



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR

PHIL BRYANT
State Auditor

RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

BRENT BALLARD, CPA
Director, Education Audit Section

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Audited Financial Statements
For the Year Ended June 30, 2003

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

TABLE OF CONTENTS

FINANCIAL AUDIT REPORT 1

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

MANAGEMENT'S DISCUSSION AND ANALYSIS 5

AUDITED FINANCIAL STATEMENTS 17

 Statement of Net Assets 19

 Statement of Revenues, Expenses and Changes in Net Assets 20

 Statement of Cash Flows 22

 Notes to Financial Statements 24

SUPPLEMENTAL INFORMATION 35

 Schedule of Expenditures of Federal Awards 36

REPORTS ON COMPLIANCE AND INTERNAL CONTROL 39

 Independent Auditor's Report on Compliance and Internal Control over Financial Reporting Based
 on an Audit of the Financial Statements Performed In Accordance
 with *Government Auditing Standards* 41

 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 43

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS 45

 Independent Auditor's Report on Compliance with State Laws and Regulations 47

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 49

AUDITEE'S CORRECTIVE ACTION PLAN
AND SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 61

*The Office of the State Auditor does not discriminate on the basis of
race, religion, national origin, sex, age or disability*

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

FINANCIAL AUDIT REPORT

(This page left blank intentionally)



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

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, 2003, 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 financial position of Coahoma Community College and Agricultural High School, as of June 30, 2003, 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. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*; and related pronouncements for the year ended June 30, 2003.

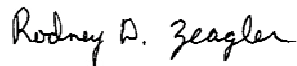
In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2004, on our consideration of Coahoma Community College and Agricultural High School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 7 through 15, 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 the 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 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



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

June 22, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

(This page left blank intentionally)

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2003

This section of the Coahoma Community College and Agricultural High School annual financial report presents our discussion and analysis of the financial performance of the College during the fiscal year ended June 30, 2003. 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. Since this is a transition year for this format, only one year of financial data is presented. In future years, a comparative analysis will be presented. 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. These financial statements differ significantly, in both form and the accounting principles used, from prior financial statements presented. The financial statements presented in prior years focused on the accountability of funds, while these statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

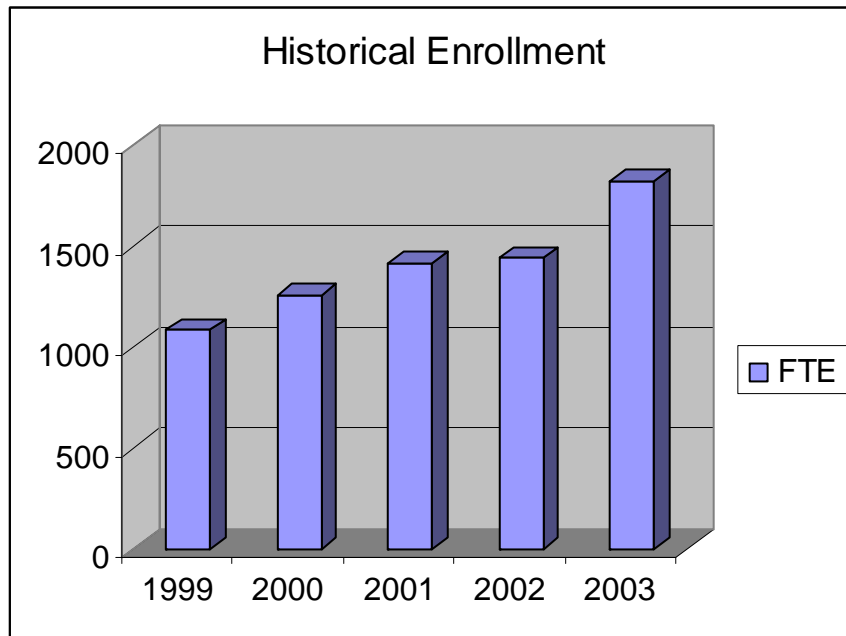
As required by the newly adopted accounting principles, the annual report consists of three basic financial statements that provide information on the College as a whole: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These 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 39% as a result of increased student enrollment.



- Enrollment increased by 28% based on F.T.E. (full-time equivalents).
- Capital appropriations from the State of Mississippi Bureau of Buildings supported the construction of the new Student Services Complex.
- A recovery in the market increased the value of the endowment fund by 4%.

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2003

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, 2003

	<u>Amount</u>	<u>Percent</u>
Assets		
Current Assets	\$ 5,040,567	20.81
Noncurrent Assets:		
Capital, Net	16,178,898	66.79
Other	<u>3,005,580</u>	<u>12.40</u>
Total Assets	<u>24,225,045</u>	<u>100.00</u>
Liabilities		
Current Liabilities	956,719	29.06
Noncurrent Liabilities	<u>2,335,110</u>	<u>70.94</u>
Total Liabilities	<u>3,291,829</u>	<u>100.00</u>
Net Assets		
Invested in Capital Assets, Net	13,662,605	65.27
Restricted:		
Nonexpendable	2,761,031	13.19
Expendable	269,937	1.29
Unrestricted	<u>4,239,643</u>	<u>20.25</u>
Total Net Assets	<u>\$ 20,933,216</u>	<u>100.00</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 \$3,061,545 at June 30, 2003.

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2003

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 \$1,773,801 at June 30, 2003.

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 \$196,517 at June 30, 2003.

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 restricted federal funds and agency funds. The amount of cash and cash equivalents considered noncurrent at June 30, 2003 totaled \$233,332.

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, 2003 was \$2,761,031.

Capital Assets, Net

Capital assets, net, consist of land, infrastructure, buildings, equipment, and historical library holdings at June 30, 2002. The amount reported is net of accumulated depreciation. Capital assets, net totaled \$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, 2003 for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$722,788 at June 30, 2003.

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2003

Long-Term Liabilities-Current Portion

Long-term liabilities-current portion represents the portion principal payment for long term debt due within one year in the amount of \$181,883.

Noncurrent Liabilities

Deposits Refundable

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

Long-Term Liabilities

This liability represents long term debt acquired by the institution for capital construction totaling \$2,334,410 as of June 30, 2003. The schedule of long term debt are (1) Coahoma AHS state aid capital improvement bonds, series 1998, \$437,000; (2) Department of Environmental Quality state revolving fund loan, \$177,410, and (3) Educational facilities note, series 1998, \$1,720,000.

