#333

Report To

The Mississippi Legislature

Review of the Mississippi Community College Foundation

December 21, 1995

After the Legislature created the State Board for Community and Junior Colleges in 1986, the presidents of the colleges created the Mississippi Community College Foundation. The foundation operates as an independent, private organization that received eighty-seven percent of its funding from public sources from July 1, 1991, through April 30, 1995.

The foundation or its employees may have violated laws and grant restrictions. The foundation has not followed good management and accounting principles and could subject public community and junior colleges to liabilities.

Because individual colleges have foundations and the State Board for Community and Junior Colleges has similar fund-raising authority, PEER recommends that participating local community and junior college boards review the advisability of continued participation in the Mississippi Community College Foundation. If local boards want to sustain the foundation, the report recommends specific actions to improve its management and accountability.

The PEER Committee

PEER: The Mississippi Legislature's Oversight Agency

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A standing joint committee, the PEER Committee is composed of five members of the House of Representatives appointed by the Speaker and five members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms with one Senator and one Representative appointed from each of the U. S. Congressional Districts. Committee officers are elected by the membership with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of three Representatives and three Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues which may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, special investigations, briefings to individual legislators, testimony, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, and the agency examined.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

Review of the Mississippi Community College Foundation

December 21, 1995

The PEER Committee

Mississippi Legislature

The Mississippi Legislature

Joint Committee on Performance Evaluation and Expenditure Review

PEER Committee

TELEPHONE:
(601) 359-1226

FAX:
(601) 359-1420

P. O. Box 1204
Jackson, Mississippi 39215-1204

John W. Turcotte
Director

OFFICES:
Professional Building
222 North President Street
Jackson, Mississippi 39201

December 21, 1995

Honorable Kirk Fordice, Governor
Honorable Eddie Briggs, Lieutenant Governor
Honorable Tim Ford, Speaker of the House
Members of the Mississippi State Legislature

At its meeting of December 21, 1995, the PEER Committee authorized release of the report entitled **Review of the Mississippi Community College Foundation.**

Alyce Clarke

Representative Alyce Clarke, Chairman

This report does not recommend increased funding or additional staff.

Table of Contents

Table of Contents (continued)

List of Exhibits

Review of the Mississippi Community College Foundation

Executive Summary

December 21, 1995

Introduction

In the fall of 1994, six of the state's fifteen community and junior college presidents resigned from the governing board of the Mississippi Community College Foundation (MCCF) in the midst of allegations of improprieties with the foundation's spending practices. In the wake of this adverse publicity, a legislator asked the PEER Committee to review the foundation's operations and to determine whether actions taken by the foundation created an obligation for the state or its political subdivisions.

Overview

What is the Mississippi Community College Foundation?

The presidents of Mississippi's fifteen public community and junior colleges established the Mississippi Community College Foundation in October 1986 to assist in development of the colleges by identifying and pursuing new programs and initiatives and by increasing funding to the colleges. Three months prior to the foundation's establishment, the Legislature had established the State Board for Community and Junior Colleges to represent the interests of the statewide community and junior college system, including raising funds on behalf of the system. Part of the justification for state-level input with respect to public community and junior colleges is that, as illustrated in Exhibit A, page viii, state appropriations constitute a large and steadily growing share of total community and junior college funding.

The foundation collects public funds from the colleges, in the form of assessments, to support its ongoing operations. From July 1, 1992, through April 30, 1995, federal, state, and local government sources provided eighty-seven percent of the foundation's revenues. Revenues and expenses for this period totaled $5.7 million and $5.5 million, respectively. Hinds Community College provides the foundation with office space, equipment, utilities, and business office services, and foundation employees receive all fringe benefits of community college employees.

By establishing an entity so similar in purpose to the state board, with public sector characteristics and a public purpose, the presidents chose to work outside of the controls that help ensure accountability in the public sector. For example, the foundation does not conduct its business in open meetings, and despite the state's open records law, the foundation grants or denies access to its records at will. Because the foundation operates outside such controls, the likelihood of public awareness of the foundation's actions is diminished, and further, the public has no direct recourse if it objects to such actions, even though substantial public resources support the foundation's operations.

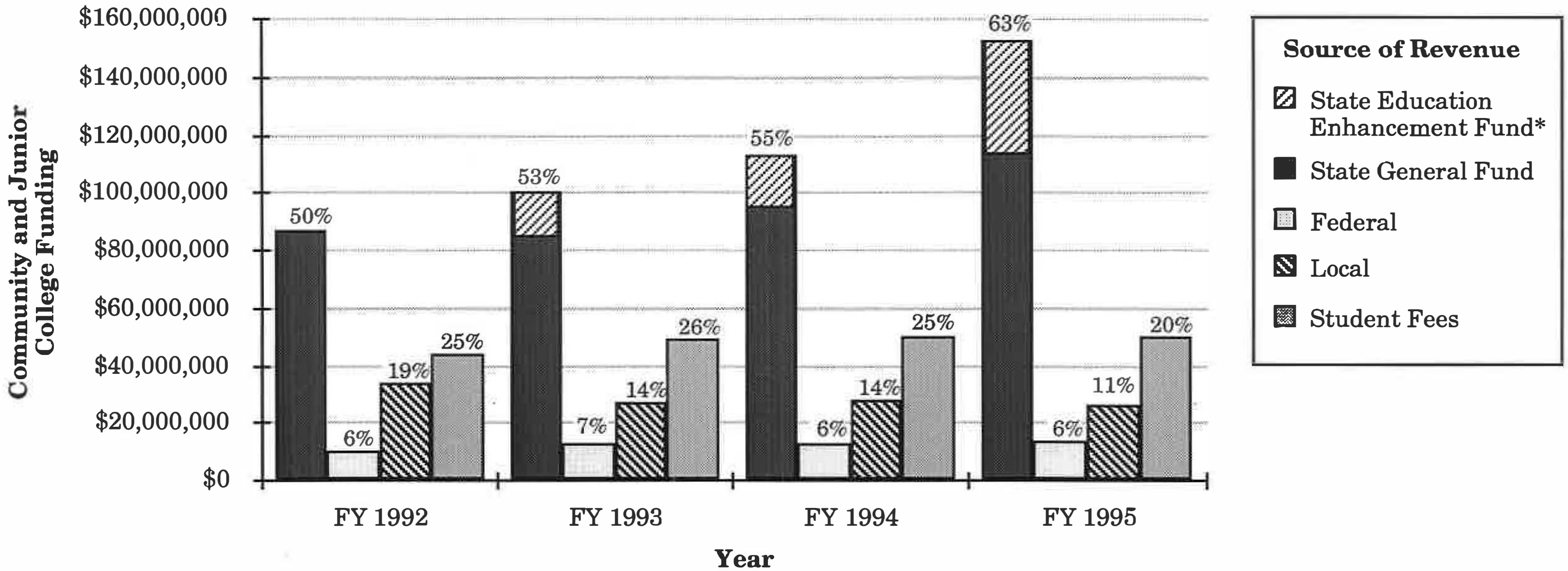
Have the foundation's governing board and Executive Director properly managed the foundation in accordance with applicable state and federal laws, rules, and regulations, and in accordance with principles of good management?

No. The foundation or its employees may have violated:

- state laws prohibiting:
  - — fraud and embezzlement;
  - — use of office for the benefit of relatives;
  - — having an interest in a contract with a board within a year of having served on that board; and,
  - — reimbursement of travel expenses other than those specified in state law;
- federal laws requiring withholding and payment of taxes on the taxable portions of business meals not associated with overnight travel;
- federal grant agreements prohibiting:
  - — hiring a consultant who worked on a project to evaluate the project;
  - — diversion of grant funds to another project;

Exhibit A

Increase in Public Community and Junior College Funding from State Sources Compared to Changes in Funding from Other Sources, FY 1992 through FY 1995



SOURCE: Consolidated community and junior college budget requests, FY 1994-FY 1997.

* Funded by a portion of the 1% state sales tax increase authorized by SB 3120 in 1992.

— hiring of service providers without formal written contracts; and,
— failure to control inventory.

Further, the foundation has violated:

- good management principles requiring:

— establishment of an effective system of internal controls;
— separate accounting for donor-restricted funds;
— adequate project planning;
— efficient use of resources (i.e., minimization/elimination of waste); and,
— prudent management of funds.

Most of the above-listed violations are a direct result of poor management, including lack of proper oversight by the foundation board. Exhibit B, page x, summarizes these violations by type, financial impact, and recommended corrective action.

Do the state or its political subdivisions have any liability for foundation actions?

Yes, actions taken by the foundation could result in liabilities to the state and the public community and junior colleges. As grantee/sub-grantor of the federal Rural Health Care Corps grant (administered by MCCF to train rural health care workers), the Mississippi Cooperative Extension Service, a component of Mississippi State University, could become liable to the federal government for any grant funds that the foundation misspends. Also, should the foundation become unable to pay its debts, foundation vendors and service providers might expect the public community and junior colleges and their boards of trustees to meet the foundation's obligations.

Recommendations

The local community and junior college boards of trustees whose presidents remain on the foundation board should review the advisability of continued participation in the foundation. The local boards should pursue any future systemwide fundraising and/or developmental activities through the legislatively created State Board for Community and Junior Colleges.

If, after considering their continued participation in the foundation, a sufficient number of local governing boards want to sustain and improve the foundation, the foundation should take specific actions, including:

- adhering to the state's open meetings and open records laws;

- establishing an effective system of internal controls designed to ensure compliance with applicable laws and good management practices;

- increased foundation board oversight over financial affairs, especially arrangements with and payments to vendors and service providers;

- developing a strategic plan for using the Community College Network to address the state's rural health care needs; and,

- taking responsibility for controlling inventory.

PEER also refers the violations of state laws, federal laws, and federal grant agreements detailed in this report to the proper authorities for review and appropriate action.

The report lists specific recommendations on pages 58 through 61.

Exhibit B

Summary of Financial Impact from MCCF's Violations of State Laws, Violations of Federal Grant Agreements, and Poor Management/Waste
January 1992 through April 1995

Report Page	Nature of Exception	Financial Impact	Recommended Corrective Action
Violations of state laws			
21	• Possible fraud and embezzlement: misrepresentation of expenses; check conversion*	$ 1,050	Restitution from Executive Director/ criminal prosecution
24	• Pecuniary benefit to Executive Director's relatives	88,296	Referral to Ethics Commission
27	• Contract with Hinds Community College within one year of serving on Hinds Board	57,397	Referral to Ethics Commission
29	• Illegal auto travel expense reimbursements **	6,230	Restitution from Executive Director
32	• Illegal payment of non-overnight travel meals***	4,544	Restitution from foundation board members
	Subtotal $	157,517	
Violations of federal grant agreements			
34	• Failure to hire independent program evaluator	12,000	Restitution from foundation board members; employ independent evaluator
35	• Failure to collect funds due foundation	21,250	Restitution from Steens Creek Productions
39	• Failure to control inventory properly	****	Establish and implement proper inventory procedures
42	• Payment of Pull-Up expenses with Rural Health Care Corps money	6,667	Transfer to Rural Health Care Corps account from general office funds
	Subtotal $	39,917	
Poor management / waste			
44	• Failure to account properly for restricted funds	13,000	Transfer to Rural Health Care Corps account from general office funds
45	• Failure to utilize the Community College Network fully	****	Develop strategic plan
48	• Unnecessary Community College Network line costs (estimated minimum)	46,000	Move the MultiWay Control Unit to Jackson
49	• Expenditures on wasteful items (e.g., liquor)	7,284	Cease wasteful spending practices
50	• Failure to collect interest on foundation funds (estimated)	15,000	Transfer from Hinds Community College to the foundation
50	• Failure to pay rent due to Hinds Community College	(2,700)	Pay the rent due
	Subtotal $	78,584	
	TOTAL $	276,018	

* The Executive Director made restitution of $253 to the foundation on November 1, 1993, for the check conversion; therefore, no financial impact is included here for that violation.

** Does not include $1,184 in reimbursements of actual gasoline purchases

*** An undetermined portion of this amount would require restitution due to illegal payment of meal expenses of the Executive Director's business guests. This portion is undetermined due to his failure to provide a breakdown of meal expenses for himself and for his guests.

**** Indeterminable.

SOURCE: PEER staff analysis.

For More Information or Clarification, Contact:

PEER Committee
P. O. Box 1204
Jackson, MS 39215-1204
(601) 359-1226

Representative Alyce Clarke, Chairman
Jackson, MS (601) 354-5453

Senator Travis Little, Vice-Chairman
Corinth, MS (601) 286-3914

Senator William Canon, Secretary
Columbus, MS (601) 328-3018

Review of the Mississippi Community College Foundation

Introduction

In the fall of 1994, six of the state's fifteen community and junior college presidents resigned from the governing board of the Mississippi Community College Foundation (MCCF) in the midst of allegations of improprieties in the foundation's spending practices. In the wake of this adverse publicity, a legislator asked the PEER Committee to review the foundation's operations and to determine whether actions taken by the foundation created an obligation for the state or its political subdivisions.

Many of the findings and allegations contained in this report pertain to George Wynne, who served as the foundation's Executive Director from February 1992 to September 6, 1995. During the course of PEER's review, Wynne resigned from his position as the foundation's Executive Director and accepted a position as Executive Assistant to the President at Hinds Community College, effective September 6, 1995. Because this report covers events during Wynne's tenure as Executive Director of the foundation, it refers to him as the director, rather than the former director.

Authority

The PEER Committee conducted its review pursuant to MISS. CODE ANN. Section 5-3-57, et seq. (1972).

Scope and Purpose

The review sought to answer three basic questions:

- What is the Mississippi Community College Foundation?
- Have the foundation's governing board and Executive Director properly managed the foundation in accordance with applicable state and federal laws, rules, and regulations, and in accordance with principles of good management?
- Do the state or its political subdivisions have any liability for foundation actions?

Method

PEER answered the first question by:

- reviewing minutes of the Mississippi Association for Community and Junior Colleges, the unincorporated entity through which the public community and junior college presidents established the foundation;
- reviewing the foundation's charter of incorporation, board minutes, and other foundation reports, documents, and records;
- interviewing foundation employees, selected community and junior college presidents, and personnel of the State Board for Community and Junior Colleges, Institutions of Higher Learning, and the Mississippi Association for Community and Junior Colleges;
- administering questionnaires to the community and junior college district governing boards;
- researching the development of public community and junior colleges in Mississippi; and,
- researching state law relative to the roles and responsibilities of entities charged with governance and oversight of community and junior colleges.

PEER answered the second and third questions by:

- reviewing the foundation's compliance with state and federal laws, rules, and regulations;
- reviewing the foundation's compliance with the terms of contractual agreements and federal grants, including administering a survey to foundation donors;
- reviewing the foundation's compliance with official board policy;
- reviewing the foundation's adherence to principles of good management, including the adequacy of the foundation's internal controls;
- interviewing staff of the Attorney General's Office and the Ethics Commission; and,
- performing a detailed review of foundation financial records for the period July 1, 1991, through April 30, 1995. Complete financial records prior to this period were not available.

Overview

What is the Mississippi Community College Foundation?

The presidents of Mississippi's fifteen public community and junior colleges, acting through the unincorporated Mississippi Association for Community and Junior Colleges, established the Mississippi Community College Foundation in October 1986 to assist in development of the colleges by identifying and pursuing new programs and initiatives and by increasing funding to the colleges.

While established in private not-for-profit form, the foundation's attorneys refer to it as an "instrumentality of government," and its purpose, as well as many of its operating characteristics, makes it more public than private. More specifically:

- Public community and junior college presidents created the foundation, acting in their official capacities and using public funds.

- The foundation collects public funds from the community and junior colleges, in the form of assessments, to support its ongoing operations.

- Public sources provide eighty-seven percent of the foundation's revenues.

- The foundation does not pay sales taxes on its purchases.

- Foundation employees are also employees of Hinds Community College, receiving all fringe benefits of Hinds employees, including membership in the state's retirement system and participation in the public school employees' health insurance plan.

- For a nominal rent that it does not collect, Hinds Community College provides the foundation with office space, equipment, utilities, and the complete services of its business office, including the handling of all foundation funds through the college's bank account.

The Legislature established the State Board for Community and Junior Colleges in July 1986 to represent the interests of the statewide community and junior college system, including raising funds on behalf of the system. Three months later, the public community and junior college presidents established the foundation, an entity with public sector characteristics and a public purpose. In so doing, the presidents chose to work outside of the controls that help ensure accountability in the public sector, as embodied in the state board.

The State Board for Community and Junior Colleges and the local community and junior college district boards of trustees are governed by elected officials and their appointees who are directly accountable to the public through the electoral process. The foundation is governed by community and junior college presidents, who are further removed from, and therefore less accountable to, the electorate (see Exhibit 1, page 5). The foundation does not conduct its business in open meetings. Community and junior college presidents do not have a fixed term of office, as do elected public officials and their appointees to public boards, and there is no provision for replacement of presidents who no longer want to serve on the foundation board. The current situation wherein five presidents no longer serve on the foundation board (refer to discussion on page 10), an organization established to represent the interests of all fifteen community and junior colleges, clearly illustrates the types of problems that can arise from a non-legislatively created body attempting to function as a public entity. For example, the colleges of four of the five presidents who resigned from the foundation still participate in the Community College Network, an interactive video/distance learning network that the foundation operates and controls.

Not only has the foundation avoided controls built into state law designed to ensure accountability in the making of public policy, but as discussed in the next section, it has violated many of the accountability provisions contained in state law governing the day-to-day operations of government programs.

Have the foundation's governing board and Executive Director properly managed the foundation in accordance with applicable state and federal laws, rules, and regulations, and in accordance with principles of good management?

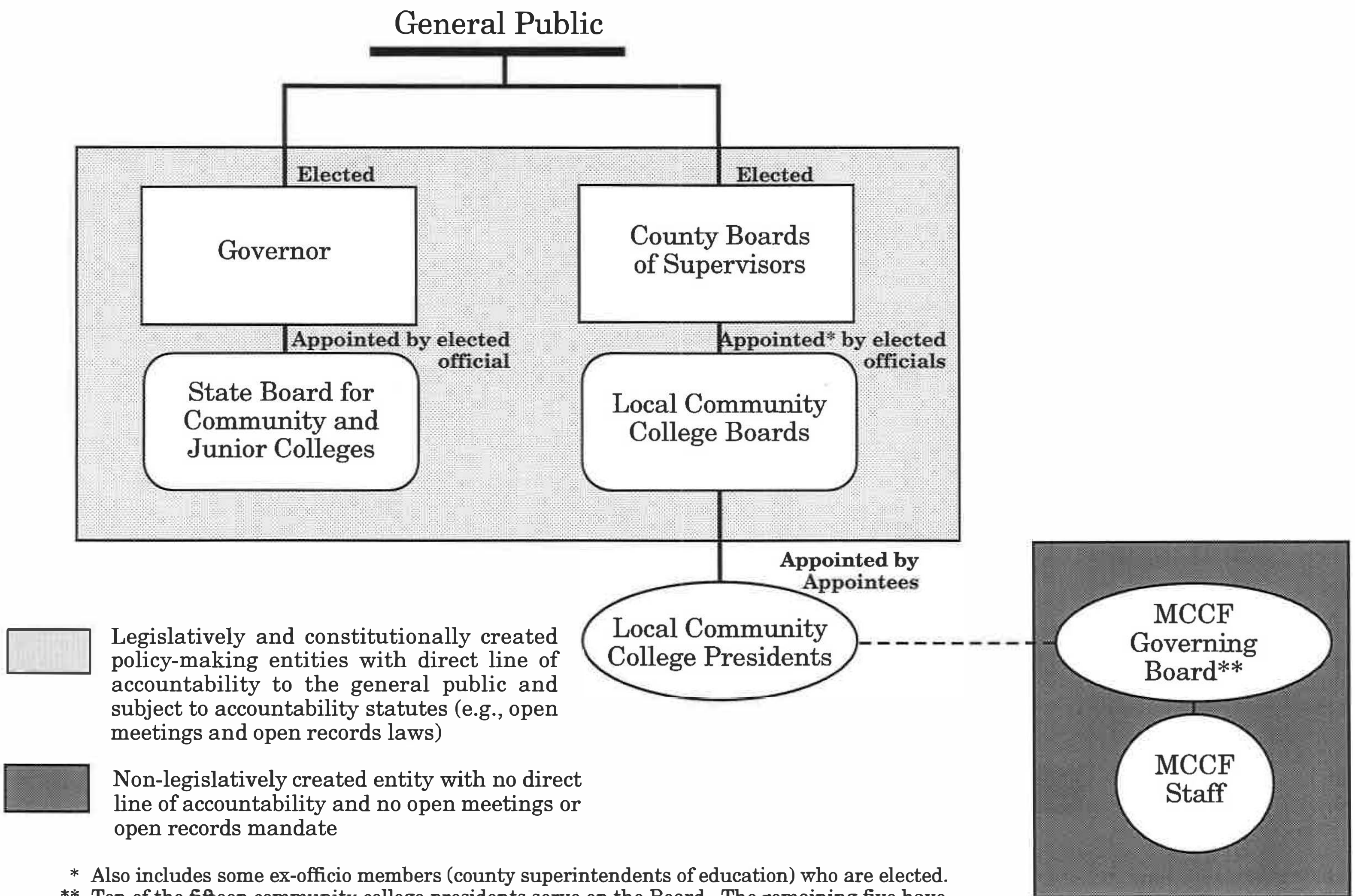
No. The foundation or its employees may have violated:

- state laws prohibiting:
  - -- fraud and embezzlement;
  - -- use of office for the benefit of relatives;
  - -- having an interest in a contract with a board within a year of having served on that board; and,
  - -- reimbursement of travel expenses other than those specified in state law;
- federal laws requiring withholding and payment of taxes on the taxable portions of business meals not associated with overnight travel;
- federal grant agreements prohibiting:
  - -- hiring a consultant who worked on a project to evaluate the project;
  - -- diversion of grant funds to another project;
  - -- hiring of service providers without formal written contracts; and,
  - -- failure to control inventory.

Further, the foundation has violated:

Exhibit 1

Absence of a Direct Line of Accountability, through the Electoral Process, between the Mississippi Community College Foundation (MCCF) and the General Public



* Also includes some ex-officio members (county superintendents of education) who are elected.

