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**FINANCIAL STATEMENTS OF SELECTED FUNDS  
OF THE  
STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2022**



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## INDEPENDENT AUDITORS' REPORT

Kell Smith  
Interim Executive Director  
Mississippi Community College Board  
Jackson, Mississippi

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the selected funds 2229100000, 2229800000, 3329100000, 3329200000, 3329500000, 3329700000, and 3329800000 of the Mississippi Community College Board (MCCB), of the State of Mississippi, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the MCCB's basic financial statements as listed in the table of contents. These financial statements will be consolidated into the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of funds 2229100000, 2229800000, 3329100000, 3329200000, 3329500000, 3329700000, and 3329800000 for the MCCB of the State of Mississippi as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Mississippi, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Kell Smith  
Interim Executive Director  
State of Mississippi Community College Board

### ***CCB Emphasis of Matter***

As discussed in Note 1, the financial statements of funds 2229100000, 2229800000, 3329100000, 3329200000, 3329500000, 33297000000, and 33298000000 of the MCCB are intended to present the financial position and changes in financial position of only that portion of the selected funds 2229100000, 2229800000, 3329100000, 3329200000, 3329500000, 33297000000, and 33298000000 of the State of Mississippi that is attributable to the transactions of the MCCB. They do not purport to, and do not, present fairly the financial position of the State of Mississippi as of June 30, 2022, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MCCB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Kell Smith  
Interim Executive Director  
State of Mississippi Community College Board

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of the MCCB of the State of Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the MCCB's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the MCCB's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 28, 2022

**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
BALANCE SHEETS  
JUNE 30, 2022**

	Fund 2229100000	Fund 2229800000	Fund 3329100000	Fund 3329200000	Fund 3329500000	Fund 3329700000	Fund 3329800000	Total
<b>ASSETS</b>								
Equity in State Treasury Funds	\$ 94,194	\$ 12,215,116	\$ 15,211,512	\$ 87,991	\$ -	\$ 364,438	\$ 29,097,037	\$ 57,070,288
Accounts Receivable	-	-	30,000	-	-	80,755	-	110,755
Due from Other State Funds	-	-	2,376,158	-	-	-	-	2,376,158
Total Assets	<u>\$ 94,194</u>	<u>\$ 12,215,116</u>	<u>\$ 17,617,670</u>	<u>\$ 87,991</u>	<u>\$ -</u>	<u>\$ 445,193</u>	<u>\$ 29,097,037</u>	<u>\$ 59,557,201</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ 85,713	\$ -	\$ 95,201	\$ -	\$ -	\$ 1,918	\$ -	\$ 182,832
Due to Other Governments	-	12,215,116	4,445,173	-	-	-	6,210,800	22,871,089
Due to Other State Funds	190	-	19,217	-	-	3	-	19,410
Due to Component Units of the State	2,216	-	51	-	-	-	-	2,267
Total Liabilities	<u>88,119</u>	<u>12,215,116</u>	<u>4,559,642</u>	<u>-</u>	<u>-</u>	<u>1,921</u>	<u>6,210,800</u>	<u>23,075,598</u>
<b>FUND BALANCES</b>								
Restricted for Education	-	-	13,058,028	-	-	443,272	22,886,237	36,387,537
Committed for Education	-	-	-	87,991	-	-	-	87,991
Unassigned	6,075	-	-	-	-	-	-	6,075
Total Fund Balances	<u>6,075</u>	<u>-</u>	<u>13,058,028</u>	<u>87,991</u>	<u>-</u>	<u>443,272</u>	<u>22,886,237</u>	<u>36,481,603</u>
Total Liabilities and Fund Balances	<u>\$ 94,194</u>	<u>\$ 12,215,116</u>	<u>\$ 17,617,670</u>	<u>\$ 87,991</u>	<u>\$ -</u>	<u>\$ 445,193</u>	<u>\$ 29,097,037</u>	<u>\$ 59,557,201</u>

See accompanying Notes to Financial Statements.