Net Assets

Net assets represent the difference between the College's assets and liabilities. Total net assets at June 30, 2003 were \$20,933,216.

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, 2003

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

For the year ended June 30, 2003

	<u>Amount</u>
Operating Revenues:	
Tuition and Fees	\$ 94,934
Grants and Contracts	12,140,112
Auxiliary Enterprises	566,674
Other Operating Revenues	<u>419,911</u>
 Total Operating Revenues	 <u>13,221,631</u>
 Operating Expenses	 <u>19,084,801</u>
 Operating Loss	 <u>(5,863,170)</u>
Nonoperating Revenues:	
State Appropriations	4,960,564
Local Appropriations	2,454,779
Noncapital Gifts	10,000
Investment Income, Net	48,500
Interest Expense on Capital Asset Related Debt	(124,818)
Other Nonoperating revenue (expenses)	<u>79,299</u>
 Net Nonoperating Revenues	 <u>7,428,324</u>
 Income Before Other Revenues	 1,565,154
 Capital Appropriations	 819,597
Capital Grants	1,024,522
Other additions (deletions), net	<u>(925,539)</u>
 Total Other Revenues	 <u>918,580</u>
 Total Increase in Net Assets	 2,483,734
Net Assets	
Net Assets at Beginning of Year, as Restated	<u>18,449,482</u>
 Net Assets at End of Year	 <u>\$ 20,933,216</u>

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2003

Total operating loss for the fiscal year 2003 was \$(5,863,170). Since the State of Mississippi appropriation is not included within operating revenue per GASB No. 35, beginning this year and going forward, 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 2003 were \$13,221,631. Tuition and fees were \$94,934. The tuition scholarship allowance was \$2,762,472. Operating expenses, 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 \$94,934. The tuition discount for the 2003 fiscal year was \$2,762,472.

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.

The following table details the College's grant and contract awards for the fiscal year ended June 30, 2003:

	<u>Amount</u>
Federal Sources:	
Department of Education	\$ 10,468,941
State Sources:	
State Board for Community & Junior Colleges	1,476,351
Other Sources	<u>194,820</u>
Total All Sources	<u>\$ 12,140,112</u>

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2003

Sales and Services from Educational Activities

Other operating revenues consist of income from educational activities that totaled \$10,838 for the 2003 fiscal year.

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 \$566,674 for fiscal year 2003.

Operating Expenses

Operating expenses 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.

	<u>Amount</u>
Expenses by Function:	
Instruction	\$ 7,578,511
Public Service	352,953
Academic Support	1,345,148
Student Services	1,820,242
Institutional Support	1,823,982
Operations and Maintenance of Plant	1,573,561
Student Financial Aid	2,834,153
Auxiliary Enterprises	1,070,994
Depreciation	<u>685,257</u>
 Total Operating Expenses by Function	 <u>\$ 19,084,801</u>

Nonoperating Revenues (Expenses)

State Aid

The College's largest source of nonoperating revenue is the State of Mississippi appropriation. The College received \$4,960,564 for 2002-2003 fiscal year. State capital grants in the amount of \$1,024,522 was received for the purchase, construction, renovation, and repair of fixed assets. In addition, the College received \$819,597 in for the construction of the Student Affairs Complex.

Coahoma Community College

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2003

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, 2003 was \$48,500.

Other Nonoperating Revenues

This consists of the increase in market value on Endowment Investment account. The total increase was \$79,299. Special event revenue in the amount of \$7,420 was included in this account also.

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, 2003

	<u>Amount</u>
Cash and Cash Equivalents Provided (Used) by:	
Operating Activities	\$ (5,033,632)
Noncapital Financing Activities	7,403,227
Capital and Related Financial Activities	(471,228)
Investing Activities	<u>(295,689)</u>
Net Increase in Cash and Cash Equivalents	1,602,678
Cash and Cash Equivalents-Beginning of the Year	<u>1,692,199</u>
Cash and Cash Equivalents-End of the Year	\$ <u>3,294,877</u>

The major sources of funds included in operating activities include student tuition and fees, \$224,064, auxiliary enterprises, \$598,068, and grants and contracts, \$11,911,853. The major uses of funds were payments made to employees, \$10,151,322 and to suppliers, \$4,839,206.

The largest inflow of cash in the noncapital financing activities group is the State appropriation of \$4,946,814.

(This page left blank intentionally)

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

AUDITED FINANCIAL STATEMENTS

(This page left blank intentionally)

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Statement of Net Assets
June 30, 2003

ASSETS

Current assets:

Cash and cash equivalents	\$ 3,061,545
Accounts receivables, net	1,773,801
Student notes receivables, net	1,800
Inventories	196,517
Other current assets	<u>6,904</u>

Total Current Assets 5,040,567

Noncurrent assets:

Restricted cash and cash equivalents	233,332
Endowment investments	2,761,031
Student notes receivable, net	11,217
Capital assets, net of accumulated depreciation	<u>16,178,898</u>

Total Noncurrent Assets 19,184,478

Total Assets 24,225,045

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	722,788
Long-term liabilities - current portion	181,883
Other current liabilities	<u>52,048</u>

Total Current Liabilities 956,719

Noncurrent liabilities:

Deposits refundable	700
Long-term liabilities	<u>2,334,410</u>

Total Noncurrent Liabilities 2,335,110

Total Liabilities 3,291,829

NET ASSETS

Invested in capital assets, net of related debt 13,662,605

Restricted for:

Nonexpendable:

Scholarships and fellowships 2,761,031

Expendable:

