



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR

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COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Audited Financial Statements
For the Year Ended June 30, 2004

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COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

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COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

FINANCIAL AUDIT REPORT

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

President and Board of Trustees
Coahoma Community College and Agricultural High School
Clarksdale, Mississippi 38614

We have audited the accompanying financial statements of Coahoma Community College and Agricultural High School as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of Coahoma Community College and Agricultural High School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of Coahoma Community College and Agricultural High School, as of June 30, 2004, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, Coahoma Community College and Agricultural High School adopted Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement No. 14, for the year ended June 30, 2004, which requires reporting as component units those organizations that raise and hold economic resources for the direct benefit of the college or its constituents.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2005, on our consideration of Coahoma Community College and Agricultural High School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 7 through 17, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Coahoma Community College and Agricultural High School's basic financial statements. The 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, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



PHIL BRYANT
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 10, 2005

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2004

This section of the Coahoma Community College annual financial report presents our discussion and analysis of the financial performance of the College during the fiscal year ended June 30, 2004. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities.

The annual report consists of three basic financial statements that provide information on the College as a whole: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These Statements present financial information in a form similar to that use by corporations. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Assets includes all assets and liabilities. The College's net assets (the difference between assets and liabilities) are one indicator of the College's financial health. Over time, increases or decreases in net assets are one indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. The financial reporting model classifies State appropriations and gifts as non-operating revenues. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

FINANCIAL AND ENROLLMENT HIGHLIGHTS

- Revenue from Tuition and Fees increased 14.89% as a result of increased student enrollment .
- Enrollment increased by 7% based on headcount.

Year	Total Students Enrolled In Fall
1999	1,162
2000	1,260
2001	1,322
2002	1,633
2003	1,842
2004	1,964

- Appropriations from the Coahoma County Board of Supervisors and the Mississippi Legislature have provided for the construction of the Coahoma County Higher Education Center, a partnership between Coahoma Community College and Delta State University.
- Appropriations from the Coahoma County Board of Supervisors, State of Mississippi, and the Title III HBCU Grant provided funding for the Allied Health Training Facility, which will house the Associated Degree Nursing, Licensed Practical Nursing, Respiratory Care, and other certificate health programs. The Coahoma County Board of Supervisors will donate 4.25 acres to build this 25,900 square foot facility at an estimated cost of \$3,950,000.
- A recovery in the market increased the value of the endowment fund by 15.17%.

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2004

Another important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities.

Condensed Statement of Net Assets

June 30, 2004

	<u>FY2004</u>	<u>FY2003</u>
Assets		
Current Assets	\$ 7,423,911	\$ 5,040,567
Noncurrent Assets:		
Capital, Net	15,673,611	16,178,898
Other	<u>3,550,543</u>	<u>3,005,580</u>
Total Assets	<u>26,648,065</u>	<u>24,225,045</u>
Liabilities		
Current Liabilities	2,122,369	956,719
Noncurrent Liabilities	<u>2,141,579</u>	<u>2,335,110</u>
Total Liabilities	<u>4,263,948</u>	<u>3,291,829</u>
Net Assets		
Invested in Capital Assets, Net	13,339,201	13,662,605
Restricted:		
Nonexpendable	3,179,962	2,761,031
Expendable	364,630	269,937
Unrestricted	<u>5,500,324</u>	<u>4,239,643</u>
Total Net Assets	<u>\$ 22,384,117</u>	<u>\$ 20,933,216</u>

Assets

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the College's bank accounts. The total amount of cash and cash equivalents reported as current assets on the College financial statements were \$4,420,755 at June 30, 2004, compared to \$3,061,545 at June 30, 2003.

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2004

Accounts Receivable

Accounts receivable relate to several transactions including county appropriations, and student tuition and fee billings. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowance for doubtful accounts. The College receivables totaled \$1,670,448 at June 30, 2004, compared to FY2003, \$1,773,801.

Inventories

The College maintains inventories of resale merchandise as well as items for food purchases for the cafeteria. Books, student supplies, and institutional memorabilia make up the majority of the resale inventory. Inventories totaled \$212,292 at June 30, 2004, in comparison to \$196,517 for FY2003.

Noncurrent assets

Cash and Cash Equivalents

Cash and cash equivalents are those funds that are held in the bank accounts and in the State Treasurer's Short-Term Investment Pool (STIF). The cash and cash equivalents that are considered noncurrent are cash in endowment funds. The amount of cash and cash equivalents considered noncurrent at June 30, 2004 totaled \$365,281, in comparison to \$233,332 at June 30, 2003.

Endowment Investments

Endowment investments include marketable securities held and managed by investment managers. These investments are recorded at fair market value. The fair market value at June 30, 2004 was \$3,179,962, in comparison to \$2,761,031 at June 30, 2003.

Capital Assets, Net

Capital assets, net, consist of land, infrastructure, buildings, equipment, and historical library holdings at June 30, 2004. The amount reported is net of accumulated depreciation. Capital assets, net totaled \$15,673,611 at June 30, 2004, in comparison to \$16,178,898 at June 30, 2003.

Liabilities

Current Liabilities

Accounts Payable and Accrued Liabilities

Accounts Payable and accrued liabilities represent amounts due at June 30, 2004 for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$781,130 at June 30, 2004, in comparison to \$722,788 at June 30, 2003.

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2004

Long-Term Liabilities-Current Portion

Long-term liabilities-current portion represents the portion principal payment for long term debt due within one year. The amount of current portion of bonds and notes at June 30, 2004, was \$193,531, in comparison to \$181,833 at June 30, 2003.

Noncurrent Liabilities

Deposits Refundable

Deposits refundable as of June 30, 2004 consists of student housing deposits to be refunded to students in the amount of \$700, in comparison to \$700 at June 30, 2003.

Long-Term Liabilities

This liability represents long term debt acquired by the institution for capital construction totaling \$2,140,879 as of June 30, 2004, in comparison to \$2,334,410 at June 30, 2003. The schedule of long term debt are (1) Coahoma AHS state aid capital improvement bonds, series 1998, \$415,000; (2) Department of Environmental Quality state revolving fund loan, \$160,879, and (3) Educational facilities note, series 1998, \$1,565,000.

Net Assets

Net assets represent the difference between the College's assets and liabilities. Total net assets at June 30, 2004 were \$22,384,117, compared to \$20,933,216 for FY 2003.

Restricted Net Assets

Restricted nonexpendable net assets consist of endowment gifts, gifts with specific restrictions, grants from third party agencies with expenditure restrictions, and loan funds. Restricted expendable net assets represents fund balances designated for capital projects and debt service.

Unrestricted Net Assets

Unrestricted net assets represent those balances from operational activities that have not been restricted by parties external to the College such as donors or grant agencies. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities.

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2004

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

For the year ended June 30, 2004

	<u>FY2004</u>	<u>FY2003</u>
Operating Revenues:		
Tuition and Fees	\$ (320,349)	\$ 94,934
Grants and Contracts	13,170,533	12,140,112
Auxiliary Enterprises	639,688	566,674
Other Operating Revenues	<u>245,406</u>	<u>419,911</u>
 Total Operating Revenues	<u>13,735,278</u>	<u>13,221,631</u>
 Operating Expenses	<u>20,775,541</u>	<u>19,084,801</u>
 Operating Loss	<u>(7,040,263)</u>	<u>(5,863,170)</u>
Nonoperating Revenues:		
State Appropriations	5,739,293	4,960,564
Local Appropriations	2,444,967	2,454,779
Noncapital Gifts	1,000	10,000
Investment Income, Net	52,309	48,500
Interest Expense on Capital Asset Related Debt	(114,823)	(124,818)
Other Nonoperating revenue (expenses)	<u>437,390</u>	<u>79,299</u>
 Net Nonoperating Revenues	<u>8,560,136</u>	<u>7,428,324</u>
 Income Before Other Revenues	1,519,873	1,565,154
 Capital Appropriations	0	819,597
Capital Grants	3,818	1,024,522
Other additions (deletions), net	<u>(72,790)</u>	<u>(925,539)</u>
Total Other Revenues	(68,972)	918,580
 Total Increase in Net Assets	1,450,901	2,483,734
 Net Assets		
Net Assets at Beginning of Year, as originally reported	<u>20,933,216</u>	<u>18,449,482</u>
 Net Assets at End of Year	<u>\$ 22,384,117</u>	<u>\$ 20,933,216</u>

Coahoma Community College

Management's Discussion and Analysis Fiscal Year Ending June 30, 2004

Total operating loss for the fiscal year 2004 was \$7,040,263 compared to \$5,863,170 for FY2003. Since the State of Mississippi appropriation is not included within operating revenue per GASB No. 35, the College will show a significant operating loss.