**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2022**

	Fund 2229100000	Fund 2229800000	Fund 3329100000	Fund 3329200000	Fund 3329500000	Fund 3329700000	Fund 3329800000	Total
<b>REVENUES</b>								
Licenses, Fees, and Permits	\$ -	\$ -	\$ 1,585,163	\$ -	\$ -	\$ 356,369	\$ 40,065	\$ 1,981,597
Other Income	-	-	95,474	-	-	-	2,953	98,427
Total Revenues	-	-	1,680,637	-	-	356,369	43,018	2,080,024
<b>EXPENDITURES</b>								
Subsidies	542,459	164,021,623	27,725,309	-	46,069	-	11,515,496	203,850,956
Salaries and Benefits	1,340,600	-	1,582,988	-	-	129,290	-	3,052,878
Travel	59,877	-	31,286	-	-	3,141	-	94,304
Contractual Services	239,232	-	2,430,985	-	-	44,504	-	2,714,721
Commodities	24,460	-	79,373	-	-	1,287	-	105,120
Capital Outlay	-	-	6,899	-	-	-	-	6,899
Total Expenditures	2,206,628	164,021,623	31,856,840	-	46,069	178,222	11,515,496	209,824,878
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,206,628)	(164,021,623)	(30,176,203)	-	(46,069)	178,147	(11,472,478)	(207,744,854)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	2,212,721	166,166,537	30,445,387	58,725	46,069	-	19,765,244	218,694,683
Transfers (Out)	-	(2,144,914)	(1,330)	-	-	-	(186,111)	(2,332,355)
Total Financing Sources (Uses)	2,212,721	164,021,623	30,444,057	58,725	46,069	-	19,579,133	216,362,328
<b>NET CHANGE IN FUND BALANCES</b>	6,093	-	267,854	58,725	-	178,147	8,106,655	8,617,474
Fund Balances - Beginning of Year	(18)	-	12,790,174	29,266	-	265,125	14,779,582	27,864,129
<b>FUND BALANCES - END OF YEAR</b>	\$ 6,075	\$ -	\$ 13,058,028	\$ 87,991	\$ -	\$ 443,272	\$ 22,886,237	\$ 38,481,603

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Background Information**

Mississippi Community College Board (MCCB), an agency of the state of Mississippi, follows fund accounting pursuant to applicable state statutes. These funds represent funds selected for audit by the state of Mississippi, Office of the State Auditor, and the accompanying presentation does not purport to present the financial position and changes in financial position of MCCB.

**Financial Reporting Entity**

MCCB is a state agency in the State of Mississippi's Annual Comprehensive Financial Report. The selected governmental funds presented in these financial statements are part of the larger entity that in whole comprises the financial reporting entity of the Mississippi Community College Board.

**Purpose of Funds 2229100000, 2229800000, 3329100000, 3329200000, 3329500000, 3329700000, and 3329800000**

*Fund 2229100000* – MCCB Administrative Office Fund receives appropriations by law of the State Legislature for the purpose of defraying the administrative expenses of MCCB. This fund acts as the General fund of the agency.

*Fund 2229800000* – Community and Junior College (CJC) Support Fund receives appropriations by law of the State Legislature for the aid and support of the public community and junior colleges.

*Fund 3329100000* – MCCB Board Community and Junior College Special Funds is a special fund that receives and disburses federal funds for approved projects at local community and junior colleges.

*Fund 3329200000* – MCCB Workforce Carryover Fund is a special fund into which shall be deposited any funds which were appropriated by the State Legislature to the Workforce Program which said funds were allocated but unexpended.

*Fund 3329500000* – CJC Health & Life Carryover Fund is a special fund into which shall be deposited any funds which were appropriated by the State Legislature to fund life and health insurance for all employees of the public community and junior colleges which said funds were allocated but unexpended.

*Fund 3329700000* – MCCB Proprietary School and College Registration Fund is a special fund that receives license, fee and permit revenue from external entities to defray the costs of regulation and administration of the Mississippi Proprietary School and College Registration Law.

**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Purpose of Funds 2229100000, 2229800000, 3329100000, 3329200000, 3329500000, 3329700000, and 3329800000 (Continued)**

*Fund 3329800000* – MCCB Workforce Enhancement Training (WET) Fund is a special fund that receives license, fee, and permit revenue as well as contributions of unemployment compensation contributions to provide training at no charge to employers and employees in order to enhance employee productivity.

**Basis of Presentation**

The accompanying fund financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

**Cash and Cash Equivalents**

Cash and cash equivalents are defined as demand deposit accounts and equity in State Treasury Funds. Equity in State Treasury Funds consists of pooled cash held by the Treasurer of the state of Mississippi.

