22,334,703	795,096	23,129,799	21,858,994
Local appropriations	5,478,479		5,478,479	5,212,837
Federal grants and contracts	865,914	7,539,296	8,405,210	7,722,621
State grants and contracts	4,810,496	1,493,957	6,304,453	6,281,423
Local grants and contracts	530,847	3,265	534,112	617,233
Private gifts, grants and contracts	799,374	385,732	1,185,106	1,019,985
Investment income	358,739		358,739	315,886
Sales and services of educational activities	86,999		86,999	78,371
Sales and services of auxiliary activities	2,672,199		2,672,199	2,466,435
Other	324,461	152,505	476,966	165,595
Total Revenues and Other Additions	45,923,743	10,369,851	56,293,594	53,402,389
Expenditures & Mandatory Transfers				
Educational and general:				
Instruction	24,933,493	2,422,621	27,356,114	26,548,248
Academic support	2,694,522	370,637	3,065,159	2,975,123
Student services	3,979,416	368,321	4,347,737	3,673,955
Institutional support	5,297,037	196,287	5,493,324	5,054,586
Oper. & maintenance of plant	5,121,155	160,584	5,281,739	5,037,622
Student aid	175,016	6,992,763	7,167,779	7,108,539
Total Educational and General Expenditures	42,200,639	10,511,213	52,711,852	50,398,073
Mandatory transfers:				
Restricted fund matching	141,362	(141,362)		
Total Educational and General	42,342,001	10,369,851	52,711,852	50,398,073
Auxiliary enterprises:				
Expenditures	2,432,577		2,432,577	1,968,752
Total Auxiliary Enterprises	2,432,577	0	2,432,577	1,968,752
Total Expenditures and Mandatory Transfers	44,774,578	10,369,851	55,144,429	52,366,825
Other Transfers - Additions (Ded.)				
Excess restricted receipts over expenditures & mandatory transfers		266,943	266,943	2,076
Other	266,943	(266,943)		
Provision for uncollectible accounts	(46,451)		(46,451)	(22,085)
Provision for accrued leave	(280,355)		(280,355)	(134,272)
Other	(28,896)		(28,896)	(2,113)
Total Other Transfers - Additions (Deductions)	(88,759)	0	(88,759)	(156,394)
Net Change in Fund Balance	\$ 1,060,406	0	1,060,406	879,170

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

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Summary of Significant Accounting Policies For the Year Ended June 30, 1999

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 Year Ended June 30, 1999

(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 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 Year Ended June 30, 1999

(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.

Government 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, 1999, as reported in the Current Funds, was \$2,896,952.

(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, 1999, was \$13,909,653 and the depository balance, including accrued interest of \$20,131, was \$17,056,245. 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 \$7,000,000. 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 \$967,121. The amount of \$8,726,660 was collateralized with securities held by a pledging financial institution's trust department or agent but not in the institution's name and \$362,464 was uninsured or uncollateralized.

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 1999

(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
2000	\$ 4,947
Total Minimum Payments Required	\$ 4,947

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, 1999, was \$31,988.

(6) Construction Commitments and Financing.

The institution has contracted for the construction of the following projects at June 30, 1999:

Project	Cost to Complete
Local funds:	
Perkinston Campus	
Truck driver training site	\$ 11,505
Creek crossing	40,157
Baseball field improvements	25
Softball field improvements	357
State appropriations:	
Jefferson Davis Campus	
Fine arts	1,746,745
Cafeteria	197,680
Classroom facility	889,251
Jackson County Campus	
Building E	1,169,999
Classroom facility	423,281
Total	\$ 4,479,000

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 1999

(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, 1999, 1998 and 1997 were \$2,822,525, \$2,757,486 and \$2,613,278, 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, 1999, which amounts are not included in the financial statements of the institution:

Assets		Amount
Cash and investments	\$	2,661,976
Pledges receivable		14,828
Interest receivable		4,029
Land		559,803
Personal property		8,025
Total Assets	\$	3,248,661
<u>Liabilities and Fund Balances</u>		
Accounts payable	\$	10,187
Deferred income		14,828
Fund balances		3,223,646
Total Liabilities and Fund Balances	\$	3,248,661

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, 1999

<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		\$ 5,930,222
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007		94,234
Federal Family Education Loan Program (FFEL)	(1) 84.032		908,290
Federal Work-study Program (FWS)	84.033		197,483
Pass-through program from:			
Board of Trustees of the Institutions of Higher Learning - State Student Incentive Grant Program (SSIG)	84.069		<u>2,069</u>
Total U.S. Department of Education			<u>7,132,298</u>
U.S. Department of Defense:			
Student Financial Aid	12.UNKNOWN		<u>354,698</u>
Total Student Financial Aid			<u>7,486,996</u>
Other Programs			
U.S. Department of Education:			
Pass-through programs from:			
State Board for Community and Junior Colleges - Adult Education - State Grant Program	84.002		217,355
State Department of Education - Vocational Education Basic Grant	84.048	E-V048A700248 E-V048A980024	837,483
Board of Trustees of the Institutions of Higher Learning - Eisenhower Professional Development - National Activities	84.168		17,285
State Department of Education - Tech-Prep Education	84.243	E-V243A70095	<u>125,986</u>
Total U.S. Department of Education			<u>1,198,109</u>
U.S. Department of Agriculture:			
Pass-through program from:			
Mississippi Community College Foundation - Mississippi Rural Health Corp Program Cooperative Extension Service	10.500		<u>238,504</u>
Total U.S. Department of Agriculture			<u>238,504</u>