** Ten of the fifteen community college presidents serve on the Board. The remaining five have chosen not to participate.

SOURCE: PEER analysis of state law and MCCF charter.

- good management principles requiring:

  -- establishment of an effective system of internal controls;
  -- separate accounting for donor-restricted funds;
  -- adequate project planning;
  -- efficient use of resources (i.e., minimization/elimination of waste); and,
  -- prudent management of funds.

Most of the above-listed violations are a direct result of poor management, including lack of proper oversight by the foundation board. Exhibit 2, page 7, summarizes these violations by type, financial impact, and recommended corrective action.

Do the state or its political subdivisions have any liability for foundation actions?

Yes, actions taken by the foundation could result in liabilities to the state and the public community and junior colleges.

With respect to past actions taken by the foundation, most of the violations of state and federal laws and improper actions discussed in this review involve needed restitution on the part of individuals who committed violations. Some of these violations could affect state entities. Specifically, as grantee/sub-grantor of the federal Rural Health Care Corps grant, the Mississippi Cooperative Extension Service, a component of Mississippi State University, could become liable to the federal government for any Rural Health Care Corps grant funds that the foundation misspent.

With respect to potential actions of the foundation, certain situations could result in liabilities for the state and its political subdivisions. For instance, should the foundation become unable to pay its debts, foundation vendors and service providers might expect the public community and junior colleges and their boards of trustees to meet the foundation's obligations. By making purchases for the foundation, Hinds Community College places itself in a position of direct liability should the foundation be unable to cover the costs of such purchases.

The foundation's Delta Net proposal to lease, maintain, and expand (with the assistance of a private partner) a microwave communications system operated by the U. S. Corps of Engineers in the Delta regions of Mississippi, Louisiana, and Arkansas represents a potential liability to the state. Upkeep and maintenance of the microwave towers creates a potentially costly liability for the foundation. If the private partner were to become bankrupt, the foundation could still be responsible for the upkeep and maintenance of the communications system.

Exhibit 2

Summary of Financial Impact from MCCF's Violations of State Laws, Violations of Federal Grant Agreements, and Poor Management/Waste
January 1992 through April 1995

Nature of Exception	Financial Impact	Recommended Corrective Action
Violations of state laws		
• Possible fraud and embezzlement: misrepresentation of expenses; check conversion*	$ 1,050	Restitution from Executive Director/ criminal prosecution
• Pecuniary benefit to Executive Director's relatives	88,296	Referral to Ethics Commission
• Contract with Hinds Community College within one year of serving on Hinds Board	57,397	Referral to Ethics Commission
• Illegal auto travel expense reimbursements **	6,230	Restitution from Executive Director
• Illegal payment of non-overnight travel meals***	4,544	Restitution from foundation board members
Subtotal $	157,517	
Violations of federal grant agreements		
• Failure to hire independent program evaluator	12,000	Restitution from foundation board members; employ independent evaluator
• Failure to collect funds due foundation	21,250	Restitution from Steens Creek Productions
• Failure to control inventory properly	****	Establish and implement proper inventory procedures
• Payment of Pull-Up expenses with Rural Health Care Corps money	6,667	Transfer to Rural Health Care Corps account from general office funds
Subtotal $	39,917	
Poor management/waste		
• Failure to account properly for restricted funds	13,000	Transfer to Rural Health Care Corps account from general office funds
• Failure to utilize the Community College Network fully	****	Develop strategic plan
• Unnecessary Community College Network line costs (estimated minimum)	46,000	Move the MultiWay Control Unit to Jackson
• Expenditures on wasteful items (e.g., liquor)	7,284	Cease wasteful spending practices
• Failure to collect interest on foundation funds (estimated)	15,000	Transfer from Hinds Community College to the foundation
• Failure to pay rent due to Hinds Community College	(2,700)	Pay the rent due
Subtotal $	78,584	
TOTAL $	276,018	

* The Executive Director made restitution of $253 to the foundation on November 1, 1993, for the check conversion; therefore, no financial impact is included here for that violation.

** Does not include $1,184 in reimbursements of actual gasoline purchases

*** An undetermined portion of this amount would require restitution due to illegal payment of meal expenses of the Executive Director's business guests. This portion is undetermined due to his failure to provide a breakdown of meal expenses for himself and for his guests.

**** Indeterminable.

SOURCE: PEER staff analysis.

Because the foundation operates outside controls built into state law to ensure accountability in the public sector, the likelihood of public awareness of the foundation's actions is diminished, and further, the public has no direct recourse if it objects to such actions, even though substantial public resources support the foundation's operations. When individuals who purport to serve a public purpose are not directly accountable to the general public through the electoral process and conduct public business behind closed doors, there is a high potential for the formulation of policies that are not in the public interest. In the case of the foundation, there is a high potential for actions that duplicate or conflict with actions taken by the legislatively created State Board for Community and Junior Colleges. For example, the fact that the foundation portrays itself as the representative of the public community and junior colleges to potential donors may, at a minimum, create confusion in the minds of such donors should they receive similar solicitations from the state board. Further, the foundation's failure to account properly for donor funds may complicate the state board's ability to attract funds from the same sources in the future.

Chapter One

What is the Mississippi Community College Foundation?

To answer this question, PEER sought the answers to several related, more specific questions:

- *Who established the foundation and why?*
- *How is the foundation organized?*
- *What is the relationship of the foundation to the State Board for Community and Junior Colleges?*
- *What is the relationship of the foundation to the local community and junior college district boards?*
- *How is the foundation funded?*
- *What is the relationship of the foundation to Hinds Community College?*
- *What are the foundation's current activities and projects?*

The following sections address each of these questions.

- *Who established the foundation and why?*

On October 21, 1986, the presidents of the fifteen public community and junior colleges, meeting as the unincorporated Mississippi Association for Community and Junior Colleges, voted to establish a non-profit corporation to assist in development of the community and junior colleges. The presidents approved a proposed charter for the Mississippi Junior Colleges Economic Development Foundation, Inc. (renamed the "Mississippi Community College Foundation" in 1992), authorized filing for incorporation, appointed officers, and reserved $3,000 in association special assessment funds for foundation purposes.

The official purpose of the Mississippi Community College Foundation, as stated in its charter, is to use funds and property acquired by the foundation in:

> *. . .aiding, supplementing, improving and enlarging the educational, research, and developmental facilities and activities of the Mississippi public junior colleges, and the Mississippi Junior Colleges Association.*

- *How is the foundation organized?*

The foundation's charter names the presidents of the fifteen public community and junior colleges as its members. These members, acting as the foundation's board of directors, manage the foundation, including approval of its annual budget. The foundation's by-laws stipulate that only those presidents of colleges that are current in their foundation dues may vote on corporate matters. Foundation board policy allows only presidents, their designees, and invited guests to attend foundation meetings.

The foundation's by-laws require the Board of Directors to appoint an Executive Director to be responsible to the board and its chairman for the foundation's day-to-day operation. The Executive Director may hire project consultants with board approval and within the budget set by the board. The by-laws also state that the hiring and termination of foundation personnel depend on recommendations made by the Executive Director and approved by the board. As of June 30, 1995, the board directly employed a full-time Executive Director and three support staff. The board's Executive Director also supervises two Pull-Up project employees. (See Exhibit 3, page 11. Also, page 19 contains a brief discussion of the Pull-Up project.)

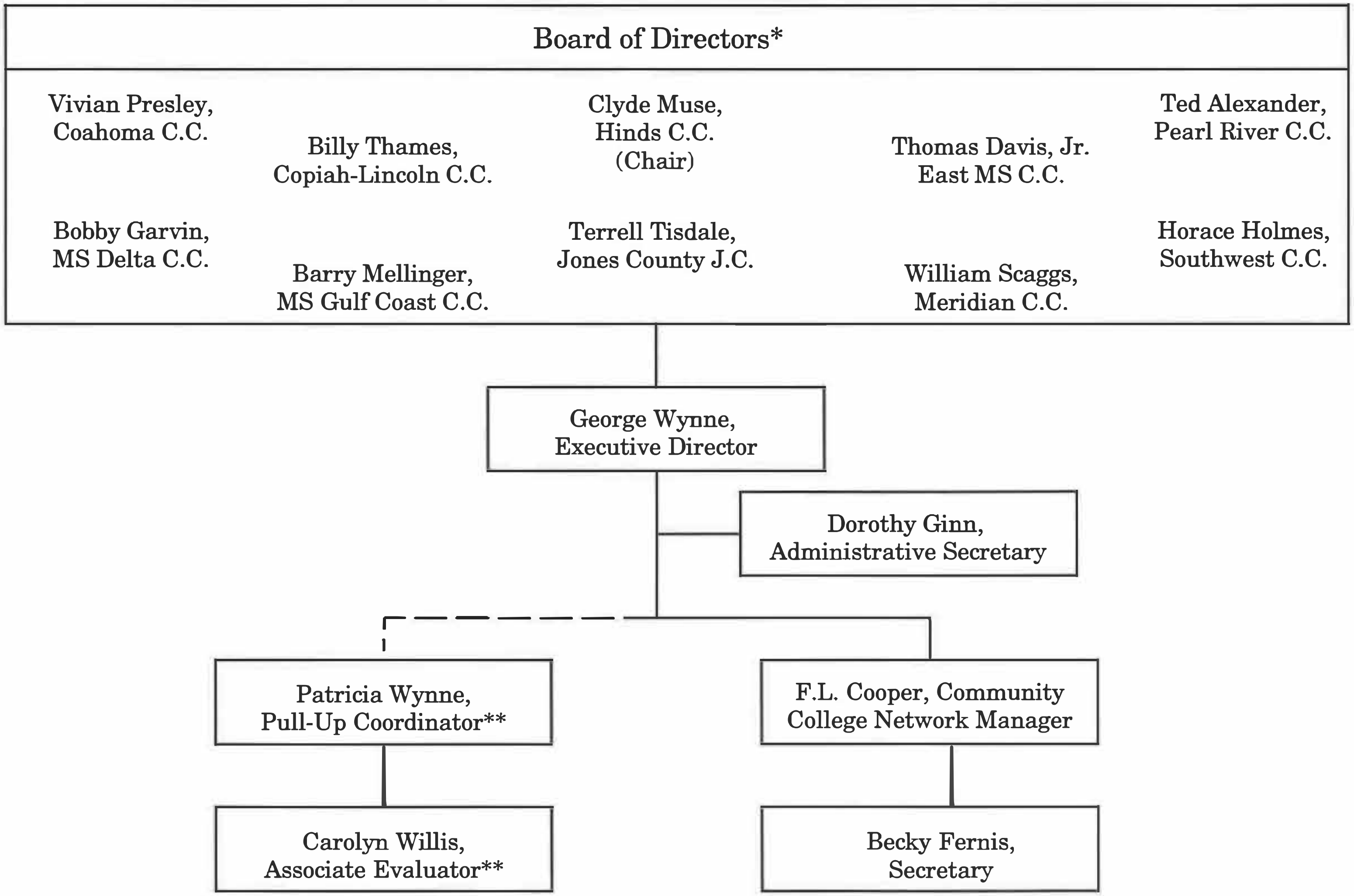
The foundation's by-laws have no provision for replacement of presidents who no longer want to serve on the foundation board. On September 27, 1994, the presidents of Coahoma, East Central, Holmes, Itawamba, Northeast Mississippi, and Northwest Mississippi community colleges resigned from the foundation board in the midst of allegations concerning the foundation's spending practices and the selection of a contractor. The president of Coahoma Community College returned to the board in November of 1994, leaving ten presidents to govern the foundation, an organization established to represent the interests of all fifteen community and junior colleges. As of June 30, 1995, the presidents of the following colleges served on the foundation board: Coahoma, Copiah-Lincoln, East Mississippi, Hinds, Meridian, Mississippi Delta, Mississippi Gulf Coast, Pearl River, and Southwest community colleges, and Jones County Junior College (see Exhibit 3, page 11).

- *What is the relationship of the foundation to the State Board for Community and Junior Colleges?*

The Legislature established the State Board for Community and Junior Colleges, effective July 1, 1986, as an independent agency governed by a lay board of gubernatorial appointees, none of whom can be engaged in the educational profession, to provide "a means for the continuation of a system of community and junior colleges." The Legislature charged the state board with the responsibility of "general **coordination** [emphasis added] of the public community and junior colleges" and granted it specific powers and duties, including the power to:

-- receive and distribute state and federal funds to the colleges;

Exhibit 3
Mississippi Community College Foundation Organizational Chart, June 30, 1995



*On September 27, 1994, the following presidents resigned from the foundation's board: Vivian Presley, Coahoma; Eddie Smith, East Central; Starkey Morgan, Holmes; David Cole, Itawamba; Joe Childers, Northeast MS; and, David Haraway, Northwest MS. Vivian Presley, President of Coahoma CC, rejoined the foundation in November 1994.

**According to foundation minutes, the Pull-Up Project was officially "moved" to Hinds Community College in September 1993; however, the foundation's executive director maintains authority over operations and management of the project.

SOURCE: PEER analysis.

- fix standards for community and junior colleges to qualify for appropriations, including the establishment of standards for institutional personnel;

- approve vocational-technical courses and new campus locations; and,

- contract with other boards, commissions, governmental entities, foundations, corporations, or individuals for programs, services, grants, and awards as needed for the operation and development of the state public community and junior college system.

The legislation establishing the state board reiterates that governance--i.e., control--of the community and junior colleges rests with their local boards of trustees. Therefore, legislation creating the State Board for Community and Junior Colleges sets forth a method of local control of the community and junior colleges with statewide coordination.

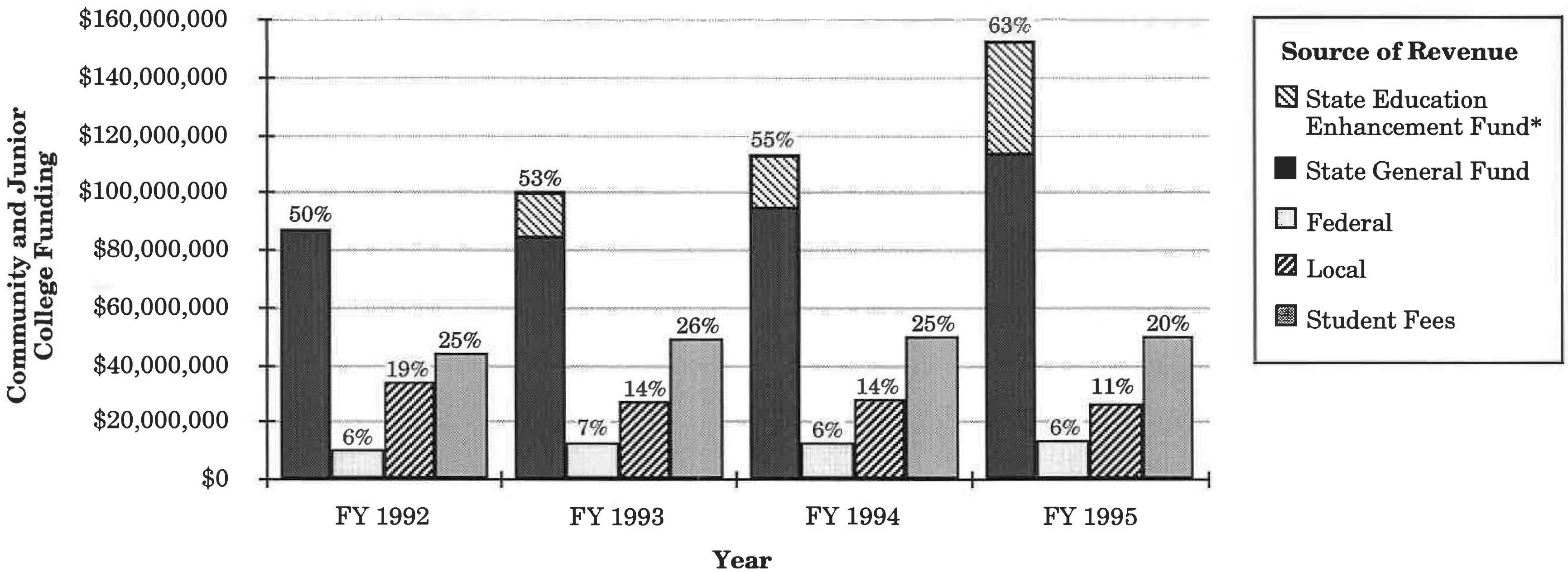
Part of the justification for state-level input with respect to public community and junior colleges is that, as illustrated in Exhibit 4, page 13, state appropriations constitute over half of the funds received by the community and junior colleges. As the exhibit illustrates, since FY 1992, the state portion of community and junior college funding has increased from fifty percent to sixty-three percent, while the local portion has declined from nineteen percent to eleven percent. According to statements made in his correspondence with college presidents, the state board's director interprets his coordinating responsibility to be to support the best use of these public funds and to help colleges avoid waste and duplication.

The relationship between the foundation and the State Board for Community and Junior Colleges is strained, contentious, and competitive. Even though the Legislature established the State Board for Community and Junior Colleges to represent the interests of the statewide community and junior college system, including the raising of funds on behalf of the system, the community and junior college presidents established the foundation three months after establishment of the state board to work toward many of the same purposes and goals. Not only does the foundation work outside of the legislatively established state board, but it has adopted an official policy declaring that it has "no official relationship with the State Board for Community and Junior Colleges."

A letter dated July 11, 1995, from the foundation board's chairman to the Executive Director of the State Board for Community and Junior Colleges illustrates the strained relationship between the two entities. In this letter, the foundation board's chairman accused the state board of publicly opposing the foundation's Millennium Group project and of generating criticism against the foundation. In the same correspondence, the foundation board's chairman also challenged a position statement issued by the state board in 1994 which urged foundations, including the MCCF, to comply with applicable laws and statutes (see sidebar, page 14). Specifically, the chairman responded: "The state board, in

Exhibit 4

Increase in Public Community and Junior College Funding from State Sources Compared to Changes in Funding from Other Sources, FY 1992 through FY 1995



SOURCE: Consolidated community and junior college budget requests, FY 1994-FY 1997.

* Funded by a portion of the 1% state sales tax increase authorized by SB 3120 in 1992.

trying to dictate foundation activities through your board committee on foundations and your staff intervention goes far beyond the authority of the law." In the same letter, the foundation's chairman asserted that the state board has no authority in foundation matters.

From the perspective of the current chairman of the foundation board, the state board threatens to diminish local control of the community and junior colleges. The establishment of the foundation, purportedly using the combined powers of the community and junior college presidents to provide executive leadership and the power of the local boards to do "all things necessary to the successful operation of the district and the college or colleges and attendance centers located therein" could have been an attempt to reassert local control in response to the perceived threat that creation of the state board (comprised strictly of lay members with no local community and junior college representation) represented.

State Board for Community and Junior Colleges' Position Statement on Foundations Adopted March 9, 1994

It is the responsibility of each duly authorized community or junior college board of trustees to assure that any foundation associated with that college and/or any foundation which exists as a result of the combined efforts of individual colleges with which that board or its staff has an association comply with all applicable state and federal regulations and statutes; that such foundations are audited on an annual basis by an independent auditor or audit firm which employs Generally Accepted Auditing Standards (GAAS); that the results of such audits be presented to each applicable board as a part of an official meeting; and, furthermore, that each duly authorized board take any necessary steps required to assure the operation of such foundation(s) in a manner that best serves contributors and the general public. The SBCJC accepts responsibility for this position statement with respect to any foundation established by the SBCJC.

- *What is the relationship of the foundation to the local community and junior college district boards?*

State law grants broad powers to the local community and junior college boards of trustees. MISS. CODE ANN. Section 37-29-67 grants these boards "full power to do all things necessary to the successful operation of the district and the college or colleges or attendance centers located therein to insure educational advantages and opportunities to all the enrollees within the district." Among the general powers and duties of the local community and junior college trustees are:

-- general government of the college and direction of its administration;

-- budget preparation;

-- recommending the tax rate to be collected from member counties for district general support;

-- setting tuition, fee, and rental charges;

-- borrowing money and issuing bonds;

-- determining need for and location of attendance centers; and,

-- hiring the college president. (State law grants community and junior college presidents the power to employ and supervise all faculty and employees, and to manage each college's fiscal and administrative affairs.)

Even the state board's enabling legislation emphasizes the importance of local governance to the state's public community and junior college system, noting that "local governance of the public community and junior colleges is an effective and efficient means of meeting the diverse local needs, as well as those needs and priorities established by the state" [MISS. CODE ANN. Section 37-4-1 (1972)]. The same section establishes community and junior colleges as agencies of local government rather than agencies of the state.

The local community and junior college boards of trustees are legally in charge of the presidents, but, practically, it is the presidents who control the foundation, including its creation and operations, in most cases, keeping the trustees informed of their activities.

The boards of trustees of the fifteen public community and junior colleges described their limited involvement in the foundation's creation and decision-making in their responses to a PEER survey. None of the fifteen boards responding to the survey stated that they had formally authorized their presidents to participate in the creation of the foundation. Nine boards stated that they did not and were not required to authorize the creation of the foundation formally, as the presidents who created it were merely acting within their authority to provide executive direction for their respective colleges and to develop organizational relationships that enhance the interests and mission of their colleges. While the boards of trustees of five community colleges reported that they subsequently authorized participation in the foundation, the boards of ten colleges reported that they took no formal action.

Of the five boards that reported authorizing the college's participation in the foundation, three boards adopted resolutions after the foundation's creation specifically authorizing the college to participate in the foundation's financial support. On an ongoing basis, the local boards of trustees of all colleges have approved assessments from the education and general funds of their colleges in support of the foundation's operations through specific authorizations or as part of their approval of general college expenses.

Regarding selection of specific foundation projects, no board reported that it had formal direct input. Leadership for foundation activities comes from the presidents.

• *How is the foundation funded?*

The foundation is funded with federal, state, local, and private funds. As shown in Exhibit 5 on page 17, the foundation received a total of $5.7 million in revenues during the forty-six-month period of July 1, 1991, through April 30, 1995. Appendix A on page 63 contains a breakdown of foundation revenues and expenses by source and fiscal year for the same period. During this period, public funds from state, local, and federal sources comprised eighty-seven percent of total revenues received by the foundation, while private funds totaling $749,037 comprised the remaining thirteen percent. The Rural Health Care Corps grant from the United States Department of Agriculture (see discussion on page 19) comprised the largest single category of revenues received by the foundation ($4.3 million over the period, or seventy-five percent of total revenues).