The sources of operating revenue for the College are tuition and fees, grants and contracts, auxiliary services, and other operating revenues.

The College strives to provide students with the opportunity to obtain a quality education. Future enrollments at the College may be affected by a number of factors including any material increases in tuition and other mandatory charges stemming from any material decrease in appropriation funding from the State of Mississippi.

Total operating revenues for fiscal year 2004 were \$13,735,278, compared to \$13,221,631 for FY2003. Tuition and fees were \$3,282,805, compared to \$2,857,406 for FY2003. Operating expenses, including depreciation of \$732,897, totaled \$20,775,541. Of this total \$11,118,345 or 54% was for instruction and student scholarships. Operating expenses for FY2003, including depreciation of \$685,257, totaled \$19,084,801. Of this total \$10,412,664 or 55% was for instruction and student scholarships.

Revenues

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes totaling \$3,282,805 for FY2004, in comparison to \$2,857,406 for FY2003.

Grants and Contracts

This includes all restricted revenues made available by government agencies as well as private agencies. Grant revenues are recorded only to the extent that the funds have been expended for exchange transactions. Nonexchange revenues are recorded when received or when eligibility criteria have been met.

Coahoma Community College

Management's Discussion and Analysis Fiscal Year Ending June 30, 2004

The following table details the College's grant and contract awards for the fiscal year ended June 30, 2004:

	<u>FY 2004</u>	<u>FY2003</u>
Federal Sources:		
Department of Education	\$ 11,042,963	\$ 10,468,941
State Sources:		
State Board for Community & Junior Colleges	1,489,811	1,476,351
Other Sources	<u>637,759</u>	<u>194,820</u>
Total All Sources	<u>\$ 13,170,533</u>	<u>\$12,140,112</u>

Sales and Services from Educational Activities

Other operating revenues consist of income from educational activities that totaled \$23,041 for the 2004 fiscal year, and \$10,838 for FY2003.

Sales and Services, Net

Sales and services, net, consist of various enterprise entities that exist predominantly to furnish goods and services to students, faculty, staff, or the general public and charge a fee directly related to the cost of those goods or services. They are intended to be self-supporting.

Auxiliary Enterprises

Auxiliary enterprises primarily include the college bookstore, college housing, and the cafeteria/snackbar. Total auxiliary revenues totaled \$639,688 for fiscal year 2004, compared to \$566,674 for fiscal year 2003.

Operating Expenses

Operating expenses for FY2004 totaling \$20,775,541 include salaries and benefits of \$10,961,866, scholarships and fellowships of \$2,252,747, utilities of \$761,076, supplies of \$3,130,020, services of \$2,638,228, travel of \$298,707, and depreciation of \$732,897. Operating expenses for FY2003 totaling \$19,084,801 include salaries and benefits of \$10,139,135, scholarships and fellowships of \$2,834,153, utilities of \$603,474, supplies of \$2,123,037, services of \$2,404,526, travel of \$295,219, and depreciation of \$685,257.

Coahoma Community College

Management's Discussion and Analysis Fiscal Year Ending June 30, 2004

	<u>FY2004</u>	<u>FY2003</u>
Expenses by Function:		
Instruction	\$ 8,865,598	\$ 7,578,511
Public Service	0	352,953
Academic Support	1,738,993	1,345,148
Student Services	1,817,356	1,820,242
Institutional Support	2,305,750	1,823,982
Operations and Maintenance of Plant	1,633,068	1,573,561
Student Financial Aid	2,252,747	2,834,153
Auxiliary Enterprises	1,429,132	1,070,994
Depreciation	<u>732,897</u>	<u>685,257</u>
Total Operating Expenses by Function	<u>\$ 20,775,541</u>	<u>\$ 19,084,801</u>

Nonoperating Revenues (Expenses)

State Aid

The College's largest source of nonoperating revenue is the State of Mississippi appropriations. The College received \$5,739,293 for 2003-2004 fiscal year, which was for operations and \$3,818 in state capital grants for purchase, construction, renovation and repair of fixed assets. During FY 2003, the College received \$4,960,564 in state appropriations, \$1,024,522 in state capital grants for purchase, construction, renovation and repair of fixed assets, and \$819,597 for the construction of the Student Affairs Complex.

County Appropriations

The College also receives revenue from the five county district in which the school resides. The College uses the funding for salaries and benefits, for operational purposes. The College receives the appropriation in monthly payments, beginning in July of each year, since the fiscal year begins July 1st. The College received \$2,444,967 for the 2004 fiscal year from the supporting counties. This appropriation was fully recorded by the College during the fiscal year.

Investment Income, Net

This includes the interest income from the cash in the bank accounts, the State Treasurer's Short-Term Investment Pool (STIF), and the unrealized gains and losses on the investments held with an outside agency. The investment income at June 30, 2004 was \$52,309.

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2004

Statement of Cash Flows

Another way to assess the financial health of the College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a period. The Statement of Cash Flows also helps users assess:

- The ability to generate future net cash flows,
- The ability to meet obligations as they come due, and
- A need for external financing.

Condensed Statement of Cash Flows (Direct Method)

For the Fiscal Year Ended June 30, 2004

	<u>FY2004</u>	<u>FY2003</u>
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (6,009,897)	\$ (5,033,632)
Noncapital Financing Activities	8,093,720	7,403,227
Capital and Related Financing Activities	(471,481)	(471,228)
Investing Activities	<u>(121,183)</u>	<u>(295,689)</u>
Net Increase in Cash and Cash Equivalents	1,491,159	1,602,678
Cash and Cash Equivalents – Beginning of the Year	3,294,877	1,692,199
Cash and Cash Equivalents – End of the Year	<u>\$4,786,036</u>	<u>\$ 3,294,877</u>

The major sources of funds included in operating activities include student tuition and fees, \$(282,174), auxiliary enterprises, \$652,120, and grants and contracts, \$14,377,469. The major uses of funds were payments to employees, \$10,962,698, and to suppliers, \$7,265,529. During FY 2003, the major sources of funds included in operating activities include student tuition and fees, \$224,064, auxiliary enterprises, \$598,068, grants and contracts, \$11,911,853. The major uses of funds during FY 2003 were payments to employees, \$10,151,322 and to suppliers, \$4,839,206.

The largest inflow of cash for FY2004 in the noncapital financing activities group is State Appropriations of \$5,736,860. This figure compares to the FY2003 amount of \$4,946,814.

Significant Capital Asset Transactions

None noted for the 2004 or 2003 fiscal years.

Factors Impacting Future Periods

There are a number of issues of community college-wide importance that directly impacted the fiscal year 2004 financial situation. The level of State support, compensation increases, student tuition and fees increases, insurance and energy cost increases impact the College's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs.

The need to continue to address priority needs and requirements for deferred maintenance, new technology, repairs, and new construction projects is a large challenge facing the College in the years to come.

Various committees, partnerships and individuals are assessing the College's performance toward identified goals and avenues to achieve greater efficiencies and reduce expenditures in an effort to assist in meeting the future challenges.