Capital projects 245,839

Loans 24,098

Unrestricted: 4,239,643

Total Net Assets \$ 20,933,216

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, 2003

Operating Revenues:	
Tuition and fees (net of scholarship allowances of \$2,762,472)	\$ 94,934
Federal grants and contracts	10,468,941
State grants and contracts	1,476,351
Nongovernmental grants and contracts	194,820
Sales and services of educational departments	10,838
Auxiliary enterprises:	
Student housing (net of scholarship allowances of \$282,302)	9,701
Food services (net of scholarship allowances of \$389,302)	13,379
Bookstore	520,961
Athletics	22,633
Interest earned on loans to students	467
Other operating revenues	<u>408,606</u>
 Total Operating Revenues	 <u>13,221,631</u>
Operating Expenses:	
Salaries and wages	8,202,149
Fringe benefits	1,936,986
Travel	295,219
Contractual services	2,404,526
Utilities	603,474
Scholarships and fellowships	2,834,153
Commodities	2,123,037
Depreciation expense	<u>685,257</u>
 Total Operating Expenses	 <u>19,084,801</u>
 Operating Income (Loss)	 <u>(5,863,170)</u>
Nonoperating Revenues (Expenses):	
State appropriations	4,960,564
Local appropriations	2,454,779
Gifts	10,000
Investment income	48,500
Interest expense on capital asset-related debt	(124,818)
Other nonoperating revenues (expenses)	<u>79,299</u>
 Total Net Nonoperating Revenues (Expenses)	 <u>7,428,324</u>
 Income (Loss) before Other Revenues, Expenses, Gains and Losses	 <u>1,565,154</u>
Capital grants and gifts	1,024,522
State appropriations restricted for capital purposes	819,597
Other additions (deletions), net	<u>(925,539)</u>
 Change in Net Assets	 <u>2,483,734</u>

Net Assets:	
Net Assets - Beginning of Year, as Originally Reported	27,510,899
Cumulative effects of changes in accounting principle	(9,765,478)
Prior period adjustments	<u>704,061</u>
Net Assets - Beginning of Year, as Restated	<u>18,449,482</u>
Net Assets - End of Year	\$ <u><u>20,933,216</u></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, 2003

Cash Flows from Operating Activities:	
Tuition and fees	\$ 224,064
Grants and contracts	11,911,853
Sales and services of educational departments	10,838
Payments to suppliers	(4,839,206)
Payments to employees for salaries and benefits	(10,151,322)
Payments for utilities	(603,474)
Payments for scholarships and fellowships	(2,574,638)
Collection of loans to students and employees	1,091
Auxiliary enterprise charges:	
Student housing	22,897
Food services	31,577
Bookstore	520,961
Athletics	22,633
Interest earned on loans to students	467
Other receipts (payments)	<u>388,627</u>
Net Cash Provided (Used) by Operating Activities	<u>(5,033,632)</u>
Cash Flows from Noncapital Financing Activities:	
State appropriations	4,946,814
Local appropriations	2,472,979
Private gifts for endowment purposes	10,000
Federal loan program receipts	52,071
Federal loan program disbursements	(52,071)
Other sources (uses)	<u>(26,566)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>7,403,227</u>
Cash Flows from Capital and Related Financing Activities:	
Cash paid for capital assets	(1,176,230)
Capital grants and contracts received	1,031,024
Principal paid on capital debt and leases	(201,206)
Interest paid on capital debt and leases	<u>(124,816)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(471,228)</u>
Cash Flows from Investing Activities:	
Proceeds from sales and maturities of investments	311,819
Interest received on investments	48,500
Purchases of investments	<u>(656,008)</u>
Net Cash Provided (Used) by Investing Activities	<u>(295,689)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,602,678
Cash and Cash Equivalents - Beginning of the Year	<u>1,692,199</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,294,877</u>

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

Operating income (loss)	\$ <u>(5,863,170)</u>
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	685,257
Other	103,092
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables, net	(57,093)
Inventories	(31,630)
Increase (decrease) in liabilities:	
Accounts payables and accrued liabilities	130,555
Deposits refundable	<u>(643)</u>
Total Adjustments	<u>829,538</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(5,033,632)</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, 2003

(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 the community college 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 County, Bolivar County, Tallahatchie County, Quitman County and Panola County 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 - for Public Colleges 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, local governments and credits due to the institution from vendors. 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, 2003

- 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. 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 investment income on the Statement of Revenues, Expenses and Changes in Net Assets.
- J. 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 7 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.
- K. 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. Gifts (pledges) that are received on an installment basis are recorded at net present value.
- 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.
- L. 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.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2003

- M. 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.
- N. 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 \$4,239,643 at June 30, 2003, includes \$196,517 reserved for inventories and a remaining amount of \$4,043,126.

(2) Accounting Changes.

As a result of the adoption of GASB Statement No. 34, the institution was also required to change accounting principles regarding the adoption of depreciation on capital assets and the adoption of new capitalization thresholds for certain capital assets. Net assets at July 1, 2002, were reduced by \$9,765,478 for the cumulative effect of these changes on years prior to fiscal year 2003.

(3) Prior Period Adjustments.

For the year ended June 30, 2003, the institution recorded prior period adjustments of \$704,061, which included:

Adjust allowance for prior years	\$ (111,846)
Write-off old accounts receivable	769,629
Void old checks	22,325
Correct prior year liabilities	<u>(12,583)</u>
Total	<u>\$ 704,061</u>

(4) 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.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2003

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.

- B. Investments - Investment policies as set forth by policy and state statute also authorize the institution 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:

	<u>June 30, 2003</u>
Endowment investments	\$ <u>2,761,031</u>
Total	\$ <u><u>2,761,031</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 institution'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. |

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2003

The following table summarizes the categorization of investments at June 30, 2003:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Not Categorized</u>	<u>Total Per Bank</u>
Investments:					
Government securities	\$ 51,743				51,743
Money market funds				1,873,769	1,873,769
Certificates of deposit	10,000				10,000
Federal Home Loan Mortgage Corporation	201,692				201,692
Federal Home Loan Bank	33,188				33,188
Federal National Mortgage Corporation	59,010				59,010
Other debt securities	<u>296,772</u>	<u>234,857</u>			<u>531,629</u>
Total Investments	\$ <u>652,405</u>	<u>234,857</u>	<u>0</u>	<u>1,873,769</u>	<u>2,761,031</u>

(5) Accounts Receivable.

Accounts receivable consisted of the following at June 30, 2003:

Student tuition	\$ 2,519,576
Federal, state, and private grants and contracts	1,298,260
State appropriations	74,945
Local appropriations	<u>36,585</u>
Total Accounts Receivable	3,929,366
Less allowance for doubtful accounts	<u>2,155,565</u>
Net Accounts Receivable	\$ <u>1,773,801</u>

(6) 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, 2003:

	<u>Interest Rates</u>	<u>June 30, 2003</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>
Perkins student loans	3% to 9%	\$ <u>266,804</u>	<u>1,800</u>	<u>265,004</u>
Total Notes Receivable		266,804	1,800	265,004
Less allowance for doubtful accounts		<u>253,787</u>		<u>253,787</u>
Net Notes Receivable		\$ <u>13,017</u>	<u>1,800</u>	<u>11,217</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2003

(7) Capital Assets.