**Accounts Receivable**

Accounts receivable consist of amounts due from the federal or state government in which the revenue is earned but not received by June 30, 2022. Accounts receivable is reported net of allowances for uncollectible accounts, where applicable. The Board deemed all accounts receivable fully collectible and did not record an allowance as of June 30, 2022.

**Account Classifications**

The account classifications used in the financial statements conform to the board classifications recommended in Governmental Accounting, Auditing and Financial Reporting, as issued by the Government Finance Officers Association.

**Fund Accounting**

The financial activities of the funds audited are recorded in individual funds used to report financial position and changes in financial position. Fund accounting demonstrates the legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

**Basis of Accounting/Measurement Focus**

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are considered to be available when they are both measurable and available to finance expenditures of the current period. Management considers revenue to be available if collected within 60 days. Expenditures are recorded when a liability is incurred.

**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires MCCB to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and other changes in fund balances during the period. Actual results could differ from those estimates.

**Revenue Recognition**

Grant revenue is recognized when the related and allowable liability is paid. Other revenues in the funds are generally recognized when the revenue is received or appropriated by the state of Mississippi Legislature.

**Interfund Transfers**

Interfund transfers received from other funds are reported as Other Financing Sources rather than revenue, and interfund transfers sent to other funds are recorded as Other Financing Uses. In the selected governmental funds financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures of the disbursing fund.

As of June 30, 2022, fund transfers consisted of:

<b>Fund 2229100000</b>	
<u>Description</u>	<u>Transfers In</u>
Department Finance and Administration - Adjust Cash	\$ 2,212,721
<b>Fund 2229800000</b>	
<u>Description:</u>	<u>Transfers In</u>
Department Finance and Administration - Adjust Cash	\$ 166,166,537
	<u>Transfers Out</u>
Other Agency Funds - 3329100000 Move Appropriated Funding	\$ 2,144,914
<b>Fund 3329100000</b>	
<u>Description:</u>	<u>Transfers In</u>
Other Agency Funds - 2229800000 Move Appropriated Funding	\$ 2,144,914
Mississippi Department of Employment Security	28,300,473
Total	\$ 30,445,387
	<u>Transfers Out</u>
Department Finance and Administration - Record Indirect Costs	\$ 1,330

**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Transfers (Continued)**

**Fund 3329200000**

<u>Description:</u>	<u>Transfers In</u>
Other Agency Funds - 2229200000 Workforce Carryover FY21	<u>\$ 58,725</u>

**Fund 3329500000**

<u>Description:</u>	<u>Transfers In</u>
Other Agency Funds - 2229900000 Health and Life Carryover FY21	<u>\$ 46,069</u>

**Fund 3329800000**

<u>Description:</u>	<u>Transfers In</u>
Other State Funds:	
Mississippi Department of Employment Security	<u>\$ 19,765,244</u>
	<u>Transfers Out</u>
Other State Funds:	
Mississippi Department of Employment Security	<u>\$ 186,111</u>

**Fund Balances – Governmental Funds**

MCCB presents defined fund balance categories to demonstrate the nature and extent of the constraint placed on the selected funds' fund balances. The classifications used in the selected governmental funds financial statements are based on the following methodology:

Nonspendable – This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – This classification includes amounts that may only be spent for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – This classification includes amounts that can be used only for the specific purposes determined by enabling legislations by the State Legislature.

Assigned – This classification includes amounts where constraints are imposed on the use of resources through the intent of the State Legislature or by its delegation to each agency director.

**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balances – Governmental Funds (Continued)**

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications. The unassigned classification is also used to report a deficit balance resulting from overspending for specific purposes for which amount had been restricted, committed, or assigned.

MCCB considers restricted amounts to have been spent when the expenditure is incurred for purposes determined for which both restricted and unrestricted fund balances are available.