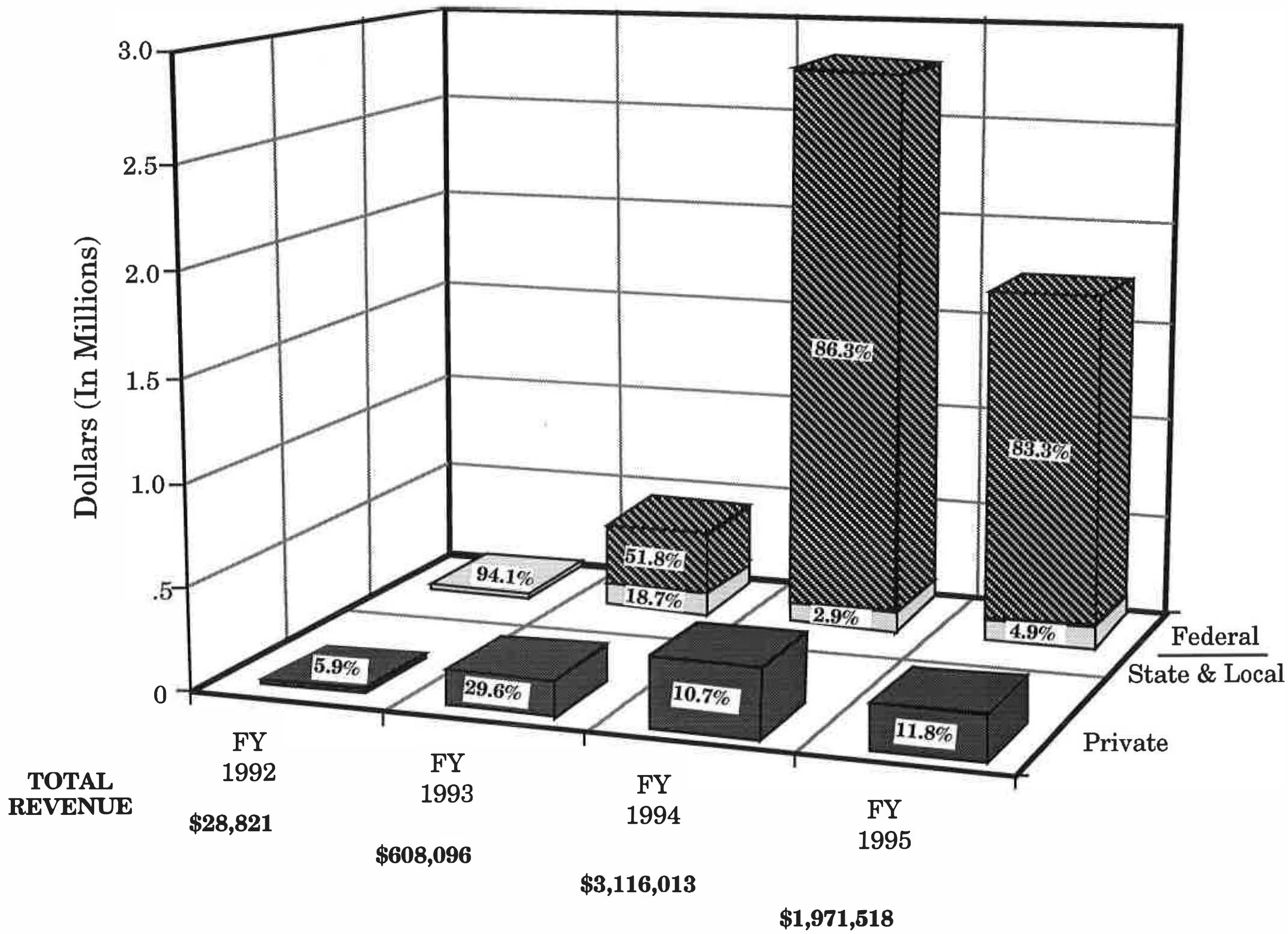
From July 1, 1991 through April 30, 1995, the foundation received $328,584 in state and local funds (six percent of total revenues). Sources of these funds included, but were not limited to, the Mississippi Association for Community and Junior Colleges, the Mississippi AgriBusiness Council, and assessments received from the fifteen community and junior colleges.

The foundation's by-laws give the board of directors (i.e., community and junior college presidents) the power to assess each college dues to be paid to the foundation. The community and junior colleges pay these assessments from their education and general funds. Because these funds contain moneys from all sources (including state appropriations) and the colleges do not have the accounting systems in place to tie expenditures to specific revenue sources, the assessments can be characterized as "public" funds.

Foundation minutes show that the foundation received its first assessment of $200 from each of the state's community and junior colleges on January 10, 1987. As previously stated, complete foundation financial records are not available until July 1991. Appendix A on page 63 contains a breakdown of assessments paid by the individual community and junior colleges from July 1, 1991, through April 30, 1995. During this period, the foundation based each assessment on a flat amount, collected from each college regardless of size, plus an additional amount based on student enrollment. The foundation received a total of $302,084 in assessments during this period, ranging from a total of $10,405 paid by East Central Community College to $38,032 paid by Hinds Community College.

At its September 1992 meeting, the foundation board adopted a policy requiring the foundation to expend all public funds flowing to it in accordance with state law.

Exhibit 5
Mississippi Community College Foundation Revenues By Source
(For Fiscal Years 1992 to 1995)*



TOTAL FOUR YEAR REVENUE = $5,724,448

LEGEND		
Private	State & Local	Federal

* Fiscal Year 1995 data available through April 30, 1995.

SOURCE: PEER analysis based on Mississippi Community College Foundation financial data.

- *What is the relationship of the foundation to Hinds Community College?*

The foundation office has been located at the Hinds Community College campus since September 1992 and the foundation uses Hinds's office and conference room facilities, utilities, furniture, and equipment for a nominal fee (see related finding, page 50).

Hinds Community College purports to "co-employ" all full-time foundation employees (four employees as of June 30, 1995). This arrangement provides foundation employees with fringe benefits, including membership in the state's retirement system and participation in the Public School Employees Health Insurance Plan. The foundation reimburses the college for the costs of salaries and fringe benefits paid by Hinds Community College to foundation employees. In addition to the foundation board's approving all foundation employment contracts, the Hinds Community College District Board approves foundation "co-employment" contracts for all "non-teaching professional" foundation employees. Of those individuals employed by the foundation on June 30, 1995 (refer to Exhibit 3 on page 11), the Hinds Community College Board of Trustees approved employment contracts for the following non-teaching professional-level employees: George Wynne and F. L. Cooper. The Hinds District Board also approved the employment contract of Patricia Wynne, who was originally hired as a foundation employee. The Hinds District Board did not approve the employment contracts of the remaining three support staff listed on the foundation organization chart.

In September 1987, the foundation transferred all funds to Hinds Community College for administration and disbursement by the college's business office. Under this arrangement, the foundation deposits all receipts into Hinds Community College's bank account maintained in Raymond, Mississippi, for the operation of the college. Hinds Community College staff has exclusive authority to approve expenditures from this account. Hinds Community College provides the foundation with an accounting of the foundation's funds.

Finally, the foundation has made equipment purchases using the name "Hinds Community College." For example, PEER located records of equipment sales billed to "Hinds Community College Office of Mississippi Community College Foundation." As a result of its close ties to Hinds Community College, the foundation has avoided paying state sales taxes on major purchases--e.g., the $1.16 million Community College Network.

The nature of the foundation's relationship to Hinds Community College, specifically the college's hiring of foundation employees and its receipt and management of public and other funds of the foundation, makes the foundation subject to certain state laws--e.g., laws governing travel and conflict of interest--that would not apply if the foundation operated as a strictly private entity.

- *What are the foundation's current activities and projects?*

Since 1992, the foundation has actively pursued a community and junior college "positioning strategy," as evidenced in its minutes:

> *. . .to position the colleges as the state and national leader in delivering superior, cost-effective academic and vocational/technical training with minimum barriers to entry at a cost within the reach of all Mississippians.*

The foundation is currently involved in three major projects: Pull-Up, the Rural Health Care Corps (including the Community College Network, or CCN), and the Hour of Educational Accountability.

Pull-Up Project--The foundation developed the Pull-Up project to assist low-income families in improving their employment opportunities through training, education, and job placement. Grant funds totaling $859,000 from the United States Department of Health and Human Services (administered by the Mississippi Department of Human Services) and the Kellogg Foundation fund the project, which the foundation implemented only at Hinds Community College. [The contract with the Department of Human Services ended on September 30, 1994.] At its September 1993 board meeting, the foundation board voted to move its Pull-Up project "into the Hinds Community College system;" however, the foundation's Executive Director continued to maintain authority over operation and management of the project as recently as July 1995.

Mississippi Rural Health Care Corps--In 1992, the Mississippi Community College Foundation developed a proposal to enhance the position of the community and junior colleges in the field of health care education. Aware that federal grant money was available for establishing health education programs to improve rural Americans' access to health care services, the foundation developed a proposal for a model program called the "Rural Health Care Corps" to improve Mississippi's rural health care by providing funding for the education and training of health care workers (e.g., scholarships, salaries for additional instructors) who would, in return, be obligated to serve in the state's rural areas.

From December 1992 through September 1995, the USDA awarded $6 million to the Mississippi Cooperative Extension Service for the foundation's Rural Health Care Corps project. The Mississippi Cooperative Extension Service has signed annual memorandums of agreement with the Mississippi Community College Foundation as a sub-grantee, which in turn has signed annual contracts with the community and junior colleges. The community and junior colleges have used grant proceeds to hire teachers and provide scholarships to Rural Health Care Corps students. The project is a cooperative effort between the foundation, the Mississippi Cooperative Extension Service, the Mississippi State Department of Health, the fifteen public community and junior colleges, and the private sector.

Less than a year into implementation of the Rural Health Care Corps project, the foundation began pursuing the idea of developing a Community College Network (CCN)--i.e., an interactive video/distance learning network that would connect the community and junior colleges. In December 1993, the foundation obtained permission from the USDA to spend $1.3 million in Rural Health Care Corps grant proceeds to purchase the CCN and use distance learning technology to train Rural Health Care Corps program participants. The CCN became operational on July 11, 1994. The Mississippi Community College Foundation board serves as the CCN's governing board.

Hour of Educational Accountability--The foundation developed this educational leadership meeting, held each fall, to "position the fifteen public community colleges as the educational leaders and problem solvers of the future." Over 1,400 participants attended the first "Hour," held by the foundation in 1993, and approximately 1,200 people attended the 1994 Hour.

Chapter Two

Have the foundation's governing board and Executive Director properly managed the foundation in compliance with applicable state and federal laws, rules, and regulations and in accordance with principles of good management?

No, due to poor management and oversight, the foundation may have violated numerous state laws, including those governing fraud, embezzlement, conflict of interest, and travel by public employees, as well as numerous federal laws and grant agreements. Also, the foundation has violated numerous principles of good management. Exhibit 2 on page 7 summarizes these violations by type, financial impact, and recommended corrective action.

VIOLATIONS OF STATE LAW

Laws Governing Fraud and Embezzlement

The Executive Director of the Mississippi Community College Foundation has committed numerous acts--including making material misrepresentations of fact resulting in payments to him in excess of $1,000 and converting a $253 check made payable to the State of Mississippi to his personal use--which could constitute fraud and embezzlement under state law.

Possible Fraud

From April 1992 through April 1995, the foundation's Executive Director illegally received reimbursements of $1,050 by falsifying expense requisitions. In each case, the Executive Director submitted a travel voucher or other expense reimbursement requisition that contained a material misrepresentation of actual expenses and that resulted in the approving body making payments to him based on the false representation. The categories of falsification committed by the Executive Director include filing and receiving reimbursement for:

- personal long-distance telephone calls;
- "meals" that supporting documentation shows were not meals or that did not include the individuals whom the Executive Director claimed that they included;
- the same expenses twice;
- the same meals twice using different receipts for different amounts; and,
- amounts greater than those represented by receipts.

A fraud is a material misrepresentation of fact that induces a person to act in a manner contrary to that in which he would have acted had the misrepresentation not been made. The basic elements of fraud are:

-- a person knowingly makes a material misrepresentation of fact;

-- someone else relies on the misrepresentation as the truth;

-- the person relies on the misrepresentation to his or her detriment; and,

-- reliance on the misrepresentation is critical or is the basis of the person's action in transferring a thing of value to the person who made the misrepresentation.

MISS. CODE ANN. §97-23-19 (1972) applies to fraudulent acts described below committed by the Executive Director of MCCF between April 1992 and July 1, 1993; MISS. CODE ANN. §97-11-31 applies to fraudulent acts described below that the Executive Director committed from and after July 1, 1993, the date that he became an employee of Hinds Community College (see discussion on page 25).

When the Executive Director signed and filed expense reimbursement forms for the following expenses, he knowingly submitted claims for reimbursement that misrepresented the actual amounts spent.

Charging personal long-distance telephone calls to the foundation--Foundation telephone records available for July 1993 through February 1995 show that the foundation's Executive Director repeatedly included in his filings for payment of business telephone calls charges for long-distance calls that he made to relatives in Arkansas, Tennessee, and Georgia during and after business hours. Because the Executive Director routinely submitted entire telephone bills for reimbursement without first subtracting amounts for personal calls, he received reimbursement of $399.45 for 118 calls to family members.

Expenses claimed as meals that supporting documentation shows were not meals--PEER identified $110.12 in foundation reimbursements to its Executive Director which involved questionable meal expenses (see Appendix B, Exhibit B-1, page 64). Documentation for these expenses either did not support the fact that these were meals or listed individuals as having attended the meal who have denied attending, making the entire claim suspect. For example, on April 6, 1992, the Executive Director claimed expense for lunch ($23.05), but the receipt filed for reimbursement was from a liquor store, which cannot legally sell food in Mississippi.

Filing twice for the same expense--The foundation's Executive Director also falsified requisitions by submitting multiple receipts for the same expense (e.g., cash register receipts, bill stubs, and credit card receipts), totaling $432.08 (see Appendix B, Exhibit B-2, page 65). In one instance, the Executive Director filed a travel expense voucher, supported by a hotel bill, totaling $669.99 for a trip to Washington, D. C. The hotel bill included several restaurant charges to the room, including one for $180.72 and another for $57.83. The Executive Director later filed separately for reimbursement for the same two meals, resulting in double payments of $238.55. In five instances, he filed two receipts for different amounts for the same meal, totaling $70.68.

Filing for an amount greater than the receipt--PEER identified $27.09 in requisitions which the Executive Director falsified by claiming expense amounts greater than the amounts of the supporting receipts (see Appendix B, Exhibit B-3, on page 66).

Exhibit 6 below, summarizes the amounts the Executive Director received illegally from April 1992 through April 1995.

Exhibit 6

Recap of Amounts MCCF Executive Director Received Illegally, April 1992 through April 1995

Personal long-distance calls	$399.45
Falsified meals	110.12
Double filing	432.08
Dual filing on meals	70.68
Claims greater than amounts on receipts	27.09
Other items	10.70
Total	$1,050.12

SOURCE: PEER analysis of MCCF records.

While the dollar amounts of most of the individual requisition falsifications outlined above are small, the recurring pattern of these activities is significant. Further, PEER suspected requisition falsification in many more cases wherein critical documentation was missing (e.g., the location and names of persons attending a business lunch who could possibly be contacted for verification).

The Mississippi Community College Foundation Board has failed to establish an adequate system of internal controls to review and approve its Executive Director's expense requisitions and related receipts. Based on the problems and discrepancies noted in PEER's review, the requisition review process for foundation employees is lacking in effort and diligence. For example, PEER identified an October 1992 expense reimbursement for $17.55 for which the foundation's Executive Director used a meal receipt from Anaheim, California, to document an expense claimed as a meal in Jackson. Foundation records do not show that those involved in the review process questioned the claimed expense.

Possible Embezzlement

The foundation's Executive Director illegally converted $253.02 in foundation funds to his personal use. MISS. CODE ANN. §97-11-25 (1972) prohibits public officers and employees from converting to their own use property that has come into their custody by virtue of their employment or office--i.e., embezzlement.

On August 11, 1993, the Executive Director endorsed and deposited to his personal bank account a $253.02 check drawn on foundation funds and made payable to the State of Mississippi. According to the check request signed by the Executive Director, the check was for payment of the car tag on his personal car, which is not a reimbursable expense under state travel law (see travel law violation finding on page 29). On August 16, 1993, Hinds Community College's Business Office issued a second check for $253.02 made payable to the State of Mississippi. While no check request exists to document why the business office issued the second check, the Rankin County Tax Collector's Office endorsed the check, which therefore presumably was used to pay for the MCCF Executive Director's car tag. The State Department of Audit noted the double issuance and disposition of the checks in a November 1993 limited review of foundation expenditures. Foundation records show that the Executive Director repaid $253.02 to the foundation on November 1, 1993. There is no evidence in the records to show that any legal action was taken relative to the illegal act committed by the foundation's Executive Director.

Conflict of Interest Laws

The Executive Director of the Mississippi Community College Foundation may have violated MISS. CODE ANN. §25-4-105 (1) (1972) by using his official position as a public servant to obtain pecuniary benefit for relatives.

In February 1992, the foundation's board of directors hired George Wynne as its Executive Director. The Executive Director is responsible for managing the foundation's operations, including hiring and supervising foundation employees, assisting in the selection of consultants and awarding of contracts, securing financial support for the foundation, and administering foundation projects.

Patricia Wynne, wife of the foundation's Executive Director, became a contractual employee of the foundation effective November 1, 1992, and a full-time employee of the foundation in July 1993. On six occasions between June and October 1992, the foundation paid the Executive Director's son, Benjamin R. Wynne, for consulting services on foundation projects.

State law prohibits a public servant from using his or her position to obtain monetary benefits for himself or herself (other than lawful compensation) or for close relatives. MISS. CODE ANN. §25-4-105(1) (1972), states:

No public servant shall use his official position to obtain pecuniary benefit for himself other than that compensation provided for by law, or to obtain pecuniary benefit for any relative or any business with which he is associated.

The following paragraphs discuss this violation of state law as it relates to the foundation's Executive Director.

- *By virtue of state law, the foundation's Executive Director is a public servant.*

CODE Section 25-4-103(p)(iii) defines a public servant as any person who receives a salary paid in whole or in part out of funds authorized to be expended by the government. From May 27, 1992, through July 1, 1995, the MCCF compensated the Executive Director $200,520 (including fringe benefits) for his services as the foundation's Executive Director. Hinds Community College wrote the checks to the Executive Director out of its bank account. Hinds Community College, a governmental entity, has exclusive authority to approve expenditures from this account. Therefore, the funds that Hinds Community College used to pay the Executive Director's compensation were public funds, or funds "authorized to be expended by the government."

CODE Section 25-4-103(p)(ii) states that a public servant is any employee of "any public entity created by or under the laws of the state of Mississippi. . ., which is funded by public funds. . . ." On July 1, 1993, the foundation's Executive Director became an official employee of Hinds Community College, a public entity created under state law and funded by public funds. Dr. Clyde Muse, president of Hinds Community College, hired the Executive Director under the authority vested in him by CODE Section 37-29-63.

The Executive Director's employment contract with Hinds Community College is a standard form used for the employment of all professional employees of Hinds Community College. As an employee of Hinds Community College, the Executive Director has received full benefits coverage of the college, including membership in the state's retirement system and participation in the Public School Employees Health Insurance Plan.

- *The foundation's Executive Director has obtained pecuniary benefit for his relatives.*

CODE Section 25-4-103(l) defines pecuniary benefit as a:

. . .benefit in the form of money, property, commercial interests or anything else the primary significance of which is economic gain.

CODE Section 25-4-103(q) defines a relative as a "spouse, child or parent."

The hiring and supervision of relatives has been the subject of recent opinions of the Mississippi Ethics Commission. Applying Section 25-4-105(1), the Commission, in Advisory Opinion No. 93-206-E, has held that the management role of an employee who hires relatives and has significant superintending control over the projects and supervisors of one's relatives would constitute use of the employee's official position for pecuniary benefit. Further, in a more recent opinion, Advisory Opinion No. 94-016-E, the Ethics Commission stated that even if the opinion requester did not hire a relative into a position, the requester's supervision of an employee, or the supervision of that relative by persons to whom the requester delegated supervisory authority, could result in a violation of Section 25-4-105(1).

- *The foundation's Executive Director hired and supervises his wife, Patricia Wynne.*

The foundation's Executive Director hired his wife to coordinate the foundation's Pull-Up project as a contractual employee in November 1992 and as a full-time employee on July 1, 1993. Based on a review of foundation minutes, the foundation board failed to approve Patricia Wynne's employment officially.

The Executive Director of the foundation directly supervises his wife in her position as Project Pull-Up Coordinator. Patricia Wynne's personnel records, as maintained by the Hinds Community College Personnel Office, list the foundation's Executive Director as her supervisor since he hired her as a full-time employee on July 1, 1993. Although the foundation board voted to move the Pull-Up Project from the foundation to Hinds Community College in September 1993, the foundation's Executive Director continued to exercise authority over the project, including approving timecards, contractual payments, and payroll; determining compensation for Pull-Up employees; and continuing representation to the grantors of the Pull-Up Project as project manager as recently as July 1995.

- *The foundation's Executive Director hired and supervised his son, Benjamin Wynne.*

The foundation's Executive Director contracted with his son, Benjamin R. Wynne, to perform foundation-related work on several occasions beginning June 1993. The foundation board did not specifically approve Benjamin Wynne's contractual employment with the foundation, as its routine practice is to approve a claims docket noting only a summary of expenditures for the previous month and the budget categories from which these expenditures were paid (in the case of contractual payments to Ben Wynne, from the budget category "subsidies, loans and grants").