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COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

AUDITED FINANCIAL STATEMENTS

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COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Statement of Net Assets
June 30, 2004

ASSETS

Current assets:

Cash and cash equivalents	\$	4,420,755
Accounts receivables, net		1,670,448
Inventories		212,292
Prepaid expenses		1,113,471
Other current assets		<u>6,945</u>

Total Current Assets		<u>7,423,911</u>
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Noncurrent assets:

Restricted cash and cash equivalents		365,281
Endowment investments		3,179,962
Student notes receivable, net		5,300
Capital assets, net of accumulated depreciation		<u>15,673,611</u>

Total Noncurrent Assets		<u>19,224,154</u>
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Total Assets		<u>26,648,065</u>
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LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities		781,130
Deferred revenue		1,113,471
Long-term liabilities - current portion		193,531
Other current liabilities		<u>34,237</u>

Total Current Liabilities		<u>2,122,369</u>
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Noncurrent liabilities:

Deposits refundable		700
Long-term liabilities		<u>2,140,879</u>

Total Noncurrent Liabilities		<u>2,141,579</u>
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Total Liabilities		<u>4,263,948</u>
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NET ASSETS

Invested in capital assets, net of related debt		13,339,201
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Restricted for:

Nonexpendable:		
Scholarships and fellowships		3,179,962

Expendable:		
Scholarships and fellowships		356,043
Capital projects		8,587

Unrestricted:		<u>5,500,324</u>
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Total Net Assets	\$	<u>22,384,117</u>
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The notes to the financial statements are an integral part of this statement.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2004

Operating Revenues:	
Tuition and fees (net of scholarship allowances of \$3,603,154)	\$ (320,349)
Federal grants and contracts	11,042,963
State grants and contracts	1,489,811
Nongovernmental grants and contracts	637,759
Sales and services of educational departments	23,041
Auxiliary enterprises:	
Student housing (net of scholarship allowances of \$354,518)	(31,520)
Food services (net of scholarship allowances of \$476,881)	(42,399)
Bookstore	679,512
Athletics	34,095
Interest earned on loans to students	1,091
Other operating revenues	<u>221,274</u>
Total Operating Revenues	<u>13,735,278</u>
Operating Expenses:	
Salaries and wages	8,851,973
Fringe benefits	2,109,893
Travel	298,707
Contractual services	2,638,228
Utilities	761,076
Scholarships and fellowships	2,252,747
Commodities	3,130,020
Depreciation expense	<u>732,897</u>
Total Operating Expenses	<u>20,775,541</u>
Operating Income (Loss)	<u>(7,040,263)</u>
Nonoperating Revenues (Expenses):	
State appropriations	5,739,293
Local appropriations	2,444,967
Gifts	1,000
Investment income	52,309
Interest expense on capital asset-related debt	(114,823)
Other nonoperating revenues (expenses)	<u>437,390</u>
Total Net Nonoperating Revenues (Expenses)	<u>8,560,136</u>
Income (Loss) before Other Revenues, Expenses, Gains and Losses	<u>1,519,873</u>
Capital grants and gifts	3,818
Other additions (deletions), net	<u>(72,790)</u>
Change in Net Assets	<u>1,450,901</u>
Net Assets:	
Net Assets - Beginning of Year, as Originally Reported	<u>20,933,216</u>
Net Assets - End of Year	<u>\$ 22,384,117</u>

The notes to the financial statements are an integral part of this statement.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Statement of Cash Flows
For the Year Ended June 30, 2004

Cash Flows from Operating Activities:	
Tuition and fees	\$ (282,174)
Grants and contracts	14,377,469
Sales and services of educational departments	23,041
Payments to suppliers	(7,265,529)
Payments to employees for salaries and benefits	(10,962,698)
Payments for utilities	(761,076)
Payments for scholarships and fellowships	(1,927,362)
Collection of loans to students and employees	1,517
Auxiliary enterprise charges:	
Student housing	(26,651)
Food services	(34,836)
Bookstore	679,512
Athletics	34,095
Interest earned on loans to students	1,091
Other receipts (payments)	<u>133,704</u>
Net Cash Provided (Used) by Operating Activities	<u>(6,009,897)</u>
Cash Flows from Noncapital Financing Activities:	
State appropriations	5,736,860
Local appropriations	2,385,340
Gifts and grants for other than capital purposes	1,000
Federal loan program receipts	98,321
Federal loan program disbursements	(98,321)
Other sources (uses)	<u>(29,480)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>8,093,720</u>
Cash Flows from Capital and Related Financing Activities:	
Cash paid for capital assets	(188,567)
Capital grants and contracts received	13,792
Principal paid on capital debt and leases	(181,883)
Interest paid on capital debt and leases	<u>(114,823)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(471,481)</u>
Cash Flows from Investing Activities:	
Proceeds from sales and maturities of investments	629,055
Interest received on investments	52,309
Purchases of investments	<u>(802,547)</u>
Net Cash Provided (Used) by Investing Activities	<u>(121,183)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,491,159
Cash and Cash Equivalents - Beginning of the Year	<u>3,294,877</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,786,036</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Statement of Cash Flows
For the Year Ended June 30, 2004

Reconciliation of Operating Income (Loss) to Net Cash
Provided (Used) by Operating Activities

Operating income (loss)	\$ <u>(7,040,263)</u>
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	732,897
Other	103,113
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables, net	151,789
Inventories	(15,775)
Increase (decrease) in liabilities:	
Accounts payables and accrued liabilities	<u>58,342</u>
Total adjustments	<u>1,030,366</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(6,009,897)</u></u>

The notes to the financial statements are an integral part of this statement.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2004

(1) Summary of Significant Accounting Policies.

- A. Reporting Entity - Coahoma Community College and Agricultural High School was founded in 1949 and is one of Mississippi's 15 public community colleges. The legal authority for the establishment of Coahoma Community College and Agricultural High School is found in Section 37-29-31, Miss. Code Ann. (1972).

Coahoma Community College and Agricultural High School is governed by a 14-member board of trustees, selected by the board of supervisors of Coahoma, Bolivar, Tallahatchie, Quitman and Panola Counties who support the district through locally assessed ad valorem tax millage. One of the trustees from each of the supporting counties must be the county superintendent of education, unless the superintendent chooses not to serve, in which case the county board of supervisors shall fill the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5-year term. In addition, Coahoma Community College and Agricultural High School works jointly with the Mississippi State Board for Community and Junior Colleges, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

- B. Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - of Public College and Universities*, issued in June and November 1999, respectively. The institution now follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the institution's financial activities.
- C. Basis of Accounting - The financial statements of the institution have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.
- D. Cash Equivalents - For purposes of the Statement of Cash Flows, the institution considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.
- E. Accounts Receivables, Net - Accounts receivables consist of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts and local governments. Accounts receivables are recorded net of an allowance for doubtful accounts.
- F. Student Notes Receivables, Net - Student notes receivables consist of federal, state and institutional loans made to students for the purpose of paying tuition and fee charges. Loan balances expected to be paid during the next fiscal year are presented on the Statement of Net Assets as current assets. Those balances that are either in deferment status or expected to be paid back beyond the next fiscal year are presented as noncurrent assets on the Statement of Net Assets.
- G. Inventories - Inventories consist of bookstore and food service supplies. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out ("FIFO") basis or the average cost basis.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements For the Year Ended June 30, 2004

- H. Restricted Cash and Cash Equivalents - Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as restricted cash and cash equivalents on the Statement of Net Assets.
- I. Prepaid Expenses - Prepaid expenses include certain payments to vendors or other parties which reflect costs that are applicable to a subsequent account period.
- J. Endowment Investments - Endowment investments are generally subject to the restrictions of donor gift instruments. They include true endowment funds, which are funds received from a donor with the restrictions that only the income is to be utilized.