**NOTE 2 CASH AND OTHER DEPOSITS**

Custodial risk is the risk that in the event of bank failure, a government's deposits may not be returned. MCCBs' deposit policy for protection of custodial risk is handled under a statewide collateral program. The collateral for public entities' deposits in financial institutions is held by the depository bank in the name of the State Treasurer under a program established by the State of Mississippi Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entities' 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 those 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 Deposit Insurance Corporation. More information can be found in the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

**NOTE 3 DUE FROM AND DUE TO OTHER GOVERNMENTS**

At June 30, 2022, due from and due to other governments balances consisted of:

<u>Fund 2229100000</u>	<u>Due To</u>
Other State Funds:	
Information Technology Service	<u>\$ 190</u>
Other Component Units of the State:	
Institutions of Higher Learning	<u>\$ 2,216</u>

**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 DUE FROM AND DUE TO OTHER GOVERNMENTS (CONTINUED)**

<b>Fund 2229800000</b>	<b>Due To</b>
Other Governments:	
Coahoma County Community College	\$ 351,504
Copiah-Lincoln Community College	628,910
East Central Community College	467,710
East Mississippi Community College	567,010
Hinds County Community College	1,688,105
Holmes County Community College	1,041,539
Itawamba Community College	931,805
Jones County Junior College	774,632
Meridian Community College	640,211
Mississippi Delta Community College	558,681
Mississippi Gulf Coast Community College	1,398,931
Northeast Mississippi Community College	670,859
Northwest Mississippi Community College	1,108,264
Pearl River Community College	924,878
Southwest Mississippi Community College	462,077
Total	<u>\$ 12,215,116</u>
<b>Fund 3329100000</b>	<b>Due From</b>
Other State Funds:	
Office of Tech and Strategic Services Non-Traditional Funding	\$ 19,452
Office of Tech and Strategic Services Traditional Funding	2,356,706
Total	<u>\$ 2,376,158</u>
	<b>Due To</b>
Other Governments:	
Coahoma County Community College	\$ 135,810
Copiah-Lincoln Community College	193,882
East Central Community College	166,911
East Mississippi Community College	199,626
Hinds County Community College	669,123
Holmes County Community College	279,095
Itawamba Community College	270,347
Jones County Junior College	302,571
Meridian Community College	238,390
Mississippi Delta Community College	122,034
Mississippi Gulf Coast Community College	603,268
Northeast Mississippi Community College	212,919
Northwest Mississippi Community College	412,397
Pearl River Community College	481,006
Southwest Mississippi Community College	157,794
Total	<u>\$ 4,445,173</u>

**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 DUE FROM AND DUE TO OTHER GOVERNMENTS (CONTINUED)**

<b>Fund 3329100000 (Continued)</b>	<b>Due To</b>
Other State Funds:	
Department of Employment Security	\$ 19,217
Other Component Units of the State:	
Institutions of Higher Learning	\$ 51
<b>Fund 3329700000</b>	<b>Due To</b>
Other State Funds:	
Institutions of Higher Learning - Proprietary Schools	\$ 3
<b>Fund 3329800000</b>	<b>Due To</b>
Other Governments:	
Coahoma County Community College	\$ 172,369
Copiah-Lincoln Community College	128,004
East Central Community College	297,128
East Mississippi Community College	90,679
Hinds County Community College	519,864
Holmes County Community College	332,692
Itawamba Community College	117,427
Jones County Junior College	322,280
Meridian Community College	311,214
Mississippi Delta Community College	430,429
Mississippi Gulf Coast Community College	1,861,279
Northeast Mississippi Community College	757,084
Northwest Mississippi Community College	247,841
Pearl River Community College	303,607
Southwest Mississippi Community College	318,903
Total	\$ 6,210,800

All amounts due to MCCB are expected to be collected/liquidated in fiscal year 2023.

**NOTE 4 CONTINGENCIES AND COMMITMENTS**

**Federal Grants**

MCCB receives federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreement and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance of program uses of funds may be a liability of MCCB's.

**Litigation**

MCCB is party to various legal proceedings that arise in the normal course of governmental operations. If an unfavorable outcome of the litigation is determined to be likely and probable, MCCB will record a liability to reflect the estimated outcome of the litigation.



**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 RETIREMENT PLAN**

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

PERS members are required to contribute 9.00% of their annual covered salary and the Agency is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. MCCB retirement contribution, as of June 30, 2022, for funds selected for audit, was \$404,916.