The Executive Director of the foundation oversaw the contractual services (e.g., graphics design work) performed for the foundation by his son, Benjamin

Wynne, and approved the payment of Benjamin Wynne's contractual expenses. The foundation has also executed several contracts with companies associated with Benjamin Wynne, including AMS Services; Klein, Ainsworth and Co., Inc.; Steens Creek Productions, Inc.; and Third Millennium Media, Inc. (refer to Exhibit 7 on page 28. See also the finding on page 35).

- *Relatives of the foundation's Executive Director have received at least $88,296 in public funds from the foundation since June 1992.*

  -- Patricia Wynne has received a total of $80,072 in compensation and related expenses for services provided as MCCF's Pull-Up Project Coordinator from November 1992 through June 1995.

  -- Since June 1992, Ben Wynne has directly received contractual payments totaling $8,224 for consulting services provided to the foundation.

Also, companies associated with Ben Wynne (AMS Services; Klein, Ainsworth and Co., Inc.; Steens Creek Productions, Inc.; and Third Millennium Media, Inc.) have received payments of $42,082 for contractual services provided to the foundation, of which some funds could have been paid to Ben Wynne indirectly through the companies.

MCCF's Executive Director, has violated MISS. CODE ANN. §25-4-105 (2) (1972) by directly entering into an employment contract with Hinds Community College within one year after his resignation from the Hinds Community College Board of Trustees.

George Wynne served as one of the Rankin County Board of Supervisors' representatives on the Hinds Community College Board of Trustees for approximately fifteen years, resigning July 23, 1992. He later entered into a one-year employment contract with Hinds Community College effective July 1, 1993, less than one year after his resignation from the Hinds Board of Trustees. Thus the foundation's Executive Director violated state law by directly entering into a contract with Hinds Community College within one year of his resignation from the Hinds board.

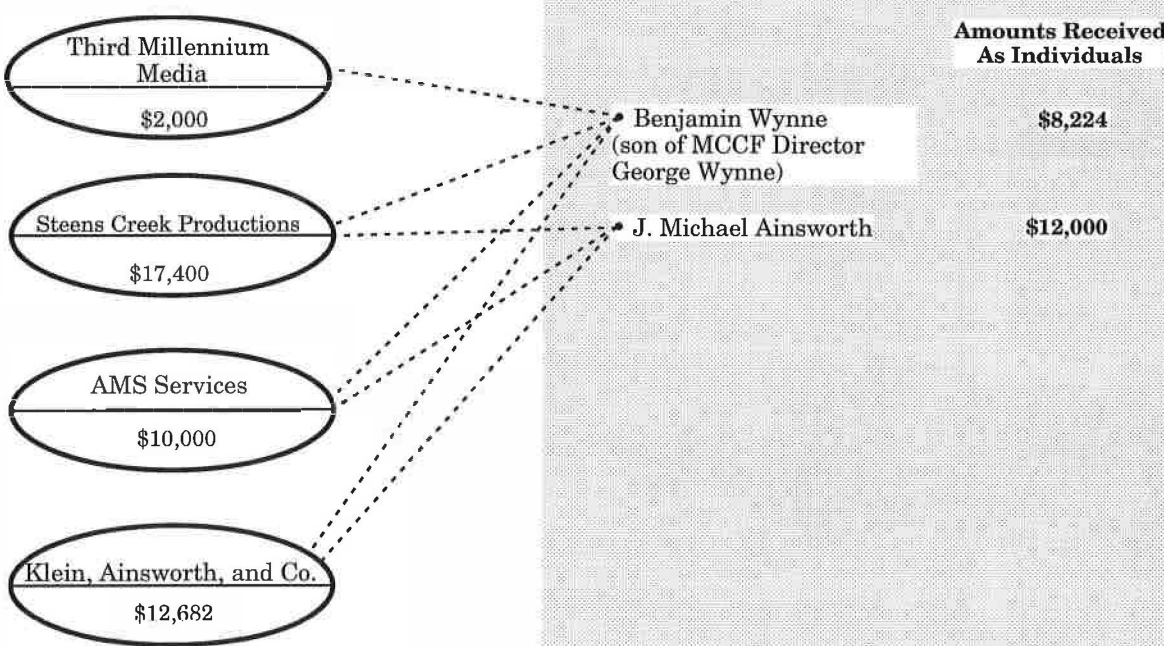
MISS. CODE ANN. §25-4-105(2) (1972) states:

No public servant shall be interested, directly or indirectly, during the term for which he shall have been chosen, or within one (1) year after the expiration of such term, in any contract with the state, or any district, county, city or town thereof, authorized by any law passed or order made by any board of which he may be or may have been a member.

Exhibit 7

Companies Associated with Benjamin Wynne and J. Michael Ainsworth Which Received Payments from MCCF During George Wynne's Tenure as MCCF Executive Director (FY 1992- FY 1995)

Companies Receiving MCCF Payments and Amounts Received	Individual



- - - - - - - - Shows relationship as officer, incorporator, proprietor or employee

SOURCE: PEER review of public records, MCCF files, and other documents.

As established on page 25 of this report, the foundation's Executive Director is a public servant according to CODE Section 25-4-103 (p) (ii) and (iii). During the period that he served on the Hinds Community College Board of Trustees, George Wynne was a "public servant" as defined by MISS. CODE ANN. §25-4-103 (p) (i)--i.e., he was an "appointed official of the government."

The foundation's Executive Director entered into a one-year employment contract with Hinds Community College effective July 1, 1993, eleven months and eight days after his resignation from the Hinds Community College Board of Trustees (i.e., twenty-three days short of the number required to be in compliance with state law). Although the Hinds Board of Trustees did not approve the hiring of the Executive Director until August 4, 1993, the contract that the board approved included an effective date of July 1, 1993, in violation of the one-year prohibition. The Executive Director received compensation for work performed for the foundation during the period between his effective hire date of July 1, 1993, and the August 4, 1993, date of the board's approval of his employment contract. The total amount of compensation specified in the one-year contract was $57,397, including fringe benefits.

The purpose of CODE Section 25-4-105 (2) is to insure that board members do not have any interest in a contract during their term and one year thereafter. This policy is circumvented if former board members enter into contracts approved after their one-year anniversary but that become effective during the period before a year has passed.

Travel Laws

MCCF's Executive Director and board have repeatedly violated state law limiting automobile expense reimbursements to a statutorily established amount per mile by claiming and paying over $7,400 in non-reimbursable and duplicative automobile expenses.

The foundation's Executive Director (and the foundation board through its approval authority) violated MISS. CODE ANN. Section 25-3-41 between October 1992 and March 1995 by claiming and paying over $7,400 in travel expenses not authorized by law. These expenses were not reimbursable under the state's travel law (e.g., actual expenses for operation of a personal vehicle such as gasoline, tires, maintenance, repairs, and car tag; automobile lease payments; and a monthly "car allowance"), and for expenses not documented as being incurred for "official business."

MISS. CODE ANN. Section 25-3-41, governing travel expense reimbursement, applies to employees of state and local government, interpreted by the Mississippi Department of Finance and Administration to include community and junior college employees and which therefore applies to foundation employees, who are also employees of Hinds Community College (see discussion on page 18). Section 25-3-41 provides for reimbursement of mileage for travel in a private vehicle while on official business. The purpose of mileage reimbursement is to attempt to reimburse an individual for the cost of gasoline, maintenance, and repairs associated with the use of his or her vehicle on official business.

The foundation board's official policies reflect state law regarding expense reimbursements. At its September 1992 meeting, the foundation board adopted a policy requiring the foundation to expend all public funds flowing to it in accordance with state law. At its July 1993 meeting, the board adopted a compensation package for its Executive Director that included "an allocation of twenty cents per mile for miles traveled on MCCF business," a rate equal to the rate set at that time by CODE Section 25-3-41. According to the foundation's Executive Director, travel requisitions filed by foundation employees flow through the travel division of Hinds Community College's Purchasing Department, the college's President (who is a member of the foundation's Executive Committee), and the college's Vice President for Business Services.

In spite of these formal policies and review steps, the Executive Director claimed and the foundation paid over $7,400 in automobile expenses not authorized by law from October 1992 through March 1995. Further, some of these travel expenses were not sufficiently documented as being for "official business."

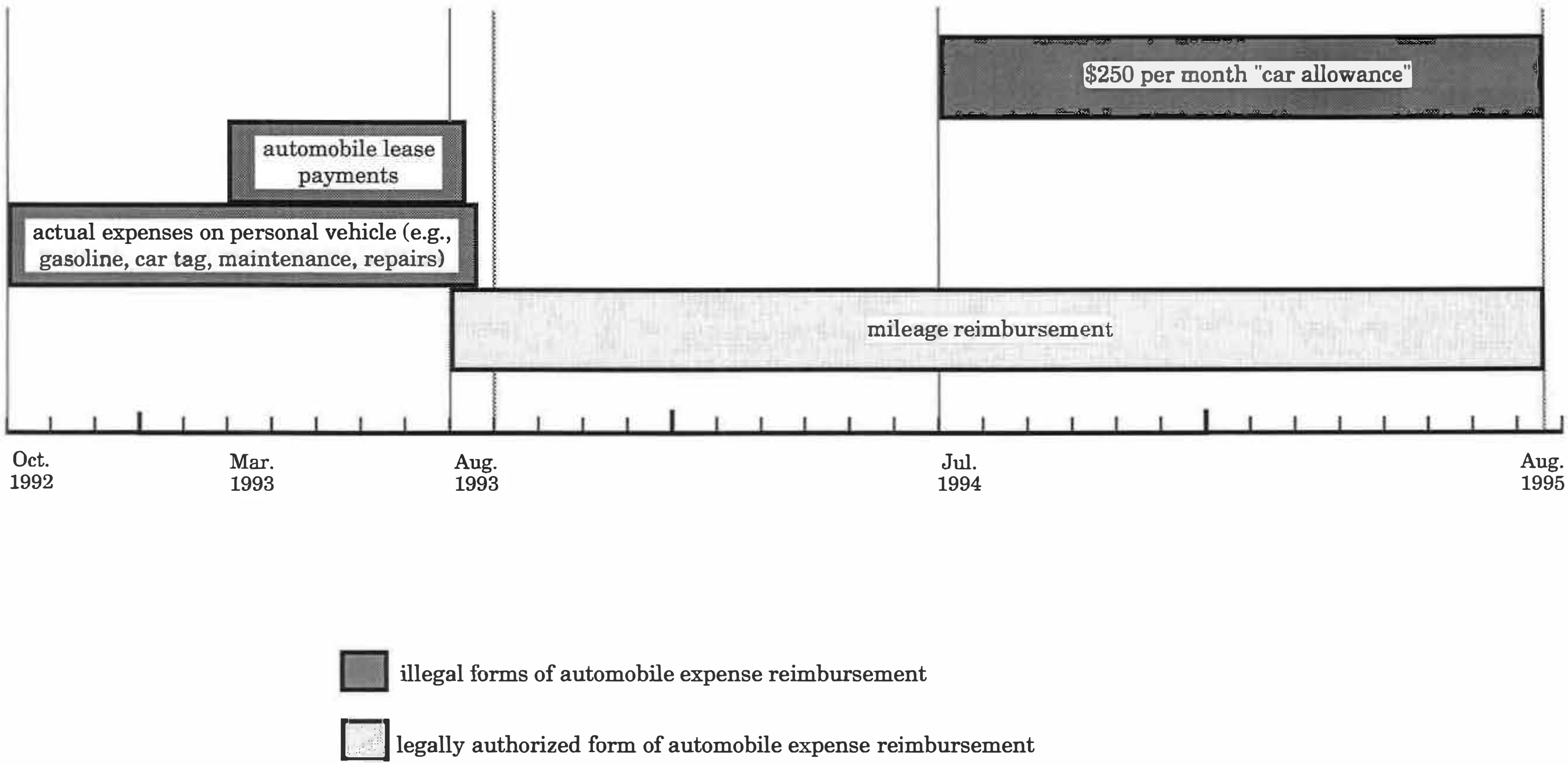
From October 1992 through August 1995, the only legally authorized category of automobile expense reimbursement which the foundation's Executive Director received was mileage reimbursement, beginning August 1, 1993 (see Exhibit 8, page 31.) The foundation's Executive Director received reimbursement not authorized by law for actual expenses associated with operation of his personal vehicle (e.g., gasoline, car tag, maintenance, repairs) from October 1, 1992, through August 16, 1993. Also, from March 3, 1993, through August 10, 1993, the foundation made automobile lease payments for a car for the foundation's Executive Director, even though the MCCF board's policies reflected state law regarding travel reimbursements, and the board had never approved an automobile lease arrangement. On August 17, 1993, the foundation board's Executive Committee voted to pay the Executive Director mileage reimbursements rather than continuing to make lease payments; however, since July 1994, the foundation has paid its Executive Director a $250 per month "car allowance," which is not a reimbursable travel expense under state law.

The automobile lease payments and the "car allowance," combined with the actual expense or mileage reimbursements that the Executive Director has received, represent double payment of his vehicle travel expenses. During the first ten days of August 1993, the foundation paid its Executive Director mileage reimbursement, as well as payments not authorized by law for actual automobile expenses and an automobile lease (see Exhibit 8 on page 31). Exhibit 9, page 32, summarizes the automobile travel expenses not authorized by MISS. CODE ANN. Section 25-3-41.

Payment of these travel expenses was not authorized by law, and in several cases the Executive Director did not document the expenses as being incurred in the course of "official business." In claiming expenses in these cases, the

Exhibit 8

Executive Director's Automobile Expense Reimbursement
(October 1992 - August 1995)



SOURCE: Compiled by PEER from information provided by the Mississippi Community College Foundation.

Executive Director provided no information regarding the number of miles traveled, dates of travel, places traveled, or reasons for travel (information required on Hinds Community College's standard travel expense reimbursement form). Without such information, it is not possible to determine what portion of mileage relates to business travel and what portion may relate to personal travel. For example, the foundation reimbursed the Executive Director $38.72 for gasoline expenses incurred over the 1993 Memorial Day weekend associated with a trip to Arkansas. The Executive Director did not document any official business conducted on the trip.

Exhibit 9

MCCF Executive Director's Automobile Travel Expense Reimbursements and Payments Not Authorized by Law, October 1992 through March 1995

Actual Expenses for Operation of Personal Automobile:	
Gasoline	$1,184.11
Car tag	253.02
Tires	371.60
Repairs/maintenance	571.43
Oil changes, batteries, labor	159.45
Automobile lease payments	2,624.07
"Car allowance"	2,250.00
Total	$7,413.68

SOURCE: PEER analysis of MCCF records.

The MCCF board has failed to establish an adequate system of internal controls to review and approve its Executive Director's travel expense requisitions and related receipts. Based on the problems and discrepancies noted in PEER's review, the travel requisition review process for foundation employees lacks effort and diligence, since the process overlooked these legal violations. Hinds Community College's President, in his capacity as a member of the foundation's Executive Committee, approved the expense requisitions filed by the foundation's Executive Director.

The foundation has violated state law by reimbursing its Executive Director for business meals for others.

Because the law contains no specific authority for community and junior colleges to expend funds on business meals for others, expenditure of funds for this purpose violates state law. MISS. CODE ANN. Section 25-3-41 provides for the reimbursement of actual meal expenses incurred by state and local government employees in the course of travel in the performance of official duties, subject to limitations established by the Department of Finance and Administration. The Department of Finance and Administration promulgates rules for travel reimbursement for the community and junior colleges as well as for agencies of state, municipal, and county government. No provision appears in the state's travel laws for the reimbursement of business meals for guests of state and local government employees.

The foundation's general office fund records for July 1992 through March 1995 show that the Executive Director received reimbursements for overnight and non-overnight travel totaling $6,416.50 for 233 business meals for himself and others. PEER could not identify the dollar amounts of meals bought for the Executive Director versus meals bought for others because he did not show this breakdown on his expense requisitions. (Such a practice also precludes auditing for compliance with daily meal limits established by the Department of Finance and Administration under MISS. CODE ANN. Section 25-3-41).

The foundation's reimbursement of expenses for business meals for others has occurred in part because Hinds Community College's policies permit reimbursement of business meals for others, contrary to state law, and Hinds Community College's accounting department approves these reimbursements for the foundation. Section VIII, Meal Allowances, of the Hinds Community College Business Services' Procedures and Forms Manual states in part:

> *Meal expenses incurred during travel which do not include an overnight stay are not eligible for reimbursement unless the meal expense is for a business meeting of other people. In this case, a listing of all in attendance, and the purpose of the meeting must be noted on the expense voucher.*

Thirty-two percent of the foundation's meal expense receipts reviewed by PEER did not even contain the documentation required by Hinds Community College policy showing who was present during a business meal or what business was conducted. In any case, Hinds Community College's policy does not comply with the law and allows illegal payment of meal expenses for others.

In a limited review of foundation expenditures for the period July 1992 through October 1993, the State Department of Audit criticized the foundation's practice of expending funds for "entertaining people." However, the review went on to assume that because entertainment expenditures were "necessary" in the type of environment in which the foundation operates, payment of such expenses would be acceptable as long as the expense requisition documented who was present and what was discussed.

While paying business meal expenses for others with unrestricted funds from private donors might be acceptable as long as the foundation followed applicable federal laws regarding such expenses, the foundation does not have an accounting system in place that separates public and private funds and should therefore expend all of its funds as if they were public and not use them to pay for business meals for others.

VIOLATIONS OF FEDERAL LAW AND GRANT AGREEMENTS

Hiring a Consultant to Evaluate His Own Work

MCCF's Executive Director and Board of Directors have not complied with federal regulations governing employment of an evaluator for the Mississippi Rural Health Care Corps project.

Under the provisions of the foundation's memorandum of agreement with Mississippi State University/Mississippi Cooperative Extension Service for the Rural Health Care Corps grant (refer to discussion on page 19), the foundation agreed to comply with applicable federal Office of Management and Budget (OMB) circulars, submit annual reports of performance, and conduct a comprehensive evaluation of the Rural Health Care Corps project.

One of the OMB circulars with which the foundation must comply--Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions"--requires that evaluations and audits of non-profit institutions receiving federal financial assistance be conducted by an independent auditor in accordance with government auditing standards developed by the Comptroller General of the United States. These standards require auditors to be free from personal impairments to independence, such as professional or financial relationships, that would limit the extent of inquiry or influence audit findings.

In March 1995, the foundation entered into a contract to pay J. Michael Ainsworth $12,000 for an evaluation of the Mississippi Rural Health Care Corps project. Because J. Michael Ainsworth had previously been paid by the foundation as a Rural Health Care Corps consultant on numerous occasions for services such as design of a survey to identify perceived rural health needs and planning, coordination, and execution of rural health fairs, his role as an evaluator of the project violates generally accepted government auditing standards regarding auditor independence and freedom from personal impairments. Specifically, Ainsworth and companies with which he is associated (AMS Services; Klein, Ainsworth, and Co., Inc.; and Steens Creek Productions, Inc.) have secured at least $52,082 in contracts from the foundation (see Exhibit 7, page 28). Over eighty-five percent of the contractual payments that Ainsworth and his companies received from the foundation were for work directly related to the Mississippi Rural Health Care Corps project.

Failure to Execute a Formal Written Contract as the Basis for Payments to a Service Provider

The foundation's Executive Director violated federal grant regulations by advancing $15,000 in federal Rural Health Care Corps funds to Steens Creek Productions, Inc., a company with which his son is associated, without a formal written contract.

One of the project objectives listed in the foundation's proposal for the Rural Health Care Corps was to conduct annual comprehensive health fairs in each of the junior and community college districts. In 1993, the foundation issued two $7,500 checks (one in January and the other in February), paid out of federal Rural Health Care Corps grant proceeds, to Steens Creek Productions, Inc., as an advance for work to be performed related to the production of nine rural health fairs. In violation of federal grant regulations, the foundation paid the advances to Steens Creek Productions, Inc., without the support of a formal written contract specifying the tasks to be performed or how the foundation would ensure that the company applied the funds to their intended purpose.

Absence of a Formal Written Contract

As noted on page 34, under the foundation's memorandum of agreement with Mississippi State University/Mississippi Cooperative Extension Service for the Rural Health Care Corps grant, the foundation agreed to comply with applicable federal Office of Management and Budget (OMB) circulars. OMB Circular No. A-110 ("Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Non-Profit Organizations") outlines the regulations that organizations such as the foundation must follow in contracting for services. Specifically, Circular A-110 requires that service contracts include provisions necessary to define a sound and complete agreement, including the specification of tasks to be performed. Further, the circular requires the monitoring of contracts to ensure compliance with the terms of the contract, and the maintenance of procurement records justifying the selection of contractors. Also, the circular requires that service contracts contain provisions allowing the federal agency and grant recipient access to the books of the contractor.

When PEER requested a copy of the contract supporting the foundation's two $7,500 advances to Steens Creek Productions, Inc., the foundation's Executive Director stated that a letter from Astoria Entertainment, Inc., dated December 28, 1992 (refer to copy of Astoria letter in Appendix C, on page 67) contained the identical text of the foundation's agreement with Steens Creek Productions, Inc., but that he was unable to locate the letter from Steens Creek.

Based on the assumption that the Executive Director is correct in that the contents of the letters from Astoria and Steens Creek are the same, the letter discusses broad activities that the rural health fair coordinator was to perform (e.g., conduct coordination services, develop fair sponsorship) and details the payment of a $15,000 advance to the coordinator, as well as the amount of anticipated rural health fair sponsorship revenues (e.g., from the sale of exhibit space) to be retained by the rural health fair coordinator. However, the letter fails to specify:

- tasks that the rural health fair coordinator is to perform and how the foundation would hold the coordinator accountable for the performance of specific tasks;

- consequences should the coordinator fail to coordinate all nine fairs; and,

- financial consequences should the coordinator fail to generate sponsorship revenues (particularly should the coordinator fail to generate the projected $10,000 in sponsorship fees per fair, which is the basis for the distribution of fair revenues outlined in the letter).

The terms listed in the letter are highly favorable to the rural health fair coordinator, at the expense of the foundation, in that the terms give the coordinator $15,000, in advance of work performed, without even requiring the coordinator to guarantee a given level of sponsorship sales or specifically requiring the coordinator to return the advance in the event that no sponsorship sales are generated and/or no fairs are held. Further, in terms of accountability, even though the distribution of rural health fair income between the coordinator and the foundation hinges on sponsorship sales, nothing in the letter requires the coordinator to provide the foundation with an accounting for sponsorship sale revenues collected by the coordinator.