The institution accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of other nonoperating revenues (expenses) on the Statement of Revenues, Expenses and Changes in Net Assets.

- K. Capital Assets, Net of Accumulated Depreciation - Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance costs are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 5 for additional details concerning useful lives, salvage values and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.
- L. Compensated Absences -The institution does not provide for the accumulation of leave beyond one year. Therefore, no accrual for compensated absences has been recorded in the financial statements.
- M. Deferred Revenues - Deferred revenues include amounts received prior to the end of the fiscal year but relate to the subsequent accounting period including amounts received in advance from grant and contract sponsors which have not yet been earned.
- N. Classification of Revenues - The institution has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local grants and contracts, and (4) interest on institutional student loans.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, such as state appropriations, local appropriations and investment income.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements For the Year Ended June 30, 2004

- O. State Appropriations - Coahoma Community College and Agricultural High School 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. Beginning with the 2004 fiscal year, a new funding formula will be phased in over a 5-year period which will shift the funding calculation from a predominantly full-time student formula, weighted by type of student, to a full-time equivalent formula which is based on total credit hours generated by all students with special consideration given only to high cost programs.
- P. Scholarship Discounts and Allowances - Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.
- Q. Net Assets - GASB Statement No. 34 reports equity as "Net Assets" rather than "Fund Balance". Net assets are classified according to external donor restrictions or availability of assets for satisfaction of institution obligations. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes and funds held in federal loan programs.
- The unrestricted net asset balance of \$5,500,324 at June 30, 2004, includes \$212,292 reserved for inventories, and a remaining amount of \$5,288,032.
- R. Changes in Accounting Standards - Coahoma Community College and Agricultural High School has implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment to GASB Statement No. 14, in the current fiscal year as required. However, the Coahoma Community College and Agricultural High School Foundation does not meet the significance requirement and has not been incorporated into the financial statements and accompanying notes.

(2) Cash and Investments.

Policies:

- A. Cash, Cash Equivalents and Short-term Investments - Investment policies as set forth by policy and state statute authorize the institution to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, and repurchase agreements.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the institution's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2004

- B. Investments - Investment policies as set forth by policy and state statute also authorize the college to invest in equity securities, bonds and other securities. Investments are reported at fair value (market).

The following table summarizes the carrying values of the institution's investments reported on the statement of net assets:

		June 30, 2004
Endowment investments	\$	<u>3,179,962</u>
Total	\$	<u><u>3,179,962</u></u>

In accordance with the GASB Statement No. 3, investments are classified into three categories of custodial risk:

Category 1	Investments that are insured or registered, or securities held by the institution or by its agent in the college's name.
Category 2	Investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the institution's name.
Category 3	Investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent but not held in the institution's name.
Not Categorized	Investments in mutual funds, money markets and investment management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

The following table summarizes the categorization of investments at June 30, 2004:

		Category 1	Category 2	Category 3	Not Categorized	Total Per Bank
Investments:						
Government securities	\$	48,953				48,953
Equity securities		279,040				279,040
Money market funds					2,344,761	2,344,761
Certificates of deposit		10,186				10,186
Federal Home Loan Mortgage Corporation		122,859				122,859
Federal Home Loan Bank		31,486				31,486
Federal National Mortgage Corporation		50,907				50,907
Other debt securities		<u>149,436</u>	<u>142,334</u>			<u>291,770</u>
Total Investments	\$	<u><u>692,867</u></u>	<u><u>142,334</u></u>	<u><u>0</u></u>	<u><u>2,344,761</u></u>	<u><u>3,179,962</u></u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2004

(3) Accounts Receivable.

Accounts receivable consisted of the following at June 30, 2004:

Student tuition	\$ 2,544,075
Federal, state, and private grants and contract	1,219,776
State appropriations	73,965
Local appropriations	<u>63,303</u>
 Total Accounts Receivable	 3,901,119
Less allowance for doubtful accounts	<u>2,230,671</u>
 Net Accounts Receivable	 <u><u>\$ 1,670,448</u></u>

(4) Notes Receivable from Students.

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to twelve months from the date of separation from the institution. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the institution at June 30, 2004:

	<u>Interest Rates</u>	<u>June 30, 2004</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>
Perkins student loans	3% to 9%	\$ <u>265,033</u>		<u>265,033</u>
 Total Notes Receivable		 265,033		 265,033
Less allowance for doubtful accounts		<u>259,733</u>		<u>259,733</u>
 Net Notes Receivable		 <u><u>\$ 5,300</u></u>	 <u><u>0</u></u>	 <u><u>5,300</u></u>

(5) Capital Assets.

A summary of changes in capital assets for the year ended June 30, 2004, is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ <u>305,558</u>			<u>305,558</u>
Total Nondepreciable Capital Assets	<u>305,558</u>	<u>0</u>	<u>0</u>	<u>305,558</u>
Depreciable Capital Assets:				
Improvements other than buildings	1,024,304			1,024,304
Buildings	22,136,355			22,136,355
Equipment	2,103,632	188,567		2,292,199
Library books	<u>835,902</u>	<u>45,317</u>	<u>(6,274)</u>	<u>874,945</u>
Total Depreciable Capital Assets	<u>26,100,193</u>	<u>233,884</u>	<u>(6,274)</u>	<u>26,327,803</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2004

	Beginning Balance	Additions	Deletions	Ending Balance
Less Accumulated Depreciation for:				
Improvements other than buildings	252,873	40,972		293,845
Buildings	7,589,345	513,557		8,102,902
Equipment	1,626,381	160,660		1,787,041
Library books	<u>758,254</u>	<u>17,708</u>		<u>775,962</u>
Total Accumulated Depreciation	<u>10,226,853</u>	<u>732,897</u>	<u>0</u>	<u>10,959,750</u>
Total Depreciable Capital Assets, Net	<u>15,873,340</u>	<u>(499,013)</u>	<u>(6,274)</u>	<u>15,368,053</u>
Capital Assets, Net	<u>\$ 16,178,898</u>	<u>(499,013)</u>	<u>(6,274)</u>	<u>15,673,611</u>

Depreciation is computed on a straight-line basis with the exception of the library books category, which is computed using a composite method. The following useful lives, salvage values and capitalization thresholds are used to compute depreciation:

	Estimated Useful Lives	Salvage Value	Capitalization Threshold
Buildings	40 years	20%	\$ 50,000
Improvements other than buildings	20 years	20%	25,000
Equipment	3-15 years	1 - 10%	5,000
Library books	10 years	0%	0

(6) Long-term Liabilities.

Long-term liabilities of the institution consist of notes and bonds payable and certain other liabilities that are expected to be liquidated at least one year from June 30, 2004.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2004

Information regarding original issue amounts, interest rates and maturity dates for bonds and notes included in the long-term liabilities balance at June 30, 2004, is listed in the following schedule. A schedule detailing the annual requirements necessary to amortize the outstanding debt is also provided.