A summary of changes in capital assets for the year ended June 30, 2003, is presented as follows:

	Beginning Balance	Additions	Deletions	Change in Accounting Principle *	Ending Balance
Nondepreciable Capital Assets:					
Land	\$ 305,558	22,229	22,229		305,558
Construction in progress	43,273	673,592	716,865		
Total Nondepreciable Capital Assets	<u>348,831</u>	<u>695,821</u>	<u>739,094</u>	<u>0</u>	<u>305,558</u>
Depreciable Capital Assets:					
Improvements other than buildings	1,031,966	300,893	92,283	(216,272)	1,024,304
Buildings	20,292,382	1,843,973			22,136,355
Equipment	2,146,925	266,688	302,371	(7,610)	2,103,632
Library books	821,385	15,856	1,339		835,902
Total Depreciable Capital Assets	<u>24,292,658</u>	<u>2,427,410</u>	<u>395,993</u>	<u>(223,882)</u>	<u>26,100,193</u>
Less Accumulated Depreciation for:					
Improvements other than buildings	211,901	40,972			252,873
Buildings	7,075,788	513,557			7,589,345
Equipment	1,508,830	117,551			1,626,381
Library books	745,077	13,177			758,254
Total Accumulated Depreciation	<u>9,541,596</u>	<u>685,257</u>	<u>0</u>	<u>0</u>	<u>10,226,853</u>
Total Depreciable Capital Assets, Net	<u>14,751,062</u>	<u>1,742,153</u>	<u>395,993</u>	<u>(223,882)</u>	<u>15,873,340</u>
Capital Assets, Net	<u>\$ 15,099,893</u>	<u>2,437,974</u>	<u>1,135,087</u>	<u>(223,882)</u>	<u>16,178,898</u>

* Because of a change in capitalization standards, a portion of the prior year fixed assets had to be removed from inventory. This reduction in beginning inventory balance is included in the change in accounting principle column.

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

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2003

(8) Long-term Liabilities.

Long-term liabilities of the institution consist of notes and bonds payable, capital lease obligations and certain other liabilities that are expected to be liquidated at least one year from June 30, 2003. The various leases cover a period not to exceed five years. The institution has the option to prepay all outstanding payments less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

Information regarding original issue amounts, interest rates and maturity dates for bonds, notes and capital leases included in the long-term liabilities balance at June 30, 2003, 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, 2003	Due Within One Year
Bonded Debt:								
Coahoma County Agricultural High School, state aid capital improvement bonds, Series 1998	\$ 541,000	5.00%	2018	\$ 478,000		20,000	458,000	21,000
Total Bonded Debt				<u>478,000</u>	<u>0</u>	<u>20,000</u>	<u>458,000</u>	<u>21,000</u>
Capital Leases:								
Band equipment	95,888	8.87%	2003	22,568		22,568		
Ford tractor	14,239	5.67%	2003	3,376		3,376		
Total Capital Leases				<u>25,944</u>	<u>0</u>	<u>25,944</u>	<u>0</u>	<u>0</u>
Other Long-term Liabilities:								
Deposits refundable				1,343		643	700	
Notes payable				2,213,555		155,262	2,058,293	160,883
Total Other Long-term Liabilities				<u>2,214,898</u>	<u>0</u>	<u>155,905</u>	<u>2,058,993</u>	<u>160,883</u>
Total				<u>\$ 2,718,842</u>	<u>0</u>	<u>201,849</u>	<u>2,516,993</u>	<u>181,883</u>
Due within one year							181,883	
Total Long-term Liabilities							<u>\$ 2,335,110</u>	

	Bonded Debt	Notes Payable	Interest	Total
2004	\$ 21,000	160,883	114,823	296,706
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
2009-2013	150,000	1,155,199	232,646	1,537,845
2014-2018	191,000	1,937	29,557	222,494
Totals	<u>\$ 458,000</u>	<u>2,058,293</u>	<u>750,807</u>	<u>3,267,100</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2003

(9) 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>
2004	\$	16,507
2005		15,850
2006		6,795
2007		5,888
2008		<u>2,070</u>
Total Minimum Payments Required	\$	<u><u>47,110</u></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, 2003, was \$15,837.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2003

(10) Natural Classifications with Functional Classifications.

The institution's operating expenses by functional classification were as follows for the year ended June 30, 2003:

<u>Functional Classification</u>	<u>Salaries & Wages</u>	<u>Fringe Benefits</u>	<u>Travel</u>	<u>Contractual Services</u>	<u>Utilities</u>	<u>Scholarships & Fellowships</u>	<u>Commodities</u>	<u>Depreciation Expense</u>	<u>Total</u>
Instruction	\$ 4,994,721	1,144,387	117,578	564,952			756,873		7,578,511
Public service			3,471	304,689			44,793		352,953
Academic support	730,863	187,405	46,686	175,436			204,758		1,345,148
Student services	982,943	194,046	98,536	286,173			258,544		1,820,242
Institutional support	928,286	238,169	28,006	392,071			237,450		1,823,982
Operation of plant	441,176	139,733	788	226,811	603,474		161,579		1,573,561
Student aid						2,834,153			2,834,153
Auxiliary enterprises	124,160	33,246	154	454,394			459,040		1,070,994
Depreciation								685,257	685,257
Total Operating Expenses	\$ <u>8,202,149</u>	<u>1,936,986</u>	<u>295,219</u>	<u>2,404,526</u>	<u>603,474</u>	<u>2,834,153</u>	<u>2,123,037</u>	<u>685,257</u>	<u>19,084,801</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Notes to Financial Statements
For the Year Ended June 30, 2003

(11) 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 institution's contributions to PERS for the years ending June 30, 2003, 2002 and 2001 were \$684,117, \$629,358 and \$623,155, respectively, equal to the required contributions for each year.

(12) Foundations and Affiliated Parties.