Relationship of the Foundation's Executive Director to Steens Creek Productions, Inc.

The Executive Director's son, Ben Wynne, is associated with Steens Creek Productions, Inc., as evidenced by the fact that he endorsed one of the $7,500 advance checks made payable to the company from the foundation. The same individuals listed by the Louisiana Secretary of State as officers of Astoria Entertainment, Inc., are also listed as officers of Klein, Ainsworth, and Co., Inc. One of the incorporators of Klein, Ainsworth, and Co., Inc.--J. Michael Ainsworth--is also an incorporator of Steens Creek Productions, Inc. (see Exhibit 7 on page 28 showing the interrelationships between the various companies hired by the foundation).

Problems Related to the Coordination and Development of the Rural Health Fairs by Steens Creek Productions, Inc.

In coordinating the rural health fairs, Steens Creek Productions, Inc.:

- only coordinated five of the nine fairs for which the foundation provided an advance payment;

- interpreted its broad authority as the foundation's hired rural health fair coordinator as allowing it to collect funds from community and junior colleges to cover health fair coordination costs should sponsorship fees be inadequate to cover such costs;

- attempted to include fair sponsors whose relationship to health and wellness is questionable, and in some cases, proven harmful; and,

- failed to return any sponsorship fees or advances to the foundation.

The sections below address each of these problems in greater detail.

Failure to coordinate all nine rural health fairs--In the latter part of 1993, the Mississippi Cooperative Extension Service, administrator for the Rural Health Care Corps grant, began handling the administration, coordination, and promotion of the rural health fairs and has assumed this role with respect to all of the fairs except for the five fairs coordinated by Steens Creek Productions, Inc. No documentation exists in the files explaining why the Mississippi Cooperative Extension Service took over coordination of the rural health fairs from Steens Creek Productions, Inc.

Collection of public funds outside of those discussed in the Astoria letter--Correspondence from Steens Creek Productions, Inc., to one of the state's community colleges noted that if Steens Creek was unable to recover its costs of marketing and purchasing administrative items related to the rural health fairs through sponsorship fees, it would have to recover these costs from another source (by implication, from the community and junior colleges).

Attempt to include questionable health fair sponsors--Correspondence between the Mississippi Cooperative Extension Service and the foundation shows that Steens Creek Productions, Inc., attempted to include in the rural health fairs exhibitors from industries having a questionable and in some cases, proven harmful, relationship to health (e.g., exhibitors from the alcohol and tobacco industries). The Extension Service also noted that some of the health fair exhibitors proposed by Steens Creek sold their products at inflated prices.

Steens Creek's failure to return advance fees or sponsorship fee revenues to the foundation--While the foundation has no financial information showing the amount of sponsorship fees collected by Steens Creek Productions from each of the five rural health fairs which it coordinated, a description contained in a Steens Creek report labeled the Meridian health fair "a great success." Also, correspondence from the foundation's Executive Director stated that the Meridian rural health fair included twenty-four booths. At a cost of $450 per booth (as

Review of the Mississippi Community College Foundation

Introduction

In the fall of 1994, six of the state's fifteen community and junior college presidents resigned from the governing board of the Mississippi Community College Foundation (MCCF) in the midst of allegations of improprieties in the foundation's spending practices. In the wake of this adverse publicity, a legislator asked the PEER Committee to review the foundation's operations and to determine whether actions taken by the foundation created an obligation for the state or its political subdivisions.

Many of the findings and allegations contained in this report pertain to George Wynne, who served as the foundation's Executive Director from February 1992 to September 6, 1995. During the course of PEER's review, Wynne resigned from his position as the foundation's Executive Director and accepted a position as Executive Assistant to the President at Hinds Community College, effective September 6, 1995. Because this report covers events during Wynne's tenure as Executive Director of the foundation, it refers to him as the director, rather than the former director.

Authority

The PEER Committee conducted its review pursuant to MISS. CODE ANN. Section 5-3-57, et seq. (1972).

Scope and Purpose

The review sought to answer three basic questions:

- What is the Mississippi Community College Foundation?
- Have the foundation's governing board and Executive Director properly managed the foundation in accordance with applicable state and federal laws, rules, and regulations, and in accordance with principles of good management?
- Do the state or its political subdivisions have any liability for foundation actions?

Method

PEER answered the first question by:

- reviewing minutes of the Mississippi Association for Community and Junior Colleges, the unincorporated entity through which the public community and junior college presidents established the foundation;

- reviewing the foundation's charter of incorporation, board minutes, and other foundation reports, documents, and records;

- interviewing foundation employees, selected community and junior college presidents, and personnel of the State Board for Community and Junior Colleges, Institutions of Higher Learning, and the Mississippi Association for Community and Junior Colleges;

- administering questionnaires to the community and junior college district governing boards;

- researching the development of public community and junior colleges in Mississippi; and,

- researching state law relative to the roles and responsibilities of entities charged with governance and oversight of community and junior colleges.

PEER answered the second and third questions by:

- reviewing the foundation's compliance with state and federal laws, rules, and regulations;

- reviewing the foundation's compliance with the terms of contractual agreements and federal grants, including administering a survey to foundation donors;

- reviewing the foundation's compliance with official board policy;

- reviewing the foundation's adherence to principles of good management, including the adequacy of the foundation's internal controls;

- interviewing staff of the Attorney General's Office and the Ethics Commission; and,

- performing a detailed review of foundation financial records for the period July 1, 1991, through April 30, 1995. Complete financial records prior to this period were not available.

Overview

What is the Mississippi Community College Foundation?

The presidents of Mississippi's fifteen public community and junior colleges, acting through the unincorporated Mississippi Association for Community and Junior Colleges, established the Mississippi Community College Foundation in October 1986 to assist in development of the colleges by identifying and pursuing new programs and initiatives and by increasing funding to the colleges.

While established in private not-for-profit form, the foundation's attorneys refer to it as an "instrumentality of government," and its purpose, as well as many of its operating characteristics, makes it more public than private. More specifically:

- Public community and junior college presidents created the foundation, acting in their official capacities and using public funds.
- The foundation collects public funds from the community and junior colleges, in the form of assessments, to support its ongoing operations.
- Public sources provide eighty-seven percent of the foundation's revenues.
- The foundation does not pay sales taxes on its purchases.
- Foundation employees are also employees of Hinds Community College, receiving all fringe benefits of Hinds employees, including membership in the state's retirement system and participation in the public school employees' health insurance plan.
- For a nominal rent that it does not collect, Hinds Community College provides the foundation with office space, equipment, utilities, and the complete services of its business office, including the handling of all foundation funds through the college's bank account.

The Legislature established the State Board for Community and Junior Colleges in July 1986 to represent the interests of the statewide community and junior college system, including raising funds on behalf of the system. Three months later, the public community and junior college presidents established the foundation, an entity with public sector characteristics and a public purpose. In so doing, the presidents chose to work outside of the controls that help ensure accountability in the public sector, as embodied in the state board.

The State Board for Community and Junior Colleges and the local community and junior college district boards of trustees are governed by elected officials and their appointees who are directly accountable to the public through the electoral process. The foundation is governed by community and junior college presidents, who are further removed from, and therefore less accountable to, the electorate (see Exhibit 1, page 5). The foundation does not conduct its business in open meetings. Community and junior college presidents do not have a fixed term of office, as do elected public officials and their appointees to public boards, and there is no provision for replacement of presidents who no longer want to serve on the foundation board. The current situation wherein five presidents no longer serve on the foundation board (refer to discussion on page 10), an organization established to represent the interests of all fifteen community and junior colleges, clearly illustrates the types of problems that can arise from a non-legislatively created body attempting to function as a public entity. For example, the colleges of four of the five presidents who resigned from the foundation still participate in the Community College Network, an interactive video/distance learning network that the foundation operates and controls.

Not only has the foundation avoided controls built into state law designed to ensure accountability in the making of public policy, but as discussed in the next section, it has violated many of the accountability provisions contained in state law governing the day-to-day operations of government programs.

Have the foundation's governing board and Executive Director properly managed the foundation in accordance with applicable state and federal laws, rules, and regulations, and in accordance with principles of good management?

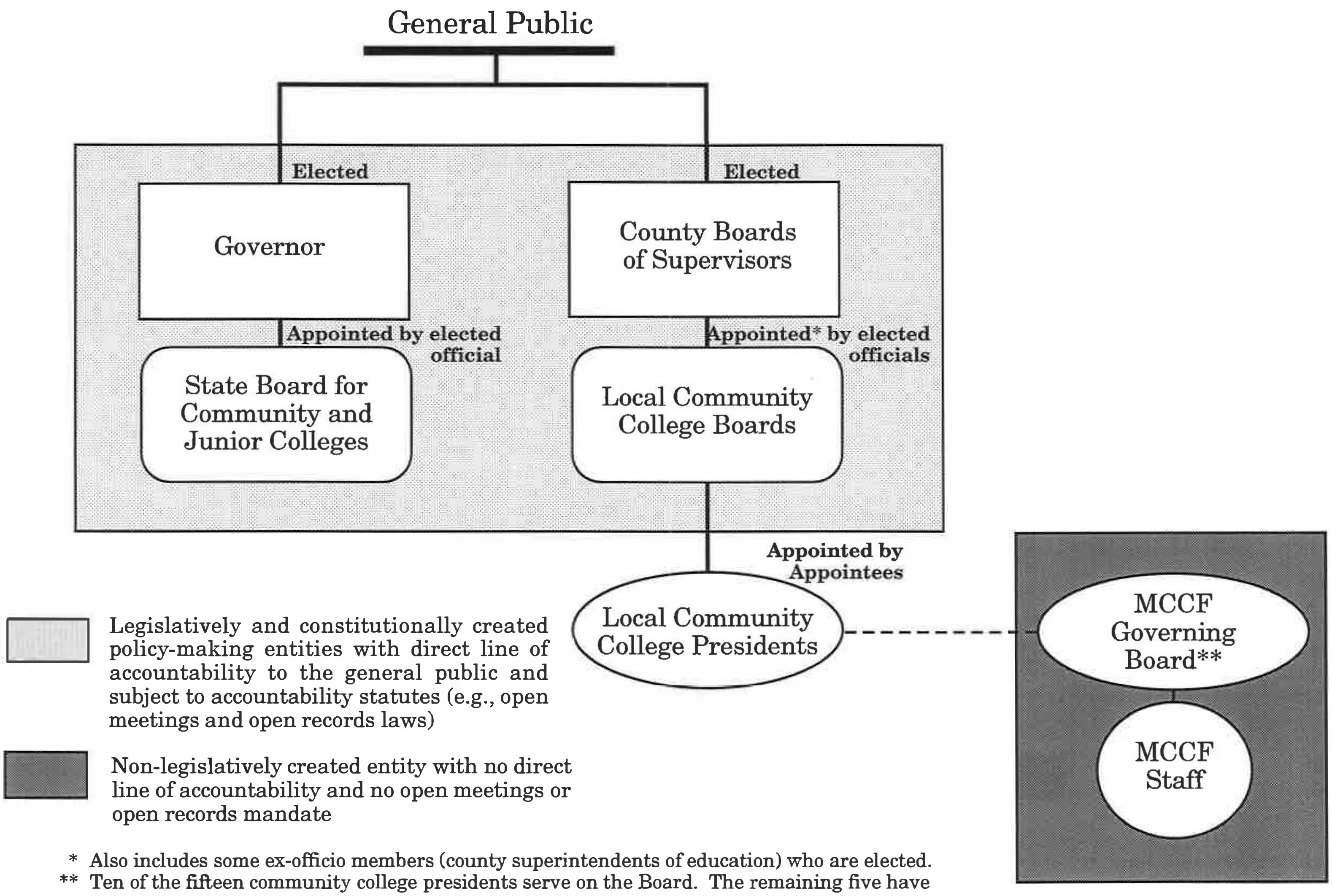
No. The foundation or its employees may have violated:

- state laws prohibiting:
  - fraud and embezzlement;
  - use of office for the benefit of relatives;
  - having an interest in a contract with a board within a year of having served on that board; and,
  - reimbursement of travel expenses other than those specified in state law;
- federal laws requiring withholding and payment of taxes on the taxable portions of business meals not associated with overnight travel;
- federal grant agreements prohibiting:
  - hiring a consultant who worked on a project to evaluate the project;
  - diversion of grant funds to another project;
  - hiring of service providers without formal written contracts; and,
  - failure to control inventory.

Further, the foundation has violated:

Exhibit 1

Absence of a Direct Line of Accountability, through the Electoral Process, between the Mississippi Community College Foundation (MCCF) and the General Public



* Also includes some ex-officio members (county superintendents of education) who are elected.

** Ten of the fifteen community college presidents serve on the Board. The remaining five have chosen not to participate.

SOURCE: PEER analysis of state law and MCCF charter.

- good management principles requiring:

  -- establishment of an effective system of internal controls;
  -- separate accounting for donor-restricted funds;
  -- adequate project planning;
  -- efficient use of resources (i.e., minimization/elimination of waste); and,
  -- prudent management of funds.

Most of the above-listed violations are a direct result of poor management, including lack of proper oversight by the foundation board. Exhibit 2, page 7, summarizes these violations by type, financial impact, and recommended corrective action.

Do the state or its political subdivisions have any liability for foundation actions?

Yes, actions taken by the foundation could result in liabilities to the state and the public community and junior colleges.

With respect to past actions taken by the foundation, most of the violations of state and federal laws and improper actions discussed in this review involve needed restitution on the part of individuals who committed violations. Some of these violations could affect state entities. Specifically, as grantee/sub-grantor of the federal Rural Health Care Corps grant, the Mississippi Cooperative Extension Service, a component of Mississippi State University, could become liable to the federal government for any Rural Health Care Corps grant funds that the foundation misspent.

With respect to potential actions of the foundation, certain situations could result in liabilities for the state and its political subdivisions. For instance, should the foundation become unable to pay its debts, foundation vendors and service providers might expect the public community and junior colleges and their boards of trustees to meet the foundation's obligations. By making purchases for the foundation, Hinds Community College places itself in a position of direct liability should the foundation be unable to cover the costs of such purchases.

The foundation's Delta Net proposal to lease, maintain, and expand (with the assistance of a private partner) a microwave communications system operated by the U. S. Corps of Engineers in the Delta regions of Mississippi, Louisiana, and Arkansas represents a potential liability to the state. Upkeep and maintenance of the microwave towers creates a potentially costly liability for the foundation. If the private partner were to become bankrupt, the foundation could still be responsible for the upkeep and maintenance of the communications system.

Exhibit 2

Summary of Financial Impact from MCCF's Violations of State Laws, Violations of Federal Grant Agreements, and Poor Management/Waste
January 1992 through April 1995

Nature of Exception	Financial Impact	Recommended Corrective Action
Violations of state laws		
• Possible fraud and embezzlement: misrepresentation of expenses; check conversion*	$ 1,050	Restitution from Executive Director/ criminal prosecution
• Pecuniary benefit to Executive Director's relatives	88,296	Referral to Ethics Commission
• Contract with Hinds Community College within one year of serving on Hinds Board	57,397	Referral to Ethics Commission
• Illegal auto travel expense reimbursements **	6,230	Restitution from Executive Director
• Illegal payment of non-overnight travel meals***	4,544	Restitution from foundation board members
Subtotal	$ 157,517	
Violations of federal grant agreements		
• Failure to hire independent program evaluator	12,000	Restitution from foundation board members; employ independent evaluator
• Failure to collect funds due foundation	21,250	Restitution from Steens Creek Productions
• Failure to control inventory properly	****	Establish and implement proper inventory procedures
• Payment of Pull-Up expenses with Rural Health Care Corps money	6,667	Transfer to Rural Health Care Corps account from general office funds
Subtotal	$ 39,917	
Poor management/waste		
• Failure to account properly for restricted funds	13,000	Transfer to Rural Health Care Corps account from general office funds
• Failure to utilize the Community College Network fully	****	Develop strategic plan
• Unnecessary Community College Network line costs (estimated minimum)	46,000	Move the MultiWay Control Unit to Jackson
• Expenditures on wasteful items (e.g., liquor)	7,284	Cease wasteful spending practices
• Failure to collect interest on foundation funds (estimated)	15,000	Transfer from Hinds Community College to the foundation
• Failure to pay rent due to Hinds Community College	(2,700)	Pay the rent due
Subtotal	$ 78,584	
TOTAL	$ 276,018	

* The Executive Director made restitution of $253 to the foundation on November 1, 1993, for the check conversion; therefore, no financial impact is included here for that violation.

** Does not include $1,184 in reimbursements of actual gasoline purchases

*** An undetermined portion of this amount would require restitution due to illegal payment of meal expenses of the Executive Director's business guests. This portion is undetermined due to his failure to provide a breakdown of meal expenses for himself and for his guests.

**** Indeterminable.

SOURCE: PEER staff analysis.

Because the foundation operates outside controls built into state law to ensure accountability in the public sector, the likelihood of public awareness of the foundation's actions is diminished, and further, the public has no direct recourse if it objects to such actions, even though substantial public resources support the foundation's operations. When individuals who purport to serve a public purpose are not directly accountable to the general public through the electoral process and conduct public business behind closed doors, there is a high potential for the formulation of policies that are not in the public interest. In the case of the foundation, there is a high potential for actions that duplicate or conflict with actions taken by the legislatively created State Board for Community and Junior Colleges. For example, the fact that the foundation portrays itself as the representative of the public community and junior colleges to potential donors may, at a minimum, create confusion in the minds of such donors should they receive similar solicitations from the state board. Further, the foundation's failure to account properly for donor funds may complicate the state board's ability to attract funds from the same sources in the future.

Chapter One

What is the Mississippi Community College Foundation?

To answer this question, PEER sought the answers to several related, more specific questions:

- *Who established the foundation and why?*
- *How is the foundation organized?*
- *What is the relationship of the foundation to the State Board for Community and Junior Colleges?*
- *What is the relationship of the foundation to the local community and junior college district boards?*
- *How is the foundation funded?*
- *What is the relationship of the foundation to Hinds Community College?*
- *What are the foundation's current activities and projects?*

The following sections address each of these questions.

- *Who established the foundation and why?*

On October 21, 1986, the presidents of the fifteen public community and junior colleges, meeting as the unincorporated Mississippi Association for Community and Junior Colleges, voted to establish a non-profit corporation to assist in development of the community and junior colleges. The presidents approved a proposed charter for the Mississippi Junior Colleges Economic Development Foundation, Inc. (renamed the "Mississippi Community College Foundation" in 1992), authorized filing for incorporation, appointed officers, and reserved $3,000 in association special assessment funds for foundation purposes.

The official purpose of the Mississippi Community College Foundation, as stated in its charter, is to use funds and property acquired by the foundation in:

> *. . .aiding, supplementing, improving and enlarging the educational, research, and developmental facilities and activities of the Mississippi public junior colleges, and the Mississippi Junior Colleges Association.*

- *How is the foundation organized?*

The foundation's charter names the presidents of the fifteen public community and junior colleges as its members. These members, acting as the foundation's board of directors, manage the foundation, including approval of its annual budget. The foundation's by-laws stipulate that only those presidents of colleges that are current in their foundation dues may vote on corporate matters. Foundation board policy allows only presidents, their designees, and invited guests to attend foundation meetings.

The foundation's by-laws require the Board of Directors to appoint an Executive Director to be responsible to the board and its chairman for the foundation's day-to-day operation. The Executive Director may hire project consultants with board approval and within the budget set by the board. The by-laws also state that the hiring and termination of foundation personnel depend on recommendations made by the Executive Director and approved by the board. As of June 30, 1995, the board directly employed a full-time Executive Director and three support staff. The board's Executive Director also supervises two Pull-Up project employees. (See Exhibit 3, page 11. Also, page 19 contains a brief discussion of the Pull-Up project.)

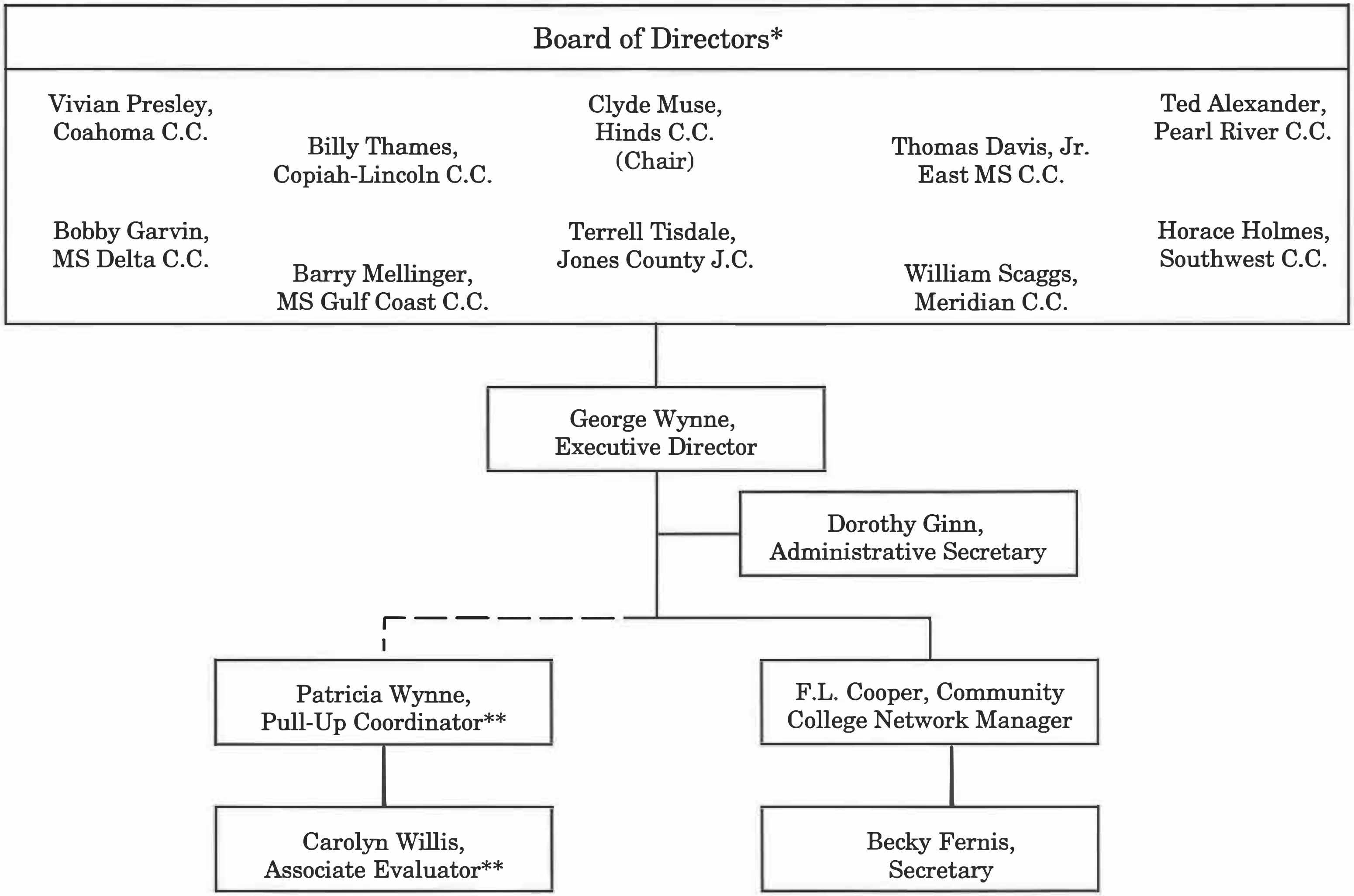
The foundation's by-laws have no provision for replacement of presidents who no longer want to serve on the foundation board. On September 27, 1994, the presidents of Coahoma, East Central, Holmes, Itawamba, Northeast Mississippi, and Northwest Mississippi community colleges resigned from the foundation board in the midst of allegations concerning the foundation's spending practices and the selection of a contractor. The president of Coahoma Community College returned to the board in November of 1994, leaving ten presidents to govern the foundation, an organization established to represent the interests of all fifteen community and junior colleges. As of June 30, 1995, the presidents of the following colleges served on the foundation board: Coahoma, Copiah-Lincoln, East Mississippi, Hinds, Meridian, Mississippi Delta, Mississippi Gulf Coast, Pearl River, and Southwest community colleges, and Jones County Junior College (see Exhibit 3, page 11).