Description and Purpose	Original Issue	Annual Int. Rate	Maturity	Beginning Balance	Additions	Deletions	Balance June 30, 2004	Due Within One Year
Bonded Debt:								
Coahoma County Agricultural High School, State Aid Capital Improvement Bonds, Series 1998	\$ 541,000	5.00%	2018	\$ 458,000		21,000	437,000	22,000
Total Bonded Debt				<u>458,000</u>	<u>0</u>	<u>21,000</u>	<u>437,000</u>	<u>22,000</u>
Notes Payable:								
Educational Facilities Notes, Series 1998	2,500,000	4.625% - 6.10%	2013	1,865,000		145,000	1,720,000	155,000
Department of Environmental Quality State Revolving Fund Loan Program	318,144	4.00%	2014	193,293		15,883	177,410	16,531
Total Notes Payable				<u>2,058,293</u>	<u>0</u>	<u>160,883</u>	<u>1,897,410</u>	<u>171,531</u>
Other Long-term Liabilities:								
Deposits refundable				700			700	
Total Other Long-term Liabilities				<u>700</u>	<u>0</u>	<u>0</u>	<u>700</u>	<u>0</u>
Total				<u>\$ 2,516,993</u>	<u>0</u>	<u>181,883</u>	<u>2,335,110</u>	<u>193,531</u>
Due within one year							193,531	
Total Long-term Liabilities							<u>\$ 2,141,579</u>	

	Bonded Debt	Loans & Notes Payable	Interest	Total
2005	\$ 22,000	171,531	106,781	300,312
2006	23,000	182,204	98,227	303,431
2007	25,000	187,905	89,116	302,021
2008	26,000	198,634	79,657	304,291
2009	27,000	209,394	69,497	305,891
2010-2014	158,000	947,742	172,706	1,278,448
2015-2018	<u>156,000</u>		<u>20,000</u>	<u>176,000</u>
Totals	<u>\$ 437,000</u>	<u>1,897,410</u>	<u>635,984</u>	<u>2,970,394</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2004

(7) Operating Leases.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2005	\$ 16,970
2006	12,350
2007	11,443
2008	7,625
2009	<u>5,555</u>
Total Minimum Payments Required	<u>\$ 53,943</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, 2004, was \$18,941.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2004

(8) Natural Classifications with Functional Classifications.

The institution's operating expenses by functional classification were as follows for the year ended June 30, 2004:

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation Expense	Total
Instruction	\$ 5,607,310	1,307,107	133,077	436,448			1,381,656		8,865,598
Academic support	781,920	196,172	58,846	514,474			187,581		1,738,993
Student services	817,470	208,007	69,124	348,126			374,629		1,817,356
Institutional support	1,104,226	232,300	37,226	566,102			365,896		2,305,750
Operation of plant	413,564	131,159	434	208,969	761,076		117,866		1,633,068
Student aid						2,252,747			2,252,747
Auxiliary enterprises	127,483	35,148		564,109			702,392		1,429,132
Depreciation								732,897	732,897
Total Operating Expenses	\$ <u>8,851,973</u>	<u>2,109,893</u>	<u>298,707</u>	<u>2,638,228</u>	<u>761,076</u>	<u>2,252,747</u>	<u>3,130,020</u>	<u>732,897</u>	<u>20,775,541</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements For the Year Ended June 30, 2004

(9) Pension Plan.

Plan description - The Coahoma Community College and Agricultural High School participates in 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 Mississippi State Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the 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 Mississippi State Legislature. The college's contributions to PERS for the years ending June 30, 2004, 2003 and 2002 were \$758,850, \$684,117 and \$629,358, respectively, equal to the required contributions for each year.

SUPPLEMENTAL INFORMATION

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COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

<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>U.S. Department of Education</u>			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		\$ 186,654
Federal Family Education Loans (FFEL)	{2} 84.032		73,373
Federal Work-study Program (FWS)	84.033		326,693
Federal Perkins Loan Program	{1} 84.038		0
Federal Pell Grant Program	84.063		<u>6,522,136</u>
Total U.S. Department of Education			<u>7,108,856</u>
Total Student Financial Aid Cluster			<u>7,108,856</u>
Other Programs:			
<u>U.S. Department of Agriculture</u>			
Food Donation	10.550		<u>7,142</u>
Child Nutrition Cluster:			
National School Lunch Program	10.555		92,301
Summer School Food Service Program for Children	10.559		<u>8,000</u>
Total Child Nutrition Cluster			<u>100,301</u>
Total U.S. Department of Agriculture			<u>107,443</u>
<u>U.S. Department of Defense</u>			
Department of Navy - Ocean Science Mentoring Program	12.000	N62306-02-M-B004	<u>25,000</u>
Total U.S. Department of Defense			<u>25,000</u>
<u>U.S. Department of Housing and Urban Development</u>			
Historically Black Colleges and Universities Program	14.237	HBCU-MS-01-050	81,862
Opportunities for Youth - Youthbuild Program	14.243		<u>1,067</u>
Total U.S. Department of Housing and Urban Development			<u>82,929</u>

<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>
<u>U.S. Department of Justice</u>			
Public Safety Partnership & Community Policing Grants	16.710		<u>21,354</u>
Total U.S. Department of Justice			<u>21,354</u>
<u>U.S. Department of Labor</u>			
Pass-through program from:			
Mississippi Department of Education - Employment Services and Job Training Pilots - Demonstrations and Research	17.249	99-3201-1211-002	<u>6,325</u>
WIA Cluster:			
South Delta Planning and Development District - WIA - Adult Program	17.258	03-501-200	132,691
Delta Workforce Investment Area - WIA - Youth Activities	17.259	03-501-102	151,326
Delta Workforce Investment Area - WIA - Youth Activities	17.259	03-501-100	139,546
South Delta Planning and Development District - WIA - Youth Activities	17.259	03-501-101	21,876
South Delta Planning and Development District - WIA - Dislocated Workers	17.260	03-501-200	<u>100,099</u>
Total WIA Cluster			<u>545,538</u>
Total U.S. Department of Labor			<u>551,863</u>
<u>National Aeronautics and Space Administration</u>			
Pass-through program from:			
University of Mississippi - Aerospace Education Services Program	43.001	N.A.	4,000
California Institute of Technology - Technology Transfer	43.002	1255883	<u>12,571</u>
Total National Aeronautics and Space Administration			<u>16,571</u>
<u>U.S. Department of Education</u>			
Higher Education - Institutional Aid	84.031		1,497,112
Minority Science and Engineering Improvement	84.120		20,720
Twenty-first Century Community Learning Centers	84.287		183,923
Child Care Access Means Parents in School	84.335		<u>22,381</u>
Total			<u>1,724,136</u>

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Pass-through programs from:			
Mississippi State Board for Community & Junior Colleges - Adult Education - State Grant Program	84.002		174,963
Mississippi Department of Education - Title I Grants to Local Educational Agencies	84.010		128,819
Mississippi Department of Education - Special Education - Grants to States	84.027		47,689
Mississippi Department of Education - Vocational Education - Basic Grants to States	84.048	1403	254,306
Board of Institutions of Higher Learning - Leveraging Educational Assistance Partnership	84.069		2,081
Mississippi Department of Education - Safe and Drug-free Schools and Communities - State Grants	84.186		1,725
Mississippi Department of Education - Tech-Prep Education	84.243		71,608
Mississippi Department of Education - Goals 2000 - State and Local Education Systemic Improvement Grants	84.276		1,842
Mississippi Department of Education - State Grants Innovative Programs	84.298		1,873
Mississippi Department of Education - Improving Teacher Quality - State Grants	84.367		32,019
Mississippi Department of Education - Fund for the Improvement of Education	84.215		10,694
Total			<u>727,619</u>
TRIO Cluster:			
TRIO - Talent Search	84.044		223,057
TRIO - Upward Bound	84.047		304,574
Total TRIO Cluster			<u>527,631</u>
Total U.S. Department of Education			<u>2,979,386</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-through programs from:			
Mississippi Community College Foundation - Development and Coordination of Rural Health Services	93.223		78,817
Mississippi Department of Human Services - Abstinence Education	93.235		7,719
Mississippi Department of Human Services - Temporary Assistance for Needy Families	93.558	501WF01	59,609
Total U.S. Department of Health and Human Services			<u>146,145</u>
Total Other Programs			<u>3,930,691</u>
Total Expenditures of Federal Awards			\$ <u><u>11,039,547</u></u>

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
---	---------------------------	--	-------------------------

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 financial statements, with the following exceptions:

{1} For purposes of this schedule, loans advanced from the Federal Perkins Loan Program - Federal Capital Contributions (CFDA #84.038) are presented as federal expenditures. These loans are not reported as expenditures on the financial statements but as an increase in notes receivable. The outstanding loan balances and allowance for uncollectible amounts for the loan program(s) at June 30, 2004, are reflected in Note (4) to the financial statements.