The Coahoma Community College foundation is an independent corporation formed for the purpose of receiving funds for the sole benefit of Coahoma Community College. The foundation is separately audited and the financial statements of the foundation have not been included in the financial statements of Coahoma Community College. Statement No. 39 of the Governmental Accounting Standards Board, *Determining Whether Certain Organizations Are Component Units*, will become effective for the fiscal year ended June 30, 2004, and will require the foundation's financial statements to be included in the financial statements of Coahoma Community College as a component unit. Following is a summary of the foundation's financial position at June 30, 2003, which amounts are not included in the financial statements of the institution. This summary is based on unaudited financial statements.

<u>Assets</u>	<u>Amount</u>
Cash and investments	\$ <u>71,604</u>
Total Assets	\$ <u><u>71,604</u></u>
 <u>Liabilities and Fund Balances</u>	
Fund balances:	
Restricted	\$ <u>71,604</u>
Total Liabilities and Fund Balances	\$ <u><u>71,604</u></u>

(This page left blank intentionally)

SUPPLEMENTAL INFORMATION

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2003

<u>Federal Grantor/Pass-through Grantor/Program or Cluster</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 Grant Program (FSEOG)	84.007		\$ 263,417
Federal Family Educational Loan Program (FFEL)	{1}84.032		47,512
Federal Work-study Program (FWS)	84.033		363,012
Federal PELL Grant Program	84.063		<u>5,510,783</u>
Total Student Financial Aid Cluster			<u>6,184,724</u>
Other Programs:			
Child Nutrition - Cluster:			
<u>U.S Department of Agriculture</u>			
National School Lunch Program	10.555		90,759
Summer School Food Service Program for Children	10.559		<u>23,184</u>
Total Child Nutrition Cluster			<u>113,943</u>
WIA - Cluster:			
<u>U.S. Department of Labor</u>			
Pass-through programs from:			
Mississippi Department of Education - WIA - Adult Program	17.258	N.A.	25,438
Mississippi Department of Education - WIA - Youth Activities	17.259	N.A.	330,755
Mississippi Department of Education - WIA - Dislocated Workers	17.260	N.A.	<u>22,558</u>
Total WIA Cluster			<u>378,751</u>
TRIO - Cluster:			
<u>U.S. Department of Education</u>			
TRIO - Talent Search	84.044		150,124
TRIO - Upward Bound	84.047		<u>278,899</u>
Total TRIO Cluster			<u>429,023</u>
<u>U.S. Department of Agriculture</u>			
Food Distribution	10.550		<u>9,142</u>
Total U.S. Department of Agriculture			<u>9,142</u>

<u>Federal Grantor/Pass-through Grantor/Program or Cluster</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Defense</u>			
Department of Navy - Ocean Science Mentoring Program	12.000		<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		352,953
Opportunities for Youth - Youthbuild Program	14.243		<u>290,691</u>
Total U.S. Department of Housing and Urban Development			<u>643,644</u>
<u>U.S. Department of Justice</u>			
Public Safety Partnership & Community Policing Grants	16.710		<u>22,140</u>
Total U.S. Department of Justice			<u>22,140</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>57,517</u>
Total U.S. Department of Labor			<u>57,517</u>
<u>U.S. National Aeronautics and Space Administration</u>			
Pass-through programs from:			
Mississippi State Board for Community and Junior Colleges - Aerospace Education Services Program	43.001	MSCI00-01-033	54,918
University of Mississippi - Aerospace Education Services Program	43.001	N.A.	<u>4,500</u>
Total National Aeronautics and Space Administration			<u>59,418</u>
<u>National Science Foundation</u>			
Pass-through program from:			
University of Mississippi - Delta Rural Systemic Initiative Program - Education and Human Resources	47.076	ESR-97000041	<u>32,305</u>
Total National Science Foundation			<u>32,305</u>
<u>U.S. Department of Education</u>			
Higher Education - Institutional Aid	84.031		990,058
Minority Science and Engineering Improvement	84.120		63,833
After School Learning Centers	84.287		171,012
Child Care Provider Loan Forgiveness Demonstration	84.355		21,672

<u>Federal Grantor/Pass-through Grantor/Program or Cluster</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Pass-through programs from:			
Mississippi State Board for Community & Junior Colleges - Adult Education - State Grant Program	84.002	N.A.	235,143
Mississippi Department of Education - Title I Grants to Local Educational Agencies	84.010	C199-1421	119,495
Mississippi Department of Education - Special Education - Grants to States	84.027	B108-1421	46,336
Mississippi Department of Education - Vocational Education - Basic Grants to States	84.048	1403	282,524
Board of Institutions of Higher Learning - Leveraging Educational Assistance Partnership	84.069	N.A.	1,708
Mississippi Department of Education - Safe and Drug-free Schools and Communities - State Grants	84.186	DF99-1421	2,573
Mississippi Department of Education - State and Local Education Systemic Improvement Grants	84.276	N.A.	1,962
Mississippi Department of Education - Eisenhower Professional Development State Grants	84.281	EG-99-1421	<u>29,710</u>
Total U.S. Department of Education			<u>1,966,026</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-through programs from:			
Mississippi Department of Human Services - DHS Pre-employment Grant	93.000	501WAI	78,207
Mississippi Community College Foundation - Development and Coordination of Rural Health Services	93.223	N.A.	40,413
Mississippi Department of Human Services - Intensive Youth Supervision - Temporary Assistance for Needy Families	93.558	501WF01	<u>106,509</u>
Total U.S. Department of Health and Human Services			<u>225,129</u>
Total Other Programs			<u>3,962,038</u>
Total Expenditures of Federal Awards			<u>\$ 10,146,762</u>

Notes to Schedule of Expenditures of Federal Awards

This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements, with the following exceptions:

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

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

(This page left blank intentionally)



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

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, 2003, as listed in the table of contents and have issued our report thereon dated June 22, 2004. 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.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the institution in a separate letter dated June 22, 2004, which is included in this report.

Internal Control Over Financial Reporting

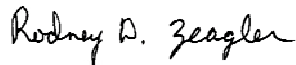
In planning and performing our audit, we considered the institution's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our opinion, could adversely affect the institution's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2003-1 through 2003-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions and, accordingly, would not also disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the findings referred to above is a material weakness.