- *What is the relationship of the foundation to the State Board for Community and Junior Colleges?*

The Legislature established the State Board for Community and Junior Colleges, effective July 1, 1986, as an independent agency governed by a lay board of gubernatorial appointees, none of whom can be engaged in the educational profession, to provide "a means for the continuation of a system of community and junior colleges." The Legislature charged the state board with the responsibility of "general **coordination** [emphasis added] of the public community and junior colleges" and granted it specific powers and duties, including the power to:

-- receive and distribute state and federal funds to the colleges;

Exhibit 3
Mississippi Community College Foundation Organizational Chart, June 30, 1995



*On September 27, 1994, the following presidents resigned from the foundation's board: Vivian Presley, Coahoma; Eddie Smith, East Central; Starkey Morgan, Holmes; David Cole, Itawamba; Joe Childers, Northeast MS; and, David Haraway, Northwest MS. Vivian Presley, President of Coahoma CC, rejoined the foundation in November 1994.

**According to foundation minutes, the Pull-Up Project was officially "moved" to Hinds Community College in September 1993; however, the foundation's executive director maintains authority over operations and management of the project.

SOURCE: PEER analysis.

-- fix standards for community and junior colleges to qualify for appropriations, including the establishment of standards for institutional personnel;

-- approve vocational-technical courses and new campus locations; and,

-- contract with other boards, commissions, governmental entities, foundations, corporations, or individuals for programs, services, grants, and awards as needed for the operation and development of the state public community and junior college system.

The legislation establishing the state board reiterates that governance--i.e., control--of the community and junior colleges rests with their local boards of trustees. Therefore, legislation creating the State Board for Community and Junior Colleges sets forth a method of local control of the community and junior colleges with statewide coordination.

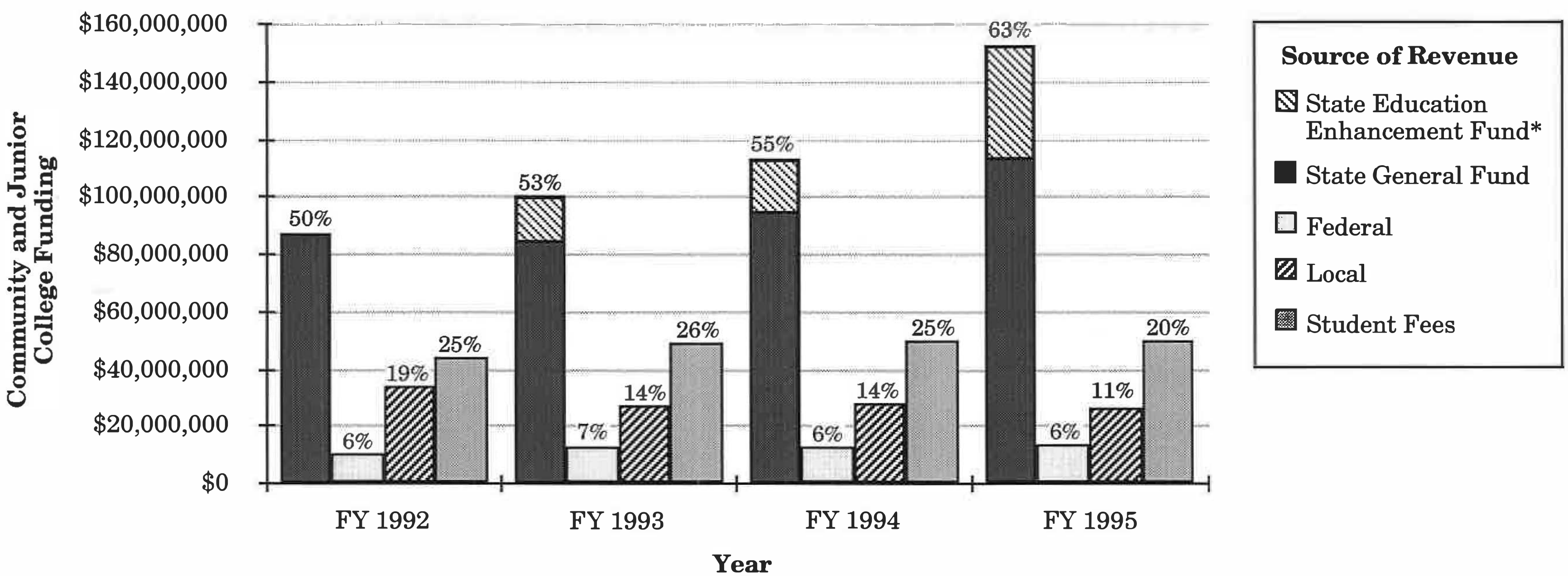
Part of the justification for state-level input with respect to public community and junior colleges is that, as illustrated in Exhibit 4, page 13, state appropriations constitute over half of the funds received by the community and junior colleges. As the exhibit illustrates, since FY 1992, the state portion of community and junior college funding has increased from fifty percent to sixty-three percent, while the local portion has declined from nineteen percent to eleven percent. According to statements made in his correspondence with college presidents, the state board's director interprets his coordinating responsibility to be to support the best use of these public funds and to help colleges avoid waste and duplication.

The relationship between the foundation and the State Board for Community and Junior Colleges is strained, contentious, and competitive. Even though the Legislature established the State Board for Community and Junior Colleges to represent the interests of the statewide community and junior college system, including the raising of funds on behalf of the system, the community and junior college presidents established the foundation three months after establishment of the state board to work toward many of the same purposes and goals. Not only does the foundation work outside of the legislatively established state board, but it has adopted an official policy declaring that it has "no official relationship with the State Board for Community and Junior Colleges."

A letter dated July 11, 1995, from the foundation board's chairman to the Executive Director of the State Board for Community and Junior Colleges illustrates the strained relationship between the two entities. In this letter, the foundation board's chairman accused the state board of publicly opposing the foundation's Millennium Group project and of generating criticism against the foundation. In the same correspondence, the foundation board's chairman also challenged a position statement issued by the state board in 1994 which urged foundations, including the MCCF, to comply with applicable laws and statutes (see sidebar, page 14). Specifically, the chairman responded: "The state board, in

Exhibit 4

Increase in Public Community and Junior College Funding from State Sources Compared to Changes in Funding from Other Sources, FY 1992 through FY 1995



SOURCE: Consolidated community and junior college budget requests, FY 1994-FY 1997.

* Funded by a portion of the 1% state sales tax increase authorized by SB 3120 in 1992.

trying to dictate foundation activities through your board committee on foundations and your staff intervention goes far beyond the authority of the law." In the same letter, the foundation's chairman asserted that the state board has no authority in foundation matters.

From the perspective of the current chairman of the foundation board, the state board threatens to diminish local control of the community and junior colleges. The establishment of the foundation, purportedly using the combined powers of the community and junior college presidents to provide executive leadership and the power of the local boards to do "all things necessary to the successful operation of the district and the college or colleges and attendance centers located therein" could have been an attempt to reassert local control in response to the perceived threat that creation of the state board (comprised strictly of lay members with no local community and junior college representation) represented.

State Board for Community and Junior Colleges' Position Statement on Foundations Adopted March 9, 1994

It is the responsibility of each duly authorized community or junior college board of trustees to assure that any foundation associated with that college and/or any foundation which exists as a result of the combined efforts of individual colleges with which that board or its staff has an association comply with all applicable state and federal regulations and statutes; that such foundations are audited on an annual basis by an independent auditor or audit firm which employs Generally Accepted Auditing Standards (GAAS); that the results of such audits be presented to each applicable board as a part of an official meeting; and, furthermore, that each duly authorized board take any necessary steps required to assure the operation of such foundation(s) in a manner that best serves contributors and the general public. The SBCJC accepts responsibility for this position statement with respect to any foundation established by the SBCJC.

- *What is the relationship of the foundation to the local community and junior college district boards?*

State law grants broad powers to the local community and junior college boards of trustees. MISS. CODE ANN. Section 37-29-67 grants these boards "full power to do all things necessary to the successful operation of the district and the college or colleges or attendance centers located therein to insure educational advantages and opportunities to all the enrollees within the district." Among the general powers and duties of the local community and junior college trustees are:

-- general government of the college and direction of its administration;

-- budget preparation;

-- recommending the tax rate to be collected from member counties for district general support;

-- setting tuition, fee, and rental charges;

-- borrowing money and issuing bonds;

-- determining need for and location of attendance centers; and,

-- hiring the college president. (State law grants community and junior college presidents the power to employ and supervise all faculty and employees, and to manage each college's fiscal and administrative affairs.)

Even the state board's enabling legislation emphasizes the importance of local governance to the state's public community and junior college system, noting that "local governance of the public community and junior colleges is an effective and efficient means of meeting the diverse local needs, as well as those needs and priorities established by the state" [MISS. CODE ANN. Section 37-4-1 (1972)]. The same section establishes community and junior colleges as agencies of local government rather than agencies of the state.

The local community and junior college boards of trustees are legally in charge of the presidents, but, practically, it is the presidents who control the foundation, including its creation and operations, in most cases, keeping the trustees informed of their activities.

The boards of trustees of the fifteen public community and junior colleges described their limited involvement in the foundation's creation and decision-making in their responses to a PEER survey. None of the fifteen boards responding to the survey stated that they had formally authorized their presidents to participate in the creation of the foundation. Nine boards stated that they did not and were not required to authorize the creation of the foundation formally, as the presidents who created it were merely acting within their authority to provide executive direction for their respective colleges and to develop organizational relationships that enhance the interests and mission of their colleges. While the boards of trustees of five community colleges reported that they subsequently authorized participation in the foundation, the boards of ten colleges reported that they took no formal action.

Of the five boards that reported authorizing the college's participation in the foundation, three boards adopted resolutions after the foundation's creation specifically authorizing the college to participate in the foundation's financial support. On an ongoing basis, the local boards of trustees of all colleges have approved assessments from the education and general funds of their colleges in support of the foundation's operations through specific authorizations or as part of their approval of general college expenses.

Regarding selection of specific foundation projects, no board reported that it had formal direct input. Leadership for foundation activities comes from the presidents.

- *How is the foundation funded?*

The foundation is funded with federal, state, local, and private funds. As shown in Exhibit 5 on page 17, the foundation received a total of $5.7 million in revenues during the forty-six-month period of July 1, 1991, through April 30, 1995. Appendix A on page 63 contains a breakdown of foundation revenues and expenses by source and fiscal year for the same period. During this period, public funds from state, local, and federal sources comprised eighty-seven percent of total revenues received by the foundation, while private funds totaling $749,037 comprised the remaining thirteen percent. The Rural Health Care Corps grant from the United States Department of Agriculture (see discussion on page 19) comprised the largest single category of revenues received by the foundation ($4.3 million over the period, or seventy-five percent of total revenues).

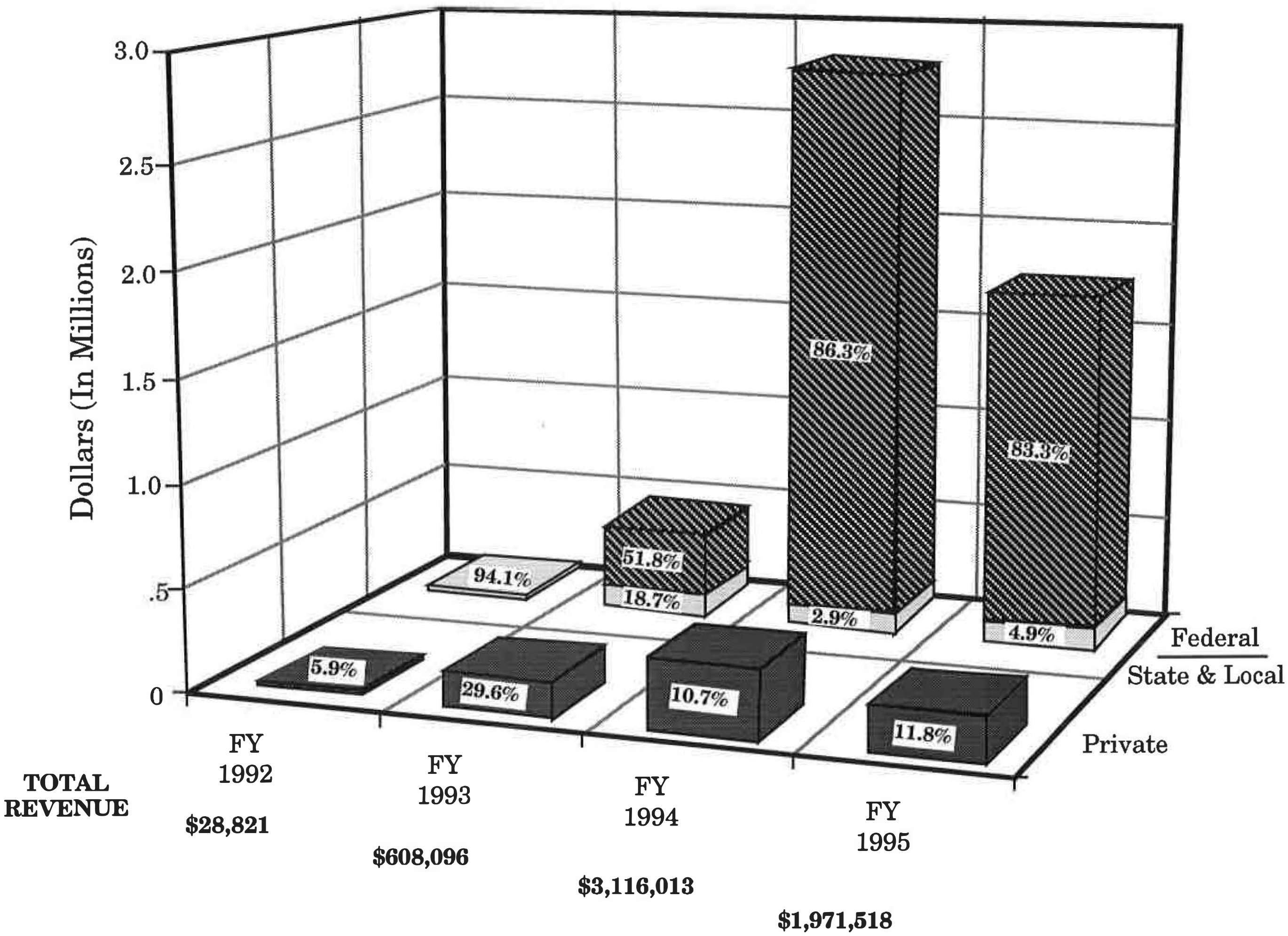
From July 1, 1991 through April 30, 1995, the foundation received $328,584 in state and local funds (six percent of total revenues). Sources of these funds included, but were not limited to, the Mississippi Association for Community and Junior Colleges, the Mississippi AgriBusiness Council, and assessments received from the fifteen community and junior colleges.

The foundation's by-laws give the board of directors (i.e., community and junior college presidents) the power to assess each college dues to be paid to the foundation. The community and junior colleges pay these assessments from their education and general funds. Because these funds contain moneys from all sources (including state appropriations) and the colleges do not have the accounting systems in place to tie expenditures to specific revenue sources, the assessments can be characterized as "public" funds.

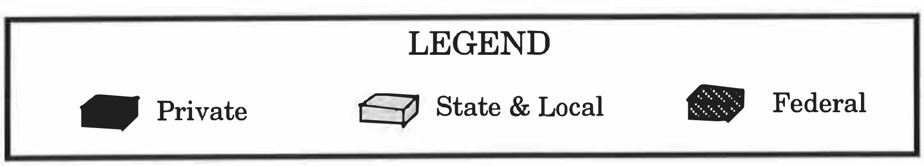
Foundation minutes show that the foundation received its first assessment of $200 from each of the state's community and junior colleges on January 10, 1987. As previously stated, complete foundation financial records are not available until July 1991. Appendix A on page 63 contains a breakdown of assessments paid by the individual community and junior colleges from July 1, 1991, through April 30, 1995. During this period, the foundation based each assessment on a flat amount, collected from each college regardless of size, plus an additional amount based on student enrollment. The foundation received a total of $302,084 in assessments during this period, ranging from a total of $10,405 paid by East Central Community College to $38,032 paid by Hinds Community College.

At its September 1992 meeting, the foundation board adopted a policy requiring the foundation to expend all public funds flowing to it in accordance with state law.

Exhibit 5
Mississippi Community College Foundation Revenues By Source
(For Fiscal Years 1992 to 1995)*



TOTAL FOUR YEAR REVENUE = $5,724,448



* Fiscal Year 1995 data available through April 30, 1995.

SOURCE: PEER analysis based on Mississippi Community College Foundation financial data.

- *What is the relationship of the foundation to Hinds Community College?*

The foundation office has been located at the Hinds Community College campus since September 1992 and the foundation uses Hinds's office and conference room facilities, utilities, furniture, and equipment for a nominal fee (see related finding, page 50).

Hinds Community College purports to "co-employ" all full-time foundation employees (four employees as of June 30, 1995). This arrangement provides foundation employees with fringe benefits, including membership in the state's retirement system and participation in the Public School Employees Health Insurance Plan. The foundation reimburses the college for the costs of salaries and fringe benefits paid by Hinds Community College to foundation employees. In addition to the foundation board's approving all foundation employment contracts, the Hinds Community College District Board approves foundation "co-employment" contracts for all "non-teaching professional" foundation employees. Of those individuals employed by the foundation on June 30, 1995 (refer to Exhibit 3 on page 11), the Hinds Community College Board of Trustees approved employment contracts for the following non-teaching professional-level employees: George Wynne and F. L. Cooper. The Hinds District Board also approved the employment contract of Patricia Wynne, who was originally hired as a foundation employee. The Hinds District Board did not approve the employment contracts of the remaining three support staff listed on the foundation organization chart.

In September 1987, the foundation transferred all funds to Hinds Community College for administration and disbursement by the college's business office. Under this arrangement, the foundation deposits all receipts into Hinds Community College's bank account maintained in Raymond, Mississippi, for the operation of the college. Hinds Community College staff has exclusive authority to approve expenditures from this account. Hinds Community College provides the foundation with an accounting of the foundation's funds.

Finally, the foundation has made equipment purchases using the name "Hinds Community College." For example, PEER located records of equipment sales billed to "Hinds Community College Office of Mississippi Community College Foundation." As a result of its close ties to Hinds Community College, the foundation has avoided paying state sales taxes on major purchases--e.g., the $1.16 million Community College Network.

The nature of the foundation's relationship to Hinds Community College, specifically the college's hiring of foundation employees and its receipt and management of public and other funds of the foundation, makes the foundation subject to certain state laws--e.g., laws governing travel and conflict of interest--that would not apply if the foundation operated as a strictly private entity.

• *What are the foundation's current activities and projects?*

Since 1992, the foundation has actively pursued a community and junior college "positioning strategy," as evidenced in its minutes:

> *. . .to position the colleges as the state and national leader in delivering superior, cost-effective academic and vocational/technical training with minimum barriers to entry at a cost within the reach of all Mississippians.*

The foundation is currently involved in three major projects: Pull-Up, the Rural Health Care Corps (including the Community College Network, or CCN), and the Hour of Educational Accountability.

Pull-Up Project--The foundation developed the Pull-Up project to assist low-income families in improving their employment opportunities through training, education, and job placement. Grant funds totaling $859,000 from the United States Department of Health and Human Services (administered by the Mississippi Department of Human Services) and the Kellogg Foundation fund the project, which the foundation implemented only at Hinds Community College. [The contract with the Department of Human Services ended on September 30, 1994.] At its September 1993 board meeting, the foundation board voted to move its Pull-Up project "into the Hinds Community College system;" however, the foundation's Executive Director continued to maintain authority over operation and management of the project as recently as July 1995.

Mississippi Rural Health Care Corps--In 1992, the Mississippi Community College Foundation developed a proposal to enhance the position of the community and junior colleges in the field of health care education. Aware that federal grant money was available for establishing health education programs to improve rural Americans' access to health care services, the foundation developed a proposal for a model program called the "Rural Health Care Corps" to improve Mississippi's rural health care by providing funding for the education and training of health care workers (e.g., scholarships, salaries for additional instructors) who would, in return, be obligated to serve in the state's rural areas.