{2} For purposes of this schedule, loans made to students under the Federal Family Education Loans (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.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

President and Board of Trustees
Coahoma Community College and Agricultural High School
Clarksdale, Mississippi 38614

We have audited the financial statements of Coahoma Community College and Agricultural High School as of and for the year ended June 30, 2004, as listed in the table of contents and have issued our report thereon dated June 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 financial statements and not to provide an opinion 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 judgment, could adversely affect the institution's ability to initiate, record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2004-1 through 2004-5.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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 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 that none of the reportable conditions described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the institution's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters 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 June 10, 2005, which is included in this report.

This report is intended solely for the information and use of the institution, Members of the Legislature, entities with accreditation overview, 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



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 10, 2005



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

President and Board of Trustees
Coahoma Community College and Agricultural High School
Clarksdale, Mississippi 38614

Compliance

We have audited the compliance of Coahoma Community College and Agricultural High School 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, 2004. 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 auditing standards generally accepted in the United States of America; 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.

As described in item 2004-6 in the accompanying Schedule of Findings and Questioned Costs, Coahoma Community College and Agricultural High School did not comply with the requirement regarding cash management that is applicable to its Higher Education - Institutional Aid program. Compliance with such requirement is necessary, in our opinion, for the institution to comply with requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, Coahoma Community College and Agricultural High School did not comply, in all material respects, with the requirement referred to above that is applicable to the Higher Education - Institutional Aid program. Also, in our opinion, Coahoma Community College and Agricultural High School complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 2004. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Cost as items 2004-7, 2004-8, 2004-9, 2004-10, 2004-13 and 2004-15.

Internal Control Over Compliance

The management of the Coahoma Community College and Agricultural High School 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 the 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 2004-6 through 2004-15.

A material weakness is a reportable 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 caused by error or fraud 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, of the reportable conditions described above, we consider item 2004-6 to be a material weakness.

This report is intended solely for the information and use of the institution, Members of the Legislature, entities with accreditation overview, 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



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 10, 2005

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

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

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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

President and Board of Trustees
Coahoma Community College and Agricultural High School
Clarksdale, Mississippi 38614

We have audited the financial statements of Coahoma Community College and Agricultural High School as of and for the year ended June 30, 2004, and have issued our report thereon dated June 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 financial statements disclosed the following immaterial instances of noncompliance with state laws and regulations. Our finding and recommendation and your response is as follows:

1. Finding

As required by Sections 31-7-1 through 31-7-14, Miss Code Ann. (1972), the following items were noted:

- A. Adequate bidding procedures were not followed on one purchase over \$15,000.
- B. Two written quotes were not obtained on two purchases between \$3,500 and \$15,000.
- C. Two purchases approved by the board were not properly approved as single source purchases.

Recommendation

The institution should comply with Sections 31-7-1 through 31-7-14, Miss. Code Ann. (1972), which requires proper bidding procedures be applied on all applicable purchases.

Institution's Response

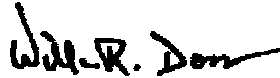
Procedures have been strengthened to insure that all programs administered by the institution comply with the proper bidding procedures for all purchases as required by Sections 37-7-1 through 37-7-14, Miss. Code Ann. (1972).

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 the institution, Members of the Legislature, entities with accreditation overview, 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



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 10, 2005

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Material noncompliance relating to the financial statements? | No |
| 3. | Internal control over financial reporting: | |
| a. | Material weakness(es) identified? | No |
| b. | Reportable condition(s) identified that are not considered to be material weaknesses? | Yes |

Federal Awards:

- | | | |
|----|---|-------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | |
| | Student Financial Aid Cluster | Unqualified |
| | Higher Education - Institutional Aid | Adverse |
| | Historically Black Colleges and Universities Program | Unqualified |
| | WIA Cluster | Unqualified |
| | TRIO Cluster | Unqualified |
| 5. | Internal control over major programs: | |
| a. | Material weakness(es) identified? | Yes |
| b. | Reportable condition(s) identified that are not considered to be material weaknesses? | Yes |
| 6. | Any audit finding(s) reported as required by Section __.510(a) of Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| a. | Student financial aid cluster | |
| | CFDA #84.007 | |
| | CFDA #84.032 | |
| | CFDA #84.033 | |
| | CFDA #84.038 | |
| | CFDA #84.063 | |
| b. | Higher Education - Institutional Aid | |
| | CFDA #84.031 | |
| c. | Historically Black Colleges and Universities Program | |
| | CFDA #14.237 | |
| d. | WIA Cluster | |
| | CFDA #17.258 | |
| | CFDA #17.259 | |
| | CFDA #17.260 | |

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

- e. TRIO Cluster
CFDA #84.044
CFDA #84.047
8. The dollar threshold used to distinguish between type A and type B programs: \$328,985
9. Auditee qualified as a low-risk auditee? No
10. Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ .315(b) of OMB Circular A-133? Yes

Section 2: Financial Statement Findings

Reportable Conditions

2004-1. Finding

During the course of the audit test work and review of the financial records, it was noted that the financial statements and the general ledger did not agree in all instances. Adjustments to convert the general ledger to GASB 35 format financial statements were not adequately documented.

Recommendation

Any changes to the amounts on the general ledger for financial statement purposes should be adequately documented.

2004-2. Finding

During the audit of existence of capital assets, three out of 50 items could not be located.

Recommendation

Procedures should be developed and placed in operation to adequately maintain existence of capital assets.

2004-3. Finding

The following items were noted during the examination of expenditures:

- A. All original invoices were not stamped paid.
- B. Project director approval was not documented for several expenditures.
- C. Several expenditures were mis-coded on the general ledger.
- D. Amounts charged to the institution's credit card were not supported by adequate documentation/receipts.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

- E. Finance charges were incurred on balances carried forward on the institution's credit card.
- F. During our examination of travel expenditures, we noted:
 - 1. Two hotel bills were paid with no supporting documentation.
 - 2. Travel authorizations were not provided on six travel reimbursements.
 - 3. Original hotel bills were not provided on six travel reimbursements.
 - 4. Receipt of refunds due the college was not adequately documented.
 - 5. Documentation was not provided for early arrival at a convention.
 - 6. Copies of two hotel bills did not agree with supporting documentation.
 - 7. Prior approval was not obtained for reimbursement for mileage in excess of the cost of airfare.
 - 8. One person was reimbursed more than 15% in tips.

Recommendations

- A. All original invoices should be stamped paid or otherwise defaced upon payment.
- B. All applicable expenditures should be approved by the project director.
- C. Procedures should be implemented to insure expenditures are coded properly.
- D. All expenditures, including items charged to the institution's credit card, should be supported with adequate supporting documentation.
- E. All balances should be paid in a timely manner to avoid finance charges.
- F. Claims for reimbursement of all travel expenses should be prepared in accordance with the institution's travel policy. Policies and procedures should be established to insure that amounts claimed for travel reimbursements are for legitimate travel expenditures. The institution should be reimbursed for any amounts paid not in compliance with applicable travel policies.

2004-4. Finding

As previously reported, the inventory system for library books and films did not appear to be functioning properly. The ending inventory value was based on an average cost per book rather than the historical cost.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2004

Recommendation

The library inventory system should be reviewed and adequate steps taken to insure that the system is operating properly. This will help insure an accurate inventory valuation and depreciation calculations at year-end.

2004-5. Finding

When reviewing the disaster recovery plan for Coahoma Community College and Agricultural High School, we noted the plan was not sufficiently detailed to insure continuity of the system in the event of a disaster.

The Control Objectives for Information and Related Technology (CobiT, Sections DS4), a generally accepted standard for good information technology security and control practices, guidelines require disaster recovery procedures to be established to provide orderly and complete recovery of computer applications in case of the inability to use current files, programs and/or hardware. Without a detailed, written plan of the procedures, the institution would not be adequately prepared to provide orderly recovery of vital functions in the event of a hardware or environmental disaster.