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

Kell Smith  
Interim Executive Director  
State of Mississippi Community College Board  
Jackson, Mississippi

We have audited, in accordance with the 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, the selected funds 2229100000, 2229800000, 3329100000, 3329200000, 3329500000, 3329700000, and 3329800000 of the State of Mississippi Community College Board (MCCB), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the MCCB's basic financial statements, and have issued our report thereon dated December 28, 2022. These financial statements will be consolidated into the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements of the selected funds 2229100000, 2229800000, 3329100000, 3329200000, 3329500000, 3329700000, and 3329800000, we considered MCCB's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements of the selected funds 2229100000, 2229800000, 3329100000, 3329200000, 3329500000, 3329700000, and 3329800000, but not for the purpose of expressing an opinion on the effectiveness of MCCB's internal control. Accordingly, we do not express an opinion on the effectiveness of MCCB's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-005 that we consider to be a material weakness.

Kell Smith  
Interim Executive Director  
State of Mississippi Community College Board

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether MCCB's funds 2229100000, 2229800000, 3329100000, 3329200000, 3329500000, 3329700000, and 3329800000 are free from 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 financial statements. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***State of Mississippi Community College Board's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the MCCB's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. MCCB's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 28, 2022

**STATE OF MISSISSIPPI  
COMMUNITY COLLEGE BOARD  
SELECTED FUNDS  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2022**

**2022 – 005      AUDIT ADJUSTMENT**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** As part of the audit, we proposed a material adjustment for several items in fund 3329700000 related to accounts receivable. These items were received after year-end June 30, 2022; however, they related to the year under audit and were not recorded as revenue for the year presented. As a result, revenue, accounts receivable, and fund balance were all understated by \$80,755.

The following is a summary of the adjustment that was required for fund 3329700000:

	<u>Debit</u>	<u>Credit</u>
Accounts Receivable Adjustment	\$      80,755	
Licenses, Fees and Permits		\$      80,755

**Criteria:** Management is responsible for establishing and maintaining internal controls for the proper recording of all receipts.

**Effect:** The ending fund balance for fund 3329700000 was materially understated as noted below:

	<u>Fund 3329700000</u>
Unadjusted Fund Balance, End of Year	\$      362,517
Adjustment - Additional Accounts Receivable	<u>80,755</u>
Adjusted Fund Balance, End of Year	<u><u>\$      443,272</u></u>

**Cause:** The corrections were due to accruals that were not identified in a timely manner.

**Repeat Finding:** Not applicable.

**Recommendation:** We recommend that MCCB review current procedures and enhance procedures (as deemed necessary) to ensure that they can identify accruals in a timely manner.

**Management Response:** Management agrees with the finding, and will review current procedures around accruals.



MISSISSIPPI

**COMMUNITY COLLEGE BOARD**

3825 Ridgewood Road • Jackson, MS 39211 • Phone: (601) 432-6518 • Fax: (601) 432-6363

**FINANCIAL AUDIT FINDINGS**

March 2, 2023

Mr. Shad White, State Auditor  
Office of the State Auditor  
State of Mississippi  
Post Office Box 956  
Jackson, Mississippi 39205-0956

Dear Auditor White:

The Mississippi Community College Board (MCCB) has received its Independent Auditor's Report from Clifton Larson Allen, LLP (CLA) for Fiscal Year 2022. The report included one finding, which is listed below. Additionally, our response and corrective action plan is also provided.

**MCCB FY 2022 AUDIT FINDING:**

**2022-055      Audit Adjustment**

- **Type of Finding:**

**Material Weakness in Internal Control over Financial Reporting**

As part of the MCCB single audit CLA proposed a material adjustment for several items in fund 3329700000 related to accounts receivable. These items were received after year-end June 30, 2022; however, they related to the year under audit and were not recorded as revenue for the year presented. As a result, revenue, accounts receivable, and fund balance were all understated by \$80,755.

- **Response:**

MCCB management agrees with the finding and will institute a policy to review all accounts receivable received after year end.

- **Corrective Action Plan:**

A. At year end a list of outstanding receivables will be given to accounts receivable staff to use for daily entries. Revenue accruals received after year end will be coded to the prior year during the lapse period. After lapse period

The mission of the Mississippi Community College Board is to advance the community college system through coordination, support, leadership, and advocacy.

has ended any accruals received will be recorded to the prior year via an audit adjustment.

- B. Mr. Jason Carter, MCCB's Deputy Executive Director for Finance and Administration, will be responsible for ensuring the corrective action plan is followed.
- C. The corrective action plan will be in place before year end FY 2023.

Please let me know if you have questions or need additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kell Smith', with a stylized flourish at the end.

Kell Smith  
Executive Director