This report is intended 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



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

June 22, 2004



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

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

Compliance

We have audited the compliance of Coahoma Community College and Agricultural High School 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, 2003. 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 items 2003-6 and 2003-7 in the accompanying Schedule of Findings and Questioned Costs, Coahoma Community College and Agricultural High School did not comply with the requirements regarding activities allowed and unallowed or allowable costs/cost principles that are applicable to its Historically Black Colleges and Universities Program. Compliance with such requirements 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 requirements referred to above that are applicable to the Historically Black Colleges and Universities Program. Also, in our opinion, Coahoma Community 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, 2003.

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 internal control over compliance in accordance with OMB Circular A-133.

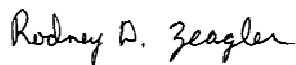
We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance 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 2003-6 through 2003-19.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described in the findings referred to above, we consider items 2003-6 and 2003-7 to be material weaknesses.

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



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

June 22, 2004

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

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

(This page left blank intentionally)



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

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, 2003, and have issued our report thereon dated June 22, 2004. 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*.

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 findings and recommendations and your responses are as follows:

1. Finding

As required by Sections 31-7-1 through 31-7-14, Miss. Code Ann. (1972), adequate bidding procedures were not followed for two purchases examined.

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 established to insure that all programs administered by the institution complies with the proper bidding procedures for all purchases as required by Sections 31-7-1 through 31-7-14, Miss. Code Ann. (1972).

2. Finding

The institution contracted with an employee to perform services as an independent contractor for services not related to their normal institutional duties. Section 25-4-105, Miss. Code Ann. (1972), prohibits an institution from conducting business with employees also acting as independent contractors.

Recommendation

The institution should comply with Section 25-4-105, Miss. Code Ann. (1972), which prohibits the institution from contracting with employees to perform non-duty related services.

Institution's Response

The institution has strengthened the procedures regarding contractual services to insure part-time employees hired in special programs are not performing non-duty related services.

3. Finding

The institution paid travel related expenses to persons who were not employees of the institution. Department of Finance and Administration policy, as well as Section 25-3-41, Miss. Code Ann. (1972), does not allow for the payment of travel expenses to those other than employees of the institution.

Recommendation

The institution should comply with the Department of Finance and Administration policy and Section 25-3-41, Miss. Code Ann. (1972), when providing payment for travel related expenses.

Institution's Response

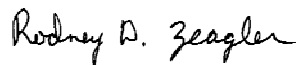
The institution has implemented procedures to insure that payment for travel related expenses for non-employees are included in the contract agreement and billed with the contractor's invoice.

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

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



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

June 22, 2004

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(This page left blank intentionally)

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the general purpose financial statements: | Unqualified |
| 2. | Material noncompliance relating to the general purpose 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 | Unqualified |
| | Historically Black Colleges and Universities Program | Adverse |
| | 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 | |

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

- c. Historically Black Colleges and Universities Program
CFDA #14.237
 - d. WIA Cluster
CFDA #17.258
CFDA #17.259
CFDA #17.260
 - e. TRIO Cluster
CFDA #84.044
CFDA #84.047
8. The dollar threshold used to distinguish between type A and type B programs: \$300,000
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 Not Considered To Be Material Weaknesses

2003-1. Finding

During the audit of the capital asset accounts, we noted the following:

- A. As previously reported, procedures for recording capital asset deletions did not appear to be functioning properly.
- B. As previously reported, adequate procedures were not in place over obsolete inventory. Several items of obsolete inventory were noted of which some were not tagged.

Recommendations

Procedures should be developed and placed in operation to adequately document and maintain capital asset records.

2003-2. Finding

The following items were noted during the examination of expenditures:

- A. Several additional pay forms did not have adequate supporting documentation or were not included in the employee's personnel file.
- B. Original invoices were not stamped paid.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

- C. Manual payroll checks were not being entered into the payroll system in a timely manner.
- D. Amounts charged to the institution's credit card were not supported by adequate documentation/receipts.
- 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. One employee was reimbursed for meals in excess of the daily meal allowance.
 - 2. Pre-travel request forms were dated after travel began. Additionally, some pre-travel request forms were not approved.
 - 3. Meals during travel were charged to the employee's hotel room. The entire hotel bill was then charged to the institution's credit card. Some meals were also charged directly to the institution's credit card.
 - 4. Personal expenses, which were reimbursed by the employee, were initially charged to the institution's credit card.
 - 5. A travel reimbursement form was approved only by the employee being reimbursed.

Recommendation

- A. Documentation should be maintained in employee personnel files supporting additional pay forms.
- B. All original invoices should be stamped paid or otherwise defaced.
- C. All payroll transactions, including manual payroll checks, should be promptly entered into the institution's payroll system.
- D. All expenditures, including items charged to the institution's credit card, should be supported as adequate supporting documentation.
- E. All balances due should be paid in a timely manner to avoid finance charges.
- F. Claims for reimbursement of all travel expenses, including meals, should be prepared in accordance with the institution's travel policy. Policies and procedures should be established to insure that amounts claimed through travel reimbursements are for legitimate travel expenditures. The institution should be reimbursed for any amounts paid not in compliance with applicable travel policies.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

- 2003-3. Finding
- As previously reported, student notes receivable activity per the general ledger was not adequately reconciled to the loan service agency records.
- Recommendation
- Procedures should be established to adequately reconcile Loan Fund records with the service agency records. This will insure that all payments are being properly accounted for and that all information submitted to and received from the service agency is accurate. Also, the allowance for doubtful accounts should be evaluated annually to determine if the amount of allowance is adequate.
- 2003-4. Finding
- The inventory system for library books and films does not appear to be functioning properly. The ending inventory value is based on an average cost per book rather than the historical cost.
- 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 fiscal year-end.
- 2003-5. 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 these 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.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Section 3: Federal Award Findings and Questioned Costs

Material Weaknesses

2003-6. Finding

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

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

Questioned costs: \$98,664

During our examination of grant expenditures, the following items were noted:

1. A payment for obtaining new grant funding was made to an independent consultant. However, this grant was awarded several months prior to the date of the consulting agreement. Additionally, this payment was not in compliance with the grant budget. - \$24,636
2. An independent consultant, already under contract to perform services as program director, was paid to conduct a feasibility study for the same grant. - \$7,000
3. Two mobile homes were purchased which were not in compliance with the grant agreement. The grant agreement was amended to reflect the purchase of two "new" mobile homes; however, supporting documentation indicated that the homes purchased were used and were purchased before the grant amendment was approved. Additionally, as noted in Finding 2003-19, proper procurement procedures were not followed for these purchases. - \$35,650
4. Payments for home rehabilitation were made to a construction contractor who was also an employee of the institution. Additionally, as noted in Finding 2003-19, proper procurement procedures were not followed for these construction activities. - \$29,500
5. Adequate procedures were not in place to insure that only allowable charges were made against grant funds. Expenditures were made from project budgets for travel for a non-employee. This resulted in unallowable charges made against the grant. - \$1,878

Recommendation

Procedures should be established to insure greater control over grant expenditures. All expenditures should be reviewed and compared to the grant budget to determine allowability. Any budget amendments that are necessary should be adequately documented.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

2003-7.