Recommendation

We recommend Coahoma Community College and Agricultural High School improve its disaster recovery plan by documenting in detail the procedures to be followed during an emergency. After these revisions are made, the plan should be tested and employees should be made aware of their responsibilities in the event of a disaster.

Section 3: Federal Award Findings and Questioned Costs

Reportable Condition/Material Weakness

Material Noncompliance

2004-6. Finding

Program: Higher Education - Institutional Aid; CFDA #84.031

Compliance: Cash management

Questioned costs: \$1,140,021

Adequate procedures were not in place to insure that federal funds were drawn down in compliance with cash management requirements of OMB Circular A-133.

- A. The institution drew \$1,113,471 that was not disbursed within three business days of receipt of the funds. Funds were drawn down in December 2003, and sent to the Department of Finance and Administration - Bureau of Buildings in March 2004. As of the end of field work, these funds have not been expended.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

- B. The institution drew \$26,550 in excess of grant expenditures as of fiscal year ending June 30, 2004 for this federal program.

Recommendation

Procedures should be implemented to insure that draws of federal funds are made in compliance with OMB Circular A-133.

Reportable Condition
Immaterial Noncompliance

2004-7. Finding

Program: Historically Black Colleges and Universities Program; CFDA #14.237

Compliance requirement: Procurement, suspension and debarment

Adequate controls were not in place to insure that written procurement procedures were in place and being followed as required by OMB Circular A-110. OMB Circular A-110 sets forth the minimum standards to insure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal statutes. Construction activities totaling \$36,096 were conducted without applying proper bidding procedures.

Recommendation

Procedures should be implemented to insure compliance with procurement standards as required by OMB Circular A-110.

Reportable Condition
Immaterial Noncompliance

2004-8. Finding

Program: Higher Education - Institutional Aid; CFDA #84.031

Compliance requirement: Procurement, suspension and debarment

Adequate controls were not in place to insure that written procurement procedures were in place and being followed as required by OMB Circular A-110. OMB Circular A-110 sets forth the minimum standards to insure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal statutes.

- A. Two purchases totaling \$170,500 were made with board approval, but were not approved as single source purchases.
- B. Two purchases totaling \$9,835 were made without obtaining two written quotes.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Recommendation

Procedures should be implemented to insure compliance with procurement standards as required by OMB Circular A-110.

Reportable Condition

Immaterial Noncompliance

2004-9. Finding

Program: WIA Cluster; CFDA #'s 17.258, 17.259 & 17.260

Compliance requirement: Allowable costs/cost principles

Questioned costs: \$1,721

As previously reported, indirect cost charged to this federal program exceeded the amount allowed. The institution claimed the total amount budgeted rather than calculating the amount using the correct base and rate.

Recommendation

Procedures should be established to insure that indirect costs charged to the grant are calculated on the correct base and rate as established in the grant agreement/budget.

Reportable Condition

Immaterial Noncompliance

2004-10. Finding

Program: Higher Education - Institutional Aid; CFDA #84.031
TRIO Cluster - Talent Search; CFDA #84.044, Upward Bound; CFDA #84.047
WIA Cluster; CFDA #'s 17.258, 17.259 & 17.260

Compliance requirement: Activities allowed and unallowed; allowable costs/cost principles

Questioned costs: \$ 2,473 CFDA #84.031
\$23,365 TRIO Cluster
\$ 3,200 WIA Cluster

As previously reported, adequate procedures were not in place to insure that amendments to grant budgets were adequately documented. Expenditures were made from project budgets for which there was no budgeted amount with no documentation of a budget transfer. This resulted in unallowable charges made against the grant.

Recommendation

Only expenditures approved in the grant budget should be charged as grant expenditures. Budget transfers should be adequately documented to insure that grant funds are properly expended.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Reportable Condition

2004-11. Finding

Program: Higher Education - Institutional Aid; CFDA #84.031
TRIO Cluster - Talent Search; CFDA #84.044, Upward Bound; CFDA #84.047

Compliance requirement: Allowable costs/cost principles

As previously reported, adequate documentation was not prepared by some employees to support the distribution of payroll charged against the federal awards. OMB Circular A-21, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions, requires that a payroll distribution system be in place to document and monitor the percentage of activity that each employee works on a specific award within a specified period of time.

Recommendation

Policies and procedures should be established to insure that a system is in place to document payroll distribution as required by OMB Circular A-21.

Reportable Condition

2004-12. Finding

Program: WIA Cluster; CFDA #'s 17.258, 17.259 & 17.260

Compliance requirements: Activities allowed and unallowed; allowable costs/cost principles

As previously reported, the following items were noted during our examination of grant expenditures:

- A. Adequate procedures were not in place to distinguish between current year and prior year expenditures.
- B. Participants were paid stipends that should have been paid as wages according to the grant agreement/budget.

Recommendation

Procedures should be established to insure greater control over grant expenditures. All expenditures should be reviewed and compared to the budget to determine allowability.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Reportable Condition
Immaterial Noncompliance

2004-13. Finding

Program: TRIO Cluster - Talent Search; CFDA #84.044, Upward Bound; CFDA #84.047

Compliance requirement: Allowable costs/cost principles

Questioned costs: \$8,038

Consulting services for obtaining grant funding were charged against these grants for which no amount was budgeted for these services. The budgets did contain provisions for indirect cost at the rate of 8% of grant expenditures. The institution used the indirect cost to cover the cost of the consulting services. However, based upon our re-calculation of indirect cost and the circumstances surrounding the payment of the consulting services, it appears that \$8,038 excess costs have been charged to the grants.

Recommendation

Procedure should be established to insure that indirect cost charged to the grant are properly calculated and recorded as grant expenditures. Use of indirect cost to cover other grant expenditures not included in the grant budget, should be adequately approved and documented.

Reportable Condition

2004-14. Finding

Program: Student Financial Aid Cluster; CFDA #'s 84.007, 84.032, 84.033, 84.038 & 84.063

Compliance requirement: Special Tests and provisions

During the audit of satisfactory academic progress it was noted that there were instances of documentation not being provided on student appeals.

Recommendation

The institution should implement policies and procedures to insure that student appeals are documented.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Reportable Condition
Immaterial Noncompliance

2004-15. Finding

Program: Student Financial Aid Cluster; CFDA #'s 84.007, 84.032, 84.033, 84.038 & 84.063

Compliance requirement: Eligibility

Question costs: \$7,114

It was noted during the audit that two out of the 40 students were awarded student financial aid that were not eligible.

Recommendation

The institution should implement policies and procedures to insure compliance with eligibility requirements.