From December 1992 through September 1995, the USDA awarded $6 million to the Mississippi Cooperative Extension Service for the foundation's Rural Health Care Corps project. The Mississippi Cooperative Extension Service has signed annual memorandums of agreement with the Mississippi Community College Foundation as a sub-grantee, which in turn has signed annual contracts with the community and junior colleges. The community and junior colleges have used grant proceeds to hire teachers and provide scholarships to Rural Health Care Corps students. The project is a cooperative effort between the foundation, the Mississippi Cooperative Extension Service, the Mississippi State Department of Health, the fifteen public community and junior colleges, and the private sector.

Less than a year into implementation of the Rural Health Care Corps project, the foundation began pursuing the idea of developing a Community College Network (CCN)--i.e., an interactive video/distance learning network that would connect the community and junior colleges. In December 1993, the foundation obtained permission from the USDA to spend $1.3 million in Rural Health Care Corps grant proceeds to purchase the CCN and use distance learning technology to train Rural Health Care Corps program participants. The CCN became operational on July 11, 1994. The Mississippi Community College Foundation board serves as the CCN's governing board.

Hour of Educational Accountability--The foundation developed this educational leadership meeting, held each fall, to "position the fifteen public community colleges as the educational leaders and problem solvers of the future." Over 1,400 participants attended the first "Hour," held by the foundation in 1993, and approximately 1,200 people attended the 1994 Hour.

Chapter Two

Have the foundation's governing board and Executive Director properly managed the foundation in compliance with applicable state and federal laws, rules, and regulations and in accordance with principles of good management?

No, due to poor management and oversight, the foundation may have violated numerous state laws, including those governing fraud, embezzlement, conflict of interest, and travel by public employees, as well as numerous federal laws and grant agreements. Also, the foundation has violated numerous principles of good management. Exhibit 2 on page 7 summarizes these violations by type, financial impact, and recommended corrective action.

VIOLATIONS OF STATE LAW

Laws Governing Fraud and Embezzlement

The Executive Director of the Mississippi Community College Foundation has committed numerous acts--including making material misrepresentations of fact resulting in payments to him in excess of $1,000 and converting a $253 check made payable to the State of Mississippi to his personal use--which could constitute fraud and embezzlement under state law.

Possible Fraud

From April 1992 through April 1995, the foundation's Executive Director illegally received reimbursements of $1,050 by falsifying expense requisitions. In each case, the Executive Director submitted a travel voucher or other expense reimbursement requisition that contained a material misrepresentation of actual expenses and that resulted in the approving body making payments to him based on the false representation. The categories of falsification committed by the Executive Director include filing and receiving reimbursement for:

- personal long-distance telephone calls;
- "meals" that supporting documentation shows were not meals or that did not include the individuals whom the Executive Director claimed that they included;
- the same expenses twice;
- the same meals twice using different receipts for different amounts; and,
- amounts greater than those represented by receipts.

A fraud is a material misrepresentation of fact that induces a person to act in a manner contrary to that in which he would have acted had the misrepresentation not been made. The basic elements of fraud are:

-- a person knowingly makes a material misrepresentation of fact;

-- someone else relies on the misrepresentation as the truth;

-- the person relies on the misrepresentation to his or her detriment; and,

-- reliance on the misrepresentation is critical or is the basis of the person's action in transferring a thing of value to the person who made the misrepresentation.

MISS. CODE ANN. §97-23-19 (1972) applies to fraudulent acts described below committed by the Executive Director of MCCF between April 1992 and July 1, 1993; MISS. CODE ANN. §97-11-31 applies to fraudulent acts described below that the Executive Director committed from and after July 1, 1993, the date that he became an employee of Hinds Community College (see discussion on page 25).

When the Executive Director signed and filed expense reimbursement forms for the following expenses, he knowingly submitted claims for reimbursement that misrepresented the actual amounts spent.

Charging personal long-distance telephone calls to the foundation--Foundation telephone records available for July 1993 through February 1995 show that the foundation's Executive Director repeatedly included in his filings for payment of business telephone calls charges for long-distance calls that he made to relatives in Arkansas, Tennessee, and Georgia during and after business hours. Because the Executive Director routinely submitted entire telephone bills for reimbursement without first subtracting amounts for personal calls, he received reimbursement of $399.45 for 118 calls to family members.

Expenses claimed as meals that supporting documentation shows were not meals--PEER identified $110.12 in foundation reimbursements to its Executive Director which involved questionable meal expenses (see Appendix B, Exhibit B-1, page 64). Documentation for these expenses either did not support the fact that these were meals or listed individuals as having attended the meal who have denied attending, making the entire claim suspect. For example, on April 6, 1992, the Executive Director claimed expense for lunch ($23.05), but the receipt filed for reimbursement was from a liquor store, which cannot legally sell food in Mississippi.

Filing twice for the same expense--The foundation's Executive Director also falsified requisitions by submitting multiple receipts for the same expense (e.g., cash register receipts, bill stubs, and credit card receipts), totaling $432.08 (see Appendix B, Exhibit B-2, page 65). In one instance, the Executive Director filed a travel expense voucher, supported by a hotel bill, totaling $669.99 for a trip to Washington, D. C. The hotel bill included several restaurant charges to the room, including one for $180.72 and another for $57.83. The Executive Director later filed separately for reimbursement for the same two meals, resulting in double payments of $238.55. In five instances, he filed two receipts for different amounts for the same meal, totaling $70.68.

Filing for an amount greater than the receipt--PEER identified $27.09 in requisitions which the Executive Director falsified by claiming expense amounts greater than the amounts of the supporting receipts (see Appendix B, Exhibit B-3, on page 66).

Exhibit 6 below, summarizes the amounts the Executive Director received illegally from April 1992 through April 1995.

Exhibit 6

Recap of Amounts MCCF Executive Director Received Illegally, April 1992 through April 1995

Personal long-distance calls	$399.45
Falsified meals	110.12
Double filing	432.08
Dual filing on meals	70.68
Claims greater than amounts on receipts	27.09
Other items	10.70
Total	$1,050.12

SOURCE: PEER analysis of MCCF records.

While the dollar amounts of most of the individual requisition falsifications outlined above are small, the recurring pattern of these activities is significant. Further, PEER suspected requisition falsification in many more cases wherein critical documentation was missing (e.g., the location and names of persons attending a business lunch who could possibly be contacted for verification).

The Mississippi Community College Foundation Board has failed to establish an adequate system of internal controls to review and approve its Executive Director's expense requisitions and related receipts. Based on the problems and discrepancies noted in PEER's review, the requisition review process for foundation employees is lacking in effort and diligence. For example, PEER identified an October 1992 expense reimbursement for $17.55 for which the foundation's Executive Director used a meal receipt from Anaheim, California, to document an expense claimed as a meal in Jackson. Foundation records do not show that those involved in the review process questioned the claimed expense.

Possible Embezzlement

The foundation's Executive Director illegally converted $253.02 in foundation funds to his personal use. MISS. CODE ANN. §97-11-25 (1972) prohibits public officers and employees from converting to their own use property that has come into their custody by virtue of their employment or office--i.e., embezzlement.

On August 11, 1993, the Executive Director endorsed and deposited to his personal bank account a $253.02 check drawn on foundation funds and made payable to the State of Mississippi. According to the check request signed by the Executive Director, the check was for payment of the car tag on his personal car, which is not a reimbursable expense under state travel law (see travel law violation finding on page 29). On August 16, 1993, Hinds Community College's Business Office issued a second check for $253.02 made payable to the State of Mississippi. While no check request exists to document why the business office issued the second check, the Rankin County Tax Collector's Office endorsed the check, which therefore presumably was used to pay for the MCCF Executive Director's car tag. The State Department of Audit noted the double issuance and disposition of the checks in a November 1993 limited review of foundation expenditures. Foundation records show that the Executive Director repaid $253.02 to the foundation on November 1, 1993. There is no evidence in the records to show that any legal action was taken relative to the illegal act committed by the foundation's Executive Director.

Conflict of Interest Laws

The Executive Director of the Mississippi Community College Foundation may have violated MISS. CODE ANN. §25-4-105 (1) (1972) by using his official position as a public servant to obtain pecuniary benefit for relatives.

In February 1992, the foundation's board of directors hired George Wynne as its Executive Director. The Executive Director is responsible for managing the foundation's operations, including hiring and supervising foundation employees, assisting in the selection of consultants and awarding of contracts, securing financial support for the foundation, and administering foundation projects.

Patricia Wynne, wife of the foundation's Executive Director, became a contractual employee of the foundation effective November 1, 1992, and a full-time employee of the foundation in July 1993. On six occasions between June and October 1992, the foundation paid the Executive Director's son, Benjamin R. Wynne, for consulting services on foundation projects.

State law prohibits a public servant from using his or her position to obtain monetary benefits for himself or herself (other than lawful compensation) or for close relatives. MISS. CODE ANN. §25-4-105(1) (1972), states:

No public servant shall use his official position to obtain pecuniary benefit for himself other than that compensation provided for by law, or to obtain pecuniary benefit for any relative or any business with which he is associated.

The following paragraphs discuss this violation of state law as it relates to the foundation's Executive Director.

- *By virtue of state law, the foundation's Executive Director is a public servant.*

CODE Section 25-4-103(p)(iii) defines a public servant as any person who receives a salary paid in whole or in part out of funds authorized to be expended by the government. From May 27, 1992, through July 1, 1995, the MCCF compensated the Executive Director $200,520 (including fringe benefits) for his services as the foundation's Executive Director. Hinds Community College wrote the checks to the Executive Director out of its bank account. Hinds Community College, a governmental entity, has exclusive authority to approve expenditures from this account. Therefore, the funds that Hinds Community College used to pay the Executive Director's compensation were public funds, or funds "authorized to be expended by the government."

CODE Section 25-4-103(p)(ii) states that a public servant is any employee of "any public entity created by or under the laws of the state of Mississippi. . ., which is funded by public funds. . . ." On July 1, 1993, the foundation's Executive Director became an official employee of Hinds Community College, a public entity created under state law and funded by public funds. Dr. Clyde Muse, president of Hinds Community College, hired the Executive Director under the authority vested in him by CODE Section 37-29-63.

The Executive Director's employment contract with Hinds Community College is a standard form used for the employment of all professional employees of Hinds Community College. As an employee of Hinds Community College, the Executive Director has received full benefits coverage of the college, including membership in the state's retirement system and participation in the Public School Employees Health Insurance Plan.

- *The foundation's Executive Director has obtained pecuniary benefit for his relatives.*

CODE Section 25-4-103(l) defines pecuniary benefit as a:

. . .benefit in the form of money, property, commercial interests or anything else the primary significance of which is economic gain.

CODE Section 25-4-103(q) defines a relative as a "spouse, child or parent."

The hiring and supervision of relatives has been the subject of recent opinions of the Mississippi Ethics Commission. Applying Section 25-4-105(1), the Commission, in Advisory Opinion No. 93-206-E, has held that the management role of an employee who hires relatives and has significant superintending control over the projects and supervisors of one's relatives would constitute use of the employee's official position for pecuniary benefit. Further, in a more recent opinion, Advisory Opinion No. 94-016-E, the Ethics Commission stated that even if the opinion requester did not hire a relative into a position, the requester's supervision of an employee, or the supervision of that relative by persons to whom the requester delegated supervisory authority, could result in a violation of Section 25-4-105(1).

- *The foundation's Executive Director hired and supervises his wife, Patricia Wynne.*

The foundation's Executive Director hired his wife to coordinate the foundation's Pull-Up project as a contractual employee in November 1992 and as a full-time employee on July 1, 1993. Based on a review of foundation minutes, the foundation board failed to approve Patricia Wynne's employment officially.

The Executive Director of the foundation directly supervises his wife in her position as Project Pull-Up Coordinator. Patricia Wynne's personnel records, as maintained by the Hinds Community College Personnel Office, list the foundation's Executive Director as her supervisor since he hired her as a full-time employee on July 1, 1993. Although the foundation board voted to move the Pull-Up Project from the foundation to Hinds Community College in September 1993, the foundation's Executive Director continued to exercise authority over the project, including approving timecards, contractual payments, and payroll; determining compensation for Pull-Up employees; and continuing representation to the grantors of the Pull-Up Project as project manager as recently as July 1995.

- *The foundation's Executive Director hired and supervised his son, Benjamin Wynne.*

The foundation's Executive Director contracted with his son, Benjamin R. Wynne, to perform foundation-related work on several occasions beginning June 1993. The foundation board did not specifically approve Benjamin Wynne's contractual employment with the foundation, as its routine practice is to approve a claims docket noting only a summary of expenditures for the previous month and the budget categories from which these expenditures were paid (in the case of contractual payments to Ben Wynne, from the budget category "subsidies, loans and grants").

The Executive Director of the foundation oversaw the contractual services (e.g., graphics design work) performed for the foundation by his son, Benjamin

Wynne, and approved the payment of Benjamin Wynne's contractual expenses. The foundation has also executed several contracts with companies associated with Benjamin Wynne, including AMS Services; Klein, Ainsworth and Co., Inc.; Steens Creek Productions, Inc.; and Third Millennium Media, Inc. (refer to Exhibit 7 on page 28. See also the finding on page 35).

- *Relatives of the foundation's Executive Director have received at least $88,296 in public funds from the foundation since June 1992.*

  -- Patricia Wynne has received a total of $80,072 in compensation and related expenses for services provided as MCCF's Pull-Up Project Coordinator from November 1992 through June 1995.

  -- Since June 1992, Ben Wynne has directly received contractual payments totaling $8,224 for consulting services provided to the foundation.

Also, companies associated with Ben Wynne (AMS Services; Klein, Ainsworth and Co., Inc.; Steens Creek Productions, Inc.; and Third Millennium Media, Inc.) have received payments of $42,082 for contractual services provided to the foundation, of which some funds could have been paid to Ben Wynne indirectly through the companies.

MCCF's Executive Director, has violated MISS. CODE ANN. §25-4-105 (2) (1972) by directly entering into an employment contract with Hinds Community College within one year after his resignation from the Hinds Community College Board of Trustees.

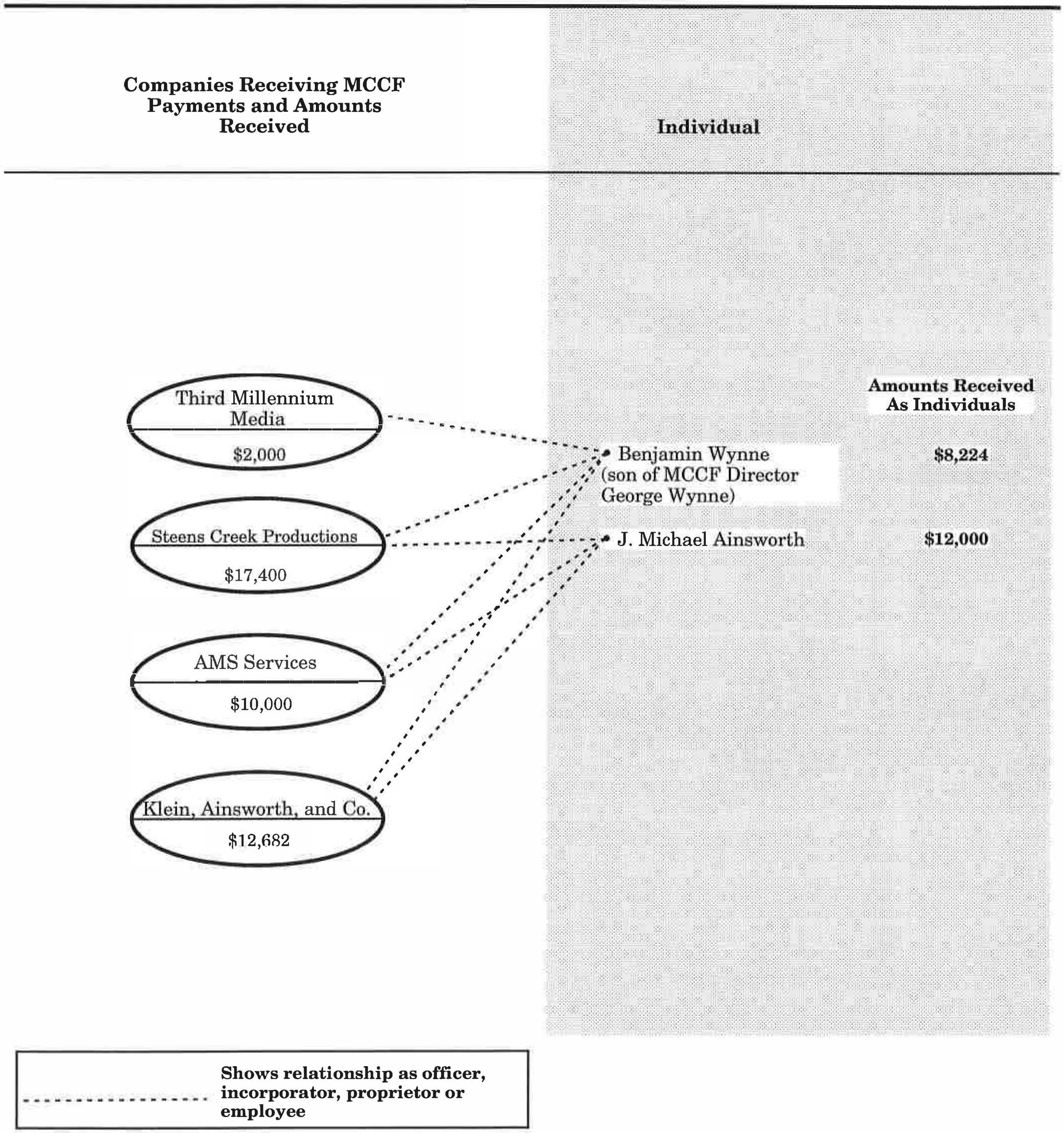
George Wynne served as one of the Rankin County Board of Supervisors' representatives on the Hinds Community College Board of Trustees for approximately fifteen years, resigning July 23, 1992. He later entered into a one-year employment contract with Hinds Community College effective July 1, 1993, less than one year after his resignation from the Hinds Board of Trustees. Thus the foundation's Executive Director violated state law by directly entering into a contract with Hinds Community College within one year of his resignation from the Hinds board.

MISS. CODE ANN. §25-4-105(2) (1972) states:

> *No public servant shall be interested, directly or indirectly, during the term for which he shall have been chosen, or within one (1) year after the expiration of such term, in any contract with the state, or any district, county, city or town thereof, authorized by any law passed or order made by any board of which he may be or may have been a member.*

Exhibit 7

Companies Associated with Benjamin Wynne and J. Michael Ainsworth Which Received Payments from MCCF During George Wynne's Tenure as MCCF Executive Director (FY 1992- FY 1995)



SOURCE: PEER review of public records, MCCF files, and other documents.

As established on page 25 of this report, the foundation's Executive Director is a public servant according to CODE Section 25-4-103 (p) (ii) and (iii). During the period that he served on the Hinds Community College Board of Trustees, George Wynne was a "public servant" as defined by MISS. CODE ANN. §25-4-103 (p) (i)--i.e., he was an "appointed official of the government."

The foundation's Executive Director entered into a one-year employment contract with Hinds Community College effective July 1, 1993, eleven months and eight days after his resignation from the Hinds Community College Board of Trustees (i.e., twenty-three days short of the number required to be in compliance with state law). Although the Hinds Board of Trustees did not approve the hiring of the Executive Director until August 4, 1993, the contract that the board approved included an effective date of July 1, 1993, in violation of the one-year prohibition. The Executive Director received compensation for work performed for the foundation during the period between his effective hire date of July 1, 1993, and the August 4, 1993, date of the board's approval of his employment contract. The total amount of compensation specified in the one-year contract was $57,397, including fringe benefits.

The purpose of CODE Section 25-4-105 (2) is to insure that board members do not have any interest in a contract during their term and one year thereafter. This policy is circumvented if former board members enter into contracts approved after their one-year anniversary but that become effective during the period before a year has passed.

Travel Laws

MCCF's Executive Director and board have repeatedly violated state law limiting automobile expense reimbursements to a statutorily established amount per mile by claiming and paying over $7,400 in non-reimbursable and duplicative automobile expenses.

The foundation's Executive Director (and the foundation board through its approval authority) violated MISS. CODE ANN. Section 25-3-41 between October 1992 and March 1995 by claiming and paying over $7,400 in travel expenses not authorized by law. These expenses were not reimbursable under the state's travel law (e.g., actual expenses for operation of a personal vehicle such as gasoline, tires, maintenance, repairs, and car tag; automobile lease payments; and a monthly "car allowance"), and for expenses not documented as being incurred for "official business."

MISS. CODE ANN. Section 25-3-41, governing travel expense reimbursement, applies to employees of state and local government, interpreted by the Mississippi Department of Finance and Administration to include community and junior college employees and which therefore applies to foundation employees, who are also employees of Hinds Community College (see discussion on page 18). Section 25-3-41 provides for reimbursement of mileage for travel in a private vehicle while on official business. The purpose of mileage reimbursement is to attempt to reimburse an individual for the cost of gasoline, maintenance, and repairs associated with the use of his or her vehicle on official business.

The foundation board's official policies reflect state law regarding expense reimbursements. At its September 1992 meeting, the foundation board adopted a policy requiring the foundation to expend all public funds flowing to it in accordance with state law. At its July 1993 meeting, the board adopted a compensation package for its Executive Director that included "an allocation of twenty cents per mile for miles traveled on MCCF business," a rate equal to the rate set at that time by CODE Section 25-3-41. According to the foundation's Executive Director, travel requisitions filed by foundation employees flow through the travel division of Hinds Community College's Purchasing Department, the college's President (who is a member of the foundation's Executive Committee), and the college's Vice President for Business Services.

In spite of these formal policies and review steps, the Executive Director claimed and the foundation paid over $7,400 in automobile expenses not authorized by law from October 1992 through March 1995. Further, some of these travel expenses were not sufficiently documented as being for "official business."

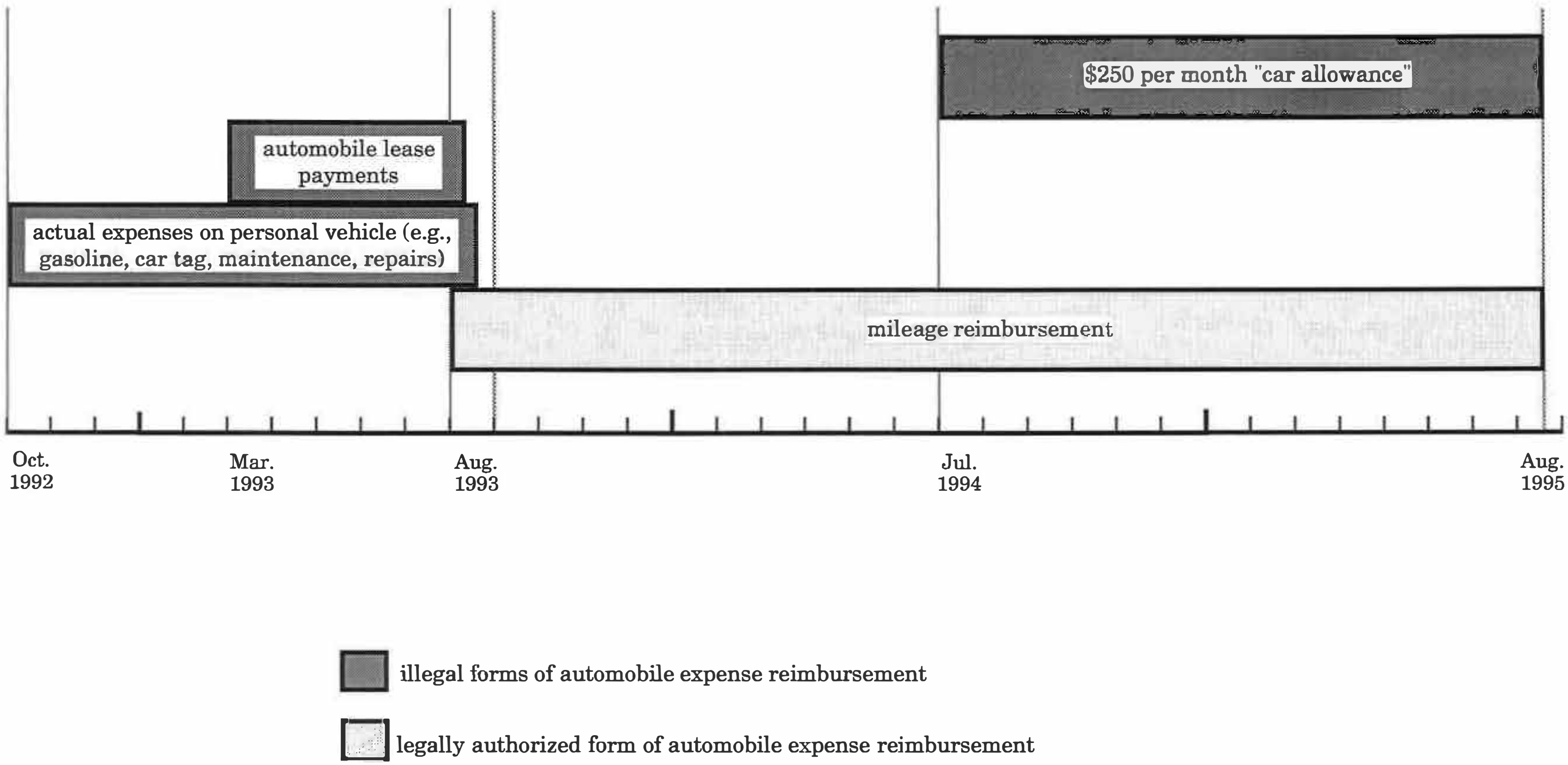
From October 1992 through August 1995, the only legally authorized category of automobile expense reimbursement which the foundation's Executive Director received was mileage reimbursement, beginning August 1, 1993 (see Exhibit 8, page 31.) The foundation's Executive Director received reimbursement not authorized by law for actual expenses associated with operation of his personal vehicle (e.g., gasoline, car tag, maintenance, repairs) from October 1, 1992, through August 16, 1993. Also, from March 3, 1993, through August 10, 1993, the foundation made automobile lease payments for a car for the foundation's Executive Director, even though the MCCF board's policies reflected state law regarding travel reimbursements, and the board had never approved an automobile lease arrangement. On August 17, 1993, the foundation board's Executive Committee voted to pay the Executive Director mileage reimbursements rather than continuing to make lease payments; however, since July 1994, the foundation has paid its Executive Director a $250 per month "car allowance," which is not a reimbursable travel expense under state law.

The automobile lease payments and the "car allowance," combined with the actual expense or mileage reimbursements that the Executive Director has received, represent double payment of his vehicle travel expenses. During the first ten days of August 1993, the foundation paid its Executive Director mileage reimbursement, as well as payments not authorized by law for actual automobile expenses and an automobile lease (see Exhibit 8 on page 31). Exhibit 9, page 32, summarizes the automobile travel expenses not authorized by MISS. CODE ANN. Section 25-3-41.

Payment of these travel expenses was not authorized by law, and in several cases the Executive Director did not document the expenses as being incurred in the course of "official business." In claiming expenses in these cases, the

Exhibit 8

Executive Director's Automobile Expense Reimbursement
(October 1992 - August 1995)



SOURCE: Compiled by PEER from information provided by the Mississippi Community College Foundation.

Executive Director provided no information regarding the number of miles traveled, dates of travel, places traveled, or reasons for travel (information required on Hinds Community College's standard travel expense reimbursement form). Without such information, it is not possible to determine what portion of mileage relates to business travel and what portion may relate to personal travel. For example, the foundation reimbursed the Executive Director $38.72 for gasoline expenses incurred over the 1993 Memorial Day weekend associated with a trip to Arkansas. The Executive Director did not document any official business conducted on the trip.

Exhibit 9

MCCF Executive Director's Automobile Travel Expense Reimbursements and Payments Not Authorized by Law, October 1992 through March 1995

Actual Expenses for Operation of Personal Automobile:	
Gasoline	$1,184.11
Car tag	253.02
Tires	371.60
Repairs/maintenance	571.43
Oil changes, batteries, labor	159.45
Automobile lease payments	2,624.07
"Car allowance"	2,250.00
Total	$7,413.68

SOURCE: PEER analysis of MCCF records.

The MCCF board has failed to establish an adequate system of internal controls to review and approve its Executive Director's travel expense requisitions and related receipts. Based on the problems and discrepancies noted in PEER's review, the travel requisition review process for foundation employees lacks effort and diligence, since the process overlooked these legal violations. Hinds Community College's President, in his capacity as a member of the foundation's Executive Committee, approved the expense requisitions filed by the foundation's Executive Director.

The foundation has violated state law by reimbursing its Executive Director for business meals for others.

Because the law contains no specific authority for community and junior colleges to expend funds on business meals for others, expenditure of funds for this purpose violates state law. MISS. CODE ANN. Section 25-3-41 provides for the reimbursement of actual meal expenses incurred by state and local government employees in the course of travel in the performance of official duties, subject to limitations established by the Department of Finance and Administration. The Department of Finance and Administration promulgates rules for travel reimbursement for the community and junior colleges as well as for agencies of state, municipal, and county government. No provision appears in the state's travel laws for the reimbursement of business meals for guests of state and local government employees.

The foundation's general office fund records for July 1992 through March 1995 show that the Executive Director received reimbursements for overnight and non-overnight travel totaling $6,416.50 for 233 business meals for himself and others. PEER could not identify the dollar amounts of meals bought for the Executive Director versus meals bought for others because he did not show this breakdown on his expense requisitions. (Such a practice also precludes auditing for compliance with daily meal limits established by the Department of Finance and Administration under MISS. CODE ANN. Section 25-3-41).

The foundation's reimbursement of expenses for business meals for others has occurred in part because Hinds Community College's policies permit reimbursement of business meals for others, contrary to state law, and Hinds Community College's accounting department approves these reimbursements for the foundation. Section VIII, Meal Allowances, of the Hinds Community College Business Services' Procedures and Forms Manual states in part:

> *Meal expenses incurred during travel which do not include an overnight stay are not eligible for reimbursement unless the meal expense is for a business meeting of other people. In this case, a listing of all in attendance, and the purpose of the meeting must be noted on the expense voucher.*

Thirty-two percent of the foundation's meal expense receipts reviewed by PEER did not even contain the documentation required by Hinds Community College policy showing who was present during a business meal or what business was conducted. In any case, Hinds Community College's policy does not comply with the law and allows illegal payment of meal expenses for others.

In a limited review of foundation expenditures for the period July 1992 through October 1993, the State Department of Audit criticized the foundation's practice of expending funds for "entertaining people." However, the review went on to assume that because entertainment expenditures were "necessary" in the type of environment in which the foundation operates, payment of such expenses would be acceptable as long as the expense requisition documented who was present and what was discussed.

While paying business meal expenses for others with unrestricted funds from private donors might be acceptable as long as the foundation followed applicable federal laws regarding such expenses, the foundation does not have an accounting system in place that separates public and private funds and should therefore expend all of its funds as if they were public and not use them to pay for business meals for others.

VIOLATIONS OF FEDERAL LAW AND GRANT AGREEMENTS

Hiring a Consultant to Evaluate His Own Work

MCCF's Executive Director and Board of Directors have not complied with federal regulations governing employment of an evaluator for the Mississippi Rural Health Care Corps project.

Under the provisions of the foundation's memorandum of agreement with Mississippi State University/Mississippi Cooperative Extension Service for the Rural Health Care Corps grant (refer to discussion on page 19), the foundation agreed to comply with applicable federal Office of Management and Budget (OMB) circulars, submit annual reports of performance, and conduct a comprehensive evaluation of the Rural Health Care Corps project.

One of the OMB circulars with which the foundation must comply--Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions"--requires that evaluations and audits of non-profit institutions receiving federal financial assistance be conducted by an independent auditor in accordance with government auditing standards developed by the Comptroller General of the United States. These standards require auditors to be free from personal impairments to independence, such as professional or financial relationships, that would limit the extent of inquiry or influence audit findings.

In March 1995, the foundation entered into a contract to pay J. Michael Ainsworth $12,000 for an evaluation of the Mississippi Rural Health Care Corps project. Because J. Michael Ainsworth had previously been paid by the foundation as a Rural Health Care Corps consultant on numerous occasions for services such as design of a survey to identify perceived rural health needs and planning, coordination, and execution of rural health fairs, his role as an evaluator of the project violates generally accepted government auditing standards regarding auditor independence and freedom from personal impairments. Specifically, Ainsworth and companies with which he is associated (AMS Services; Klein, Ainsworth, and Co., Inc.; and Steens Creek Productions, Inc.) have secured at least $52,082 in contracts from the foundation (see Exhibit 7, page 28). Over eighty-five percent of the contractual payments that Ainsworth and his companies received from the foundation were for work directly related to the Mississippi Rural Health Care Corps project.

Failure to Execute a Formal Written Contract as the Basis for Payments to a Service Provider

The foundation's Executive Director violated federal grant regulations by advancing $15,000 in federal Rural Health Care Corps funds to Steens Creek Productions, Inc., a company with which his son is associated, without a formal written contract.

One of the project objectives listed in the foundation's proposal for the Rural Health Care Corps was to conduct annual comprehensive health fairs in each of the junior and community college districts. In 1993, the foundation issued two $7,500 checks (one in January and the other in February), paid out of federal Rural Health Care Corps grant proceeds, to Steens Creek Productions, Inc., as an advance for work to be performed related to the production of nine rural health fairs. In violation of federal grant regulations, the foundation paid the advances to Steens Creek Productions, Inc., without the support of a formal written contract specifying the tasks to be performed or how the foundation would ensure that the company applied the funds to their intended purpose.

Absence of a Formal Written Contract

As noted on page 34, under the foundation's memorandum of agreement with Mississippi State University/Mississippi Cooperative Extension Service for the Rural Health Care Corps grant, the foundation agreed to comply with applicable federal Office of Management and Budget (OMB) circulars. OMB Circular No. A-110 ("Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Non-Profit Organizations") outlines the regulations that organizations such as the foundation must follow in contracting for services. Specifically, Circular A-110 requires that service contracts include provisions necessary to define a sound and complete agreement, including the specification of tasks to be performed. Further, the circular requires the monitoring of contracts to ensure compliance with the terms of the contract, and the maintenance of procurement records justifying the selection of contractors. Also, the circular requires that service contracts contain provisions allowing the federal agency and grant recipient access to the books of the contractor.

When PEER requested a copy of the contract supporting the foundation's two $7,500 advances to Steens Creek Productions, Inc., the foundation's Executive Director stated that a letter from Astoria Entertainment, Inc., dated December 28, 1992 (refer to copy of Astoria letter in Appendix C, on page 67) contained the identical text of the foundation's agreement with Steens Creek Productions, Inc., but that he was unable to locate the letter from Steens Creek.

Based on the assumption that the Executive Director is correct in that the contents of the letters from Astoria and Steens Creek are the same, the letter discusses broad activities that the rural health fair coordinator was to perform (e.g., conduct coordination services, develop fair sponsorship) and details the payment of a $15,000 advance to the coordinator, as well as the amount of anticipated rural health fair sponsorship revenues (e.g., from the sale of exhibit space) to be retained by the rural health fair coordinator. However, the letter fails to specify:

- tasks that the rural health fair coordinator is to perform and how the foundation would hold the coordinator accountable for the performance of specific tasks;
- consequences should the coordinator fail to coordinate all nine fairs; and,
- financial consequences should the coordinator fail to generate sponsorship revenues (particularly should the coordinator fail to generate the projected $10,000 in sponsorship fees per fair, which is the basis for the distribution of fair revenues outlined in the letter).

The terms listed in the letter are highly favorable to the rural health fair coordinator, at the expense of the foundation, in that the terms give the coordinator $15,000, in advance of work performed, without even requiring the coordinator to guarantee a given level of sponsorship sales or specifically requiring the coordinator to return the advance in the event that no sponsorship sales are generated and/or no fairs are held. Further, in terms of accountability, even though the distribution of rural health fair income between the coordinator and the foundation hinges on sponsorship sales, nothing in the letter requires the coordinator to provide the foundation with an accounting for sponsorship sale revenues collected by the coordinator.

Relationship of the Foundation's Executive Director to Steens Creek Productions, Inc.

The Executive Director's son, Ben Wynne, is associated with Steens Creek Productions, Inc., as evidenced by the fact that he endorsed one of the $7,500 advance checks made payable to the company from the foundation. The same individuals listed by the Louisiana Secretary of State as officers of Astoria Entertainment, Inc., are also listed as officers of Klein, Ainsworth, and Co., Inc. One of the incorporators of Klein, Ainsworth, and Co., Inc.--J. Michael Ainsworth--is also an incorporator of Steens Creek Productions, Inc. (see Exhibit 7 on page 28 showing the interrelationships between the various companies hired by the foundation).

Problems Related to the Coordination and Development of the Rural Health Fairs by Steens Creek Productions, Inc.

In coordinating the rural health fairs, Steens Creek Productions, Inc.:

- only coordinated five of the nine fairs for which the foundation provided an advance payment;

- interpreted its broad authority as the foundation's hired rural health fair coordinator as allowing it to collect funds from community and junior colleges to cover health fair coordination costs should sponsorship fees be inadequate to cover such costs;

- attempted to include fair sponsors whose relationship to health and wellness is questionable, and in some cases, proven harmful; and,

- failed to return any sponsorship fees or advances to the foundation.

The sections below address each of these problems in greater detail.

Failure to coordinate all nine rural health fairs--In the latter part of 1993, the Mississippi Cooperative Extension Service, administrator for the Rural Health Care Corps grant, began handling the administration, coordination, and promotion of the rural health fairs and has assumed this role with respect to all of the fairs except for the five fairs coordinated by Steens Creek Productions, Inc. No documentation exists in the files explaining why the Mississippi Cooperative Extension Service took over coordination of the rural health fairs from Steens Creek Productions, Inc.

Collection of public funds outside of those discussed in the Astoria letter--Correspondence from Steens Creek Productions, Inc., to one of the state's community colleges noted that if Steens Creek was unable to recover its costs of marketing and purchasing administrative items related to the rural health fairs through sponsorship fees, it would have to recover these costs from another source (by implication, from the community and junior colleges).

Attempt to include questionable health fair sponsors--Correspondence between the Mississippi Cooperative Extension Service and the foundation shows that Steens Creek Productions, Inc., attempted to include in the rural health fairs exhibitors from industries having a questionable and in some cases, proven harmful, relationship to health (e.g., exhibitors from the alcohol and tobacco industries). The Extension Service also noted that some of the health fair exhibitors proposed by Steens Creek sold their products at inflated prices.

Steens Creek's failure to return advance fees or sponsorship fee revenues to the foundation--While the foundation has no financial information showing the amount of sponsorship fees collected by Steens Creek Productions from each of the five rural health fairs which it coordinated, a description contained in a Steens Creek report labeled the Meridian health fair "a great success." Also, correspondence from the foundation's Executive Director stated that the Meridian rural health fair included twenty-four booths. At a cost of $450 per booth (as advertised by Steens Creek Productions, Inc., in its exhibitor information packet), the Meridian fair would have generated at least $10,800 in sponsorship revenues.

According to the Astoria letter, for each of the five rural health fairs which Steens Creek Productions, Inc., organized, the company should have repaid $1,667 in advance money due to the foundation (i.e., 1/9 of $15,000) as well as the agreed-upon per-fair amount to cover foundation expenses ($1,250) and 33.34% of any sponsorship income in excess of $10,000 per fair. Further, when the Mississippi Cooperative Extension Service took over production of the fairs, Steens Creek Productions, Inc., should have immediately repaid the advance money for the remaining four fairs which it did not coordinate. Therefore, at a minimum, MCCF is due $21,250 from Steens Creek Productions, Inc., and should also seek payment of interest on these funds, since repayment is overdue by two years in some instances. (See Exhibit 10, below, for itemization of this amount.)

The problems outlined in this finding illustrate the dangers inherent in entering into arrangements with service providers without adequate controls, such as a formal written contract containing detailed descriptions of the tasks to be performed and how the work performance will be monitored. By failing to implement such controls, the foundation's Executive Director has deprived Mississippi's community and junior colleges of at least $21,250 in funds due to the foundation from Steens Creek Productions, Inc., in favor of benefiting a company with which his son, Ben Wynne, is associated (see related finding on page 26).

Exhibit 10

Minimum Amount Owed to MCCF by Steens Creek Productions, Inc. According to December 1992 Letter Regarding Rural Health Fairs

Repayment of advance	$15,000
Reimbursement for foundation expenses for five fairs held ($1,250 X 5)	6,250
Minimum due to MCCF from Steens Creek Productions, Inc.	$21,250

SOURCE: PEER analysis of MCCF records and correspondence with Astoria Entertainment, Inc.

Failure to Control Inventory Properly

In violation of federal grant regulations and good management principles, MCCF lacks proper internal controls over its more than $1.1 million in inventory, which increases the risk that valuable equipment could be lost or stolen.

Pursuant to its federal Rural Health Care Corps grant agreement, MCCF purchased $1,156,411 in distance learning equipment (i.e., the Community College Network) for use by seventeen learning institutions, including the fifteen community colleges, the University of Mississippi Medical Center, and Mississippi State University. The foundation is directly responsible for monitoring and safeguarding the equipment purchased through the grant. However, the foundation has not monitored the inventory as required by federal and Hinds Community College regulations and by good management principles.

Inventory procedures are an important internal control for all organizations, both private and public. Primary inventory control procedures include maintaining a detailed list of equipment on hand, physically verifying the location of all equipment on a routine basis, and establishing and following procedures for controlling the relocation and disposition of equipment. A lack of controls over inventory increases the risk that items purchased are not properly safeguarded from loss, damage, or theft.

As noted on page 34, under the foundation's memorandum of agreement with Mississippi State University/Mississippi Cooperative Extension Service for the Rural Health Care Corps grant, the foundation agreed to comply with applicable federal Office of Management and Budget (OMB) circulars, including OMB Circular No. A-110. Specifically, in accounting for equipment purchased with funds from federal grants, Circular A-110 requires organizations such as the foundation to:

- maintain detailed equipment records, including a description of the equipment, serial number, source of funds (i.e., the federal agency providing the funding) and federal award number, whether title vests with the recipient or the federal government, acquisition date, cost per unit, location, and condition;

- make a physical inventory count and records reconciliation at least once every two years; and,

- implement a control system (e.g., equipment sign-out procedures, procedures for taking items off of inventory) for prevention of loss, damage, or theft.

In addition to federal regulations governing inventory control procedures applicable to federal grant recipients, Hinds Community College's written inventory procedures require:

- maintenance of a complete inventory record;

- annual physical counts of equipment, conducted by personnel acting under written instructions; and,

- completion of a property sign-out form when equipment is removed from a Hinds Community College office for any reason.

The Hinds Community College procedures are applicable to equipment costing over $500 and some easily pilferable items of equipment costing less than $500, such as typewriters, cameras, and radio equipment.

The Mississippi Community College Foundation does not have complete CCN inventory lists or equipment descriptions, nor has it conducted periodic physical inventories of CCN equipment. Also, regarding the non-CCN inventory that the foundation has assigned to Hinds Community College, the foundation has not ensured that the college adds all purchased items to the college's inventory list, nor has the foundation implemented equipment check-out procedures designed to ensure the location of equipment at all times.

Incomplete CCN inventory lists--MCCF maintains its own inventory list of CCN equipment, as do all of the institutions housing CCN equipment. However, the following pieces of CCN equipment located at Hinds Community College were not included on *any* inventory lists:

- one "Push to Talk" microphone;

- seventeen dual port multiplexer communication units; and,

- one Multiway Control Unit (MCUII).

The exact value of these items is unknown because the supporting invoice did not itemize costs.

Incomplete CCN equipment descriptions--Neither the foundation nor the individual institutions maintain CCN inventory lists containing all of the descriptive information required by OMB Circular A-110. Specifically, none of the CCN equipment descriptions contained information as to the source, award number, condition of equipment, or ownership. Further, most CCN equipment descriptions do not include