Finding

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

Compliance requirements: Allowable costs/cost principles

Questioned costs: \$11,212

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 cost charged to the grant are calculated on the correct base and rate as established in the grant agreement/budget.

Reportable Conditions Not Considered to be Material Weaknesses

2003-8.

Finding

Program: Temporary Assistance for Needy Families; CFDA #93.558

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

The independent consultant, who was already under contract to provide services as program director, was contracted to perform other services for the same grant. This situation would result in a conflict of interest and would not be an allowable cost to the grant.

Recommendation

Procedures should be established to insure greater control over grant expenditures. All expenditures should be reviewed and compared to the grant budget/agreement and regulations to determine if the cost is allowable.

2003-9.

Finding

Program: Opportunities for Youth - Youthbuild Program; CFDA #14.243

Compliance requirement: Activities allowed and unallowed; period of availability of funds

An independent consultant was paid additional fees for administration of this grant from January 1, 2003, through June 30, 2003, which was beyond the dates of the original consulting agreement. However, per review of the grant agreement, the grant was not extended beyond the original/amended expiration date of December 21, 2002. This situation resulted in an unallowable cost to the grant since the expenditure occurred after the grant period of availability.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Recommendation

Procedures should be established to insure greater control over grant expenditures. All expenditures should be reviewed and compared to the grant budget/agreement and regulations to determine if the cost is allowable.

2003-10.

Finding

Program: WIA - Youth Activities; CFDA #17.259

Compliance requirements: Allowable costs/cost principles

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 cost charged to the grant are calculated on the correct base and rate as established in the grant agreement/budget.

2003-11.

Finding

Program: TRIO - Talent Search; CFDA #84.044

Compliance requirements: Allowable costs/cost principles

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 cost charged to the grant are calculated on the correct base and rate as established in the grant agreement/budget.

2003-12.

Finding

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

Compliance requirement: Reporting

As previously reported, the FISAP report was not adequately reconciled to the institution's financial records. OMB Circular A-133 requires that all federal financial reports be supported by adequate supporting accounting records.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Recommendation

Procedures should be implemented to insure that the FISAP is adequately reconciled to the financial records. All federal reports should be substantiated by adequate supporting documentation.

2003-13.

Finding

Program: Higher Education - Institutional Aid; CFDA #84.031

Compliance requirement: Reporting

Adequate procedures were not in place to insure that the institution was in compliance with all reporting requirements. The final report submitted by the institution did not agree with the accounting records.

Recommendation

The institution should implement procedures to insure compliance with all reporting requirements.

2003-14.

Finding

Program: Higher Education - Institutional Aid; CFDA #84.031

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

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.

2003-15.

Finding

Program: Higher Education - Institutional Aid; CFDA #84.031

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

Adequate procedures were not in place to insure that only allowable charges were made against grant funds. Expenditures were made from project budgets for travel for a non-employee. This resulted in unallowable charges made against the grant.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Recommendation

Only expenditures approved in the grant budget should be charged as grant expenditures. Travel for non-employees, if allowable, should be reimbursed through contractual services and not recorded as employee travel.

2003-16.

Finding

Program: Higher Education - Institutional Aid; CFDA #84.031

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.

2003-17.

Finding

Program: WIA - Youth Activities; CFDA #17.259

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

During our examination of grant expenditures, the following items were noted:

1. Adequate procedures were not in place to distinguish between current year and prior year expenditures.
2. Adequate procedures were not in place to insure that amendments to grant budgets were adequately documented. Expenditures were made for program expenditures for which there was no amount budgeted.
3. 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 grant budget to determine allowability. Any budget amendments that are necessary should be adequately documented.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

2003-18.

Finding

Program: Higher Education - Institutional Aid; CFDA #84.031

Compliance requirement: Cash management

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. The institution drew \$25,516 in excess of grant expenditures as of fiscal year ending June 30, 2003, 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.

2003-19.

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.

Recommendation

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

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

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

(This page left blank intentionally)



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 OMB Circular A-133, Community College 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, 2003:

Finding Corrective Action Plan Details

2003-1. a. Name(s) of Contact Person(s) Responsible for Corrective Action:

William West

b. Corrective Action Planned:

Procedures have been developed and implemented to ensure that all capital asset deletions are recorded and documented.

c. Anticipated Completion Date:

September 30, 2004

2003-2. a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Deborah S. Meeks, Business Manager

b. Corrective Action Planned:

Procedures have been developed and implemented to ensure supportive documentation is maintained in employee personnel files. All original invoices are stamped paid with all supportive documentation attached prior to payment. Policies and procedures have been strengthened to ensure that all supportive documentation is attached to request for travel reimbursement.

d. Anticipated Completion Date:

September 30, 2004

- 2003-3. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Deborah S. Meeks, Business Manager
- b. Corrective Action Planned:
Procedures are in place to reconcile the Loan Fund records with the service agency records on a monthly basis, and to ensure that all payments received by the school are submitted to the service agency upon receipt. The allowance for doubtful accounts was evaluated and it was determined that the amount of allowance was adequate.
- e. Anticipated Completion Date:
October 10, 2004
- 2003-4. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Yvonne Stanford, Librarian
- b. Corrective Action Planned:
SIRSI, the software provider for the library inventory system has been contacted and is continuing to assist us with this problem. Presently, all items are inventoried at cost; however, the systems presently does not give us the option of a report of the inventory at cost. The report only gives the total number of items, average cost per item, and the average cost of the inventory. We are working with the provider to resolve this issue.
- f. Anticipated Completion Date:
November 30, 2004
- 2003-5. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Leandrew Presley, Jr., Director of Technology and Computer Services
Avrie Toliver, Computer Center Director
- b. Corrective Action Planned:
We are currently reviewing our current disaster recovery plan to identify our areas of weakness. When we have identified those weaknesses, we will begin to redesign our disaster recover plan. We will seek advice from individuals with the necessary experience to help us improve and implement our disaster recovery plan.
- g. Anticipated Completion Date:
We should complete the review by mid-October 2004. We anticipate having our revised disaster recover plan completed by February 2005 with testing to begin in March 2005.