Small Business Administration:			
Pass-through program from:			
University of Mississippi - Small Business Development Center	59.037		<u>50,252</u>
Total Small Business Administration			<u>50,252</u>
National Science Foundation:			
Pass-through program from:			
Jones County Junior College - Education and Human Resources	47.076	DUE-952060	<u>17,876</u>
Total National Science Foundation			<u>17,876</u>
U.S. Department of Labor:			
Pass-through programs from:			
Gulf Coast Business Services Corporation - Individual Referrals	17.250		48,619
Mississippi Employment Security Commission - Individual Referrals	17.250		120,110
State Department of Education - JTPA - Title IIA	17.250	L-899551T801	<u>49,752</u>
Total U.S. Department of Labor			<u>218,481</u>
National Aeronautics and Space Administration:			
Pass-through program from:			
State Department of Education - Commercial Remote Sensing Workforce Development	43.NAS13-564		28,431
University of Mississippi - Mississippi Space Grant Consortium	43.001		<u>2,442</u>
Total National Aeronautics and Space Administration			<u>30,873</u>
U.S. Department of Veterans' Affairs:			
Vocational Rehabilitation of Disabled Veterans	64.116		<u>61,024</u>
Total U.S. Department of Veterans' Affairs			<u>61,024</u>
Total Other Programs			<u>1,815,119</u>
Total Expenditures of Federal Awards			<u>\$ 9,302,115</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 exception:

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

February 2, 2000

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

We have audited the general purpose financial statements of Mississippi Gulf Coast Community College as of and for the year ended June 30, 1999, and have issued our report thereon dated February 2, 2000. 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. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the institution in a separate letter dated February 2, 2000, which is included in this report.

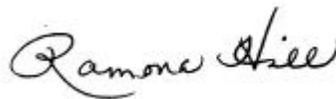
Internal Control Over Financial Reporting

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 solely for the information and use of management, entities with accreditation overview and federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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

February 2, 2000

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 year ended June 30, 1999. 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 year ended June 30, 1999.

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.

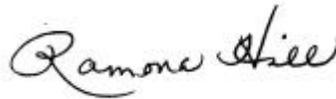
We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our 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. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 99-1.

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

This report is intended solely for the information and use of management, entities with accreditation overview and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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

February 2, 2000

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

We have audited the general purpose financial statements of Mississippi Gulf Coast Community College as of and for the year ended June 30, 1999, and have issued our report thereon dated February 2, 2000. 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 disclosed the following immaterial instance of noncompliance with state laws and regulations. Our finding and recommendation and your response is as follows:

Finding

Our test of collateralization revealed that the depository balance at Hancock Bank on June 30, 1999 was not adequately collateralized in the amount of \$410,439. Section 27-105-5, Miss. Code Ann. (1972) requires college funds to be adequately secured in an amount equal to 105% of the maximum sum to be placed on deposit at any one time exclusive of that portion insured by federal insurance.

Recommendation

We recommend that the institution have procedures in place to ensure that all institution deposits are fully collateralized as required by state law.

Institution's Response

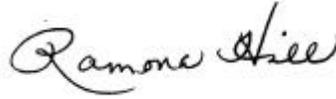
The institution has procedures in place to review depository collateral to ensure compliance with Section 27-105-5, Miss. Code Ann. (1972). The deficiency in adequate collateralization on June 30, 1999, was an oversight. The institution will request Hancock Bank to increase securities pledged by \$1,000,000 and will continue to monitor all banks for adequate collateralization.

The Office of the State Auditor will review, on the subsequent year's audit engagement, the finding in this report to insure that corrective action has been taken.

This report is intended solely for the information and use of management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. 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

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 Year Ended June 30, 1999

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. As described in Section 3 of this schedule, a reportable condition in internal control over major programs was disclosed by the audit. The reportable condition described in Finding 99-1 is not considered to be a material weakness.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit disclosed an audit finding which is required to be reported under Section _____.510(a) of OMB Circular A-133. This finding is described in Section 3 of this schedule.
7. The major programs were the Student Financial Aid cluster: CFDA #'s 84.007; 84.063; 84.033; 84.069; 84.032 and 12.UNKNOWN and Vocational Education - Basic Grant: CFDA #84.048.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The auditee did not qualify as a low-risk auditee.

Section 2: Findings Relating to the Financial Statements

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by Government Auditing Standards.

Section 3: Findings and Questioned Costs for Federal Awards

99-1. Finding

Program: Student Financial Aid cluster

Compliance Requirement: Special Tests and Provisions

MISSISSIPPI GULF COAST COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1999

Our test of refunds revealed the following:

1. The institution does not have procedures in place for calculating refunds for students who unofficially withdraw.
2. Pro rata refunds were not calculated for students at the Jackson County campus.

Recommendation

The institution should ensure that procedures are in place to calculate refunds for students who unofficially withdraw and pro rata refunds for first-time students.