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COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

AUDITEE'S CORRECTIVE ACTION PLAN
AND SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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Coahoma Community College

and Agricultural High School



3240 FRIARS POINT ROAD
CLARKSDALE, MISSISSIPPI 38614-9799
601-627-2571

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Auditee's Corrective Action Plan For the Year Ended June 30, 2004

As required by Section __.315(b) of OMB Circular A-133, Coahoma Community College and Agricultural High School has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2004:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
----------------	---------------------------------------

- | | |
|---------|---|
| 2004-1. | <p>a. Name(s) of Contact Person(s) Responsible for Corrective Action:</p> <p>Deborah S. Meeks, Director of Fiscal Affairs</p> <p>b. Corrective Action Planned:</p> <p>Procedures have been established to adequately document any changes to the amounts on the general ledger for financial statement purposes.</p> <p>c. Anticipated Completion Date:</p> <p>September 30, 2005</p> |
| 2004-2. | <p>a. Name(s) of Contact Person(s) Responsible for Corrective Action:</p> <p>William West, Inventory Control</p> <p>b. Corrective Action Planned:</p> <p>Procedures are now in place and have been strengthened for removal of items from the current inventory. New employees are given a listing of inventory items assigned to their respective areas. Each new employee checks this list against the items in their area. After verification of the inventory assigned, the college's established policies and procedures for inventory are followed by the employee if any discrepancy found.</p> <p>c. Anticipated Completion Date:</p> <p>September 30, 2005</p> |

- 2004-3.
- a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Deborah S. Meeks, Director of Fiscal Affairs
 - b. Corrective Action Planned:
Policies and procedures have strengthened to ensure that all invoices are stamped paid, properly coded, with the appropriate approval. Expenditures charged to the institution's credit card will be paid with adequate supporting documentation and paid upon receipt to avoid finance charges. Controls have been strengthened to insure that travel reimbursements paid in compliance with applicable travel policies.
 - c. Anticipated Completion Date:

July 1, 2005
- 2004-4.
- a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Yvonne M. Stanford, Director of Library Services
 - b. Corrective Action Planned:

The institution has added an acquisitions module to the library's automation system which will track purchases and provide historical costs rather than average cost per book. (This can currently be done, but each individual book ordered would have to be printed out and the total tallied by hand to obtain historical costs.) Each vendor for library books and film will be keyed into the system. Books and film selections will be keyed into the system by department fund codes and item type. The system will print out a list containing current pricing information for the fiscal cycle.
 - c. Anticipated Completion Date:

The completion date is June 30, 2005.
- 2004-5.
- a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Leandrew Presley, Jr., Director of Technology and Computer Services
 - b. Corrective Action Planned:

Our current disaster recovery plan is inadequate to serve our College in the event of any disaster. We have researched and gathered the appropriate resources which will help us in creating a disaster recovery plan which will be suitable to serve us in the event of any disaster.
 - c. Anticipated Completion Date:

December 1, 2005.

- 2004-6. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
- Jacqueline Parker, Director of Federal Programs
- b. Corrective Action Planned:
- The money was drawn down and sent to the Mississippi State Bureau of Buildings as approved by the board; however, the college was delayed in forwarding the funds to the Bureau of Building due the actual setup of the account and the delay in other leverage funds for the building.
- The Business Office will review all transactions at the end of each month to ensure that all transactions are posted to the correct grant award. The 2003 expenditures were posted to the wrong grant award because this was the first year that the Title III grant changed award number in the GAPS systems.
- c. Anticipated Completion Date:
- September 30, 2005
- 2004-7. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
- Jacqueline Parker, Director of Federal Programs
- b. Corrective Action Planned:
- Policies and procedures have been in place to insure that bidding procedures are followed on all applicable purchases.
- c. Anticipated Completion Date:
- September 30, 2005
- 2004-8. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
- Jacqueline Parker, Director of Federal Programs
- b. Corrective Action Planned:
- Procedures have been established to ensure that single source items are noted in the board minutes on approval and supportive documentation attached to all purchases requiring two quotes.
- c. Anticipated Completion Date:
- September 30, 2005
- 2004-9. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
- Anne Shelton-Clark, Director of Career/Technical Education
- b. Corrective Action Planned:
- Procedures have been established to ensure that the indirect cost charged to the grant are calculated on the correct base and rate as established in the grant agreement/budget.

- c. Anticipated Completion Date:

July 1, 2005

- 2004-10. a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Anne Shelton-Clark, Director of Career/Technical Education

- b. Corrective Action Planned:

Activities/budgets are approved each year by the federal program officer. The original proposal was only required to include Year 1. Procedures have been established to ensure that only the expenditures approved in the grant budget are charged as grant expenditures, and that budget transfers are adequately documented.

- c. Anticipated Completion Date:

July 1, 2005

- 2004-11. a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Jacqueline Parker, Director of Federal Programs

- b. Corrective Action Planned:

The previous year's audit had concerns about the calculation of percentages of time as it is documented in the Title III grant for employees. Many of these employees are fulltime during the normal work day; however, perform other non-Title III related duty after hours. We are still waiting on the auditor's formula for calculating percentage of time.

- c. Anticipated Completion Date:

October 31, 2005

- 2004-12. a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Anne Shelton-Clark, Director of Career/Technical Programs

- b. Corrective Action Planned:

Procedures have been established to set a date in which all expenditures for a fiscal year will end. No purchase requisitions will be accepted after May 15th of the current year. This will give adequate time to distinguish between current and prior years expenses.

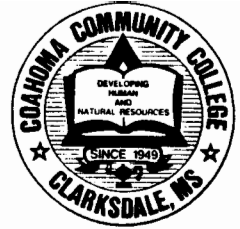
- c. Anticipated Completion Date:

July 31, 2005

- 2004-13. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
- Jacqueline Parker, Director of Federal Programs
- b. Corrective Action Planned:
- Policies and procedures have been put in place to ensure that indirect cost amounts charged to grants are properly calculated on the monthly expenditures charged to the grant. Indirect cost allocations used to cover other grant expenditures not included in the grant budget will be adequately approved and documented.
- c. Anticipated Completion Date:
- September 30, 2005
- 2004-14. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
- Patricia A. Brooks, Director of Financial Aid
- b. Corrective Action Planned:
- Policies and procedures have been in place to insure that student appeals are documented and filed in the Office of Admissions, Financial Aid Office, and Academic Dean' office.
- c. Anticipated Completion Date:
- July 31, 2005
- 2004-15. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
- Patricia Brooks, Director of Financial Aid
- b. Corrective Action Planned:
- The academic and financial aid satisfactory progress policy has been revised to ensure that all students not eligible for financial aid are flagged during the registration process.
- c. Anticipated Completion Date:
- August 1, 2005

Coahoma Community College

and Agricultural High School



3240 FRIARS POINT ROAD
CLARKSDALE, MISSISSIPPI 38614-9799
601-627-2571

As required by Section __.315(b) of the OMB Circular A-133, Coahoma Community College and Agricultural High School has prepared and hereby submits the following summary of prior audit findings as of June 30, 2004:

<u>Finding</u>	<u>Status</u>
2003-1	Corrective action taken. Procedures have been implemented to ensure all capital asset deletions are recorded and documented.
2003-2	Corrective action taken.
2003-3	Correction action taken
2003-4	Corrective action taken. Books and film selections are keyed into the system by department fund codes and item type. The system will print out a list containing current pricing information for the fiscal cycle.
2003-5	We have researched and gathered the appropriate resources which will help us in creating a disaster recovery plan which will be suitable to serve us in the event of any disaster.
2003-6	Corrective action taken. Procedures have been implemented to insure better control over grant expenditures
2003-7	Corrective action taken. Procedures are in place to ensure indirect cost amounts charged to grants is calculated on the correct base and rate as established in the grant agreement/budget.
2003-8	Corrective action taken. All expenditures are reviewed and compared to the grant budget/agreement and regulations to determine if the cost is allowable.
2003-9	Corrective action taken.
2003-10	Corrective action taken
2003-11	Corrective action taken.
2003-12	Corrective action taken. Procedures have been implemented to ensure that the FISAP is adequately reconciled to the financial records with all supporting documentation.
2003-13	Corrective action taken. Procedures are now in place to ensure that the college is in compliance with all reporting requirements. Any funds aside toward future building or renovation projects will be noted.

2003-14	Corrective action taken. Adequate procedures are now in place to ensure that amendments to grant budgets are documented. Purchases will be made from applicable line items where funds are available or a budget transfer form will be initiated.
2003-15	Corrective action taken.
2003-16	Corrective action taken.
2003-17	Corrective action taken. Procedures have been established to ensure greater control over grant expenditures. All expenditures will be reviewed and compared to the grant budget to determine allow ability. Any budget amendments will be adequately documented.
2003-18	Corrective action taken.
2003-19	Corrective action taken. Procedures have been implemented to ensure compliance with procurement and bidding standards as required by OMB Circular A-110.