- 2003-6. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Mrs. Jacqueline R. Parker, Director of Institutional Advancement/Federal Programs
- b. Corrective Action Planned:
Procedures have been established to ensure better control over grant expenditures. All expenditures will be reviewed and compared to the grant budget to determine allowability. Any necessary budget amendments will be adequately documented.
- h. Anticipated Completion Date:
September 30, 2004
- 2003-7. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Mrs. Jacqueline R. Parker, Director of Institutional Advancement/Federal Programs
- b. Corrective Action Planned:
Procedures are in place to ensure that indirect cost amounts charged to grants will be based on the correct base and rate as established in the grant agreement/budget.
- c. Anticipated Completion Date:
September 30, 2004
- 2003-8. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Mrs. Jacqueline R. Parker, Director of Institutional Advancement/Federal Programs
- b. Corrective Action Planned:
Established procedures will ensure better control over grant expenditures. All expenditures will be reviewed and compared to the grant budget/agreement and regulations to determine if the cost is allowable.
- c. Anticipated Completion Date:
September 30, 2004
- 2003-9. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Mrs. Jacqueline R. Parker, Director of Institutional Advancement/Federal Programs
- b. Corrective Action Planned:
Procedures have been established to ensure better control over grant expenditures. All expenditures will be reviewed and compared to the grant budget to determine allowability.
- c. Anticipated Completion Date:
September 30, 2004

- 2003-10. a. **Name(s) of Contact Person(s) Responsible for Corrective Action:**
Ms. Anne-Shelton Clark, Director of Vocational-Technical Education
- b. **Corrective Action Planned:**
Procedures are in place to ensure that the indirect cost charged to the grant is calculated on the correct base and rate as established in the WIA grant agreement/budget. All indirect cost will be compared to the rate stated in the policy and requested accordingly.
- c. **Anticipated Completion Date:**
September 30, 2004
- 2003-11. a. **Name(s) of Contact Person(s) Responsible for Corrective Action:**
Jacqueline R. Parker, Director of Institutional Advancement/Federal Programs
- b. **Corrective Action Planned:**
Procedures are now in place to ensure that indirect cost amounts charged to grants will be calculated on the correct base and rate as established in the grant agreement/budget.
- d. **Anticipated Completion Date:**
September 30, 2004
- 2003-12. a. **Name(s) of Contact Person(s) Responsible for Corrective Action:**
Michael Houston, Assistant Business Manager
- b. **Corrective Action Planned:**
Procedures have been implemented to ensure that the FISAP is adequately reconciled to the financial records with all supporting documentation.
- e. **Anticipated Completion Date:**
August 31, 2004
- 2003-13. a. **Name(s) of Contact Person(s) Responsible for Corrective Action:**
Jacqueline R. Parker, Director of Institutional Advancement/Federal Programs
- b. **Corrective Action Planned:**
Adequate 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.
- f. **Anticipated Completion Date:**
September 30, 2004

- 2003-14. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Jacqueline R. Parker, Director of Institutional Advancement/Federal Programs
- b. Corrective Action Planned:
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.
- g. Anticipated Completion Date:
September 30, 2004
- 2003-15. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Jacqueline R. Parker, Director of Institutional Advancement/Federal Programs
- b. Corrective Action Planned:
Procedures will be utilized to ensure that only allowable travel expenses for non-employees are charged to programs, and, if allowable, these expenses will not be recorded on employee travel forms but will be reimbursed through contractual services invoicing.
- h. Anticipated Completion Date:
September 30, 2004
- 2003-16. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Jacqueline R. Parker, Director of Institutional Advancement/Federal Programs
- b. Corrective Action Planned:
We were informed by the previous auditor to change the percentage of time as it is documented in the Title III grant for two employees.
- i. Anticipated Completion Date:
September 30, 2004
- 2003-17. a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Ann Shelton-Clark, Director of Vocational-Technical Education
- b. Corrective Action Planned:
Procedures have been established to ensure greater control over grant expenditures. All expenditures will be reviewed and compared to the grant budget to determine allowability. Any budget amendments will be adequately documented.
- j. Anticipated Completion Date:
September 30, 2004

2003-18. a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Michael Houston, Assistant Business Manager

b. Corrective Action Planned:

Drawdowns are completed each month after board meeting, and is based on the current monthly expenditures. The funds were due the college--the \$25,516 was inadvertently drawn on the past year's grant award that closed September 2002, rather than the current grant award for the period beginning October 2002.

k. Anticipated Completion Date:

September 30, 2004

2003-19. a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Jacqueline R. Parker, Director of Institutional Advancement/Federal Programs

b. Corrective Action Planned:

Procedures have been implemented to ensure compliance with procurement and bidding standards as required by OMB Circular A-110.

l. Anticipated Completion Date:

September 30, 2004



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 OMB Circular A-133, Coahoma Community College and Agricultural High School has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2003:

<u>Finding</u>	<u>Status</u>
2002-12	The line item entered incorrectly when inputting the FISAP data was corrected when the 2003 report was submitted.
2002-13	Procedures are in place to ensure student enrollment information is adequately maintained and automated attendance software is used to provide evidence to substantiate the number of hours used to determine each student's status for the purpose of calculating the amount of financial aid to be awarded.
2002-14	Procedures have been implemented to ensure allowable costs are specifically itemized in the Title III budget.
2002-15	The college has implemented procedures to ensure that all time and effort reports are approved and signed by the Director of Federal Program, and percent of time for full-time employees is calculated to reflect cost principles under OMB Circular A-21.
2002-16	Reimbursements were made by the General Fund to the Intensive Youth Supervision grant and the HUD grant. Procedures have been established to insure that all supplemental salaries are approved and expended from the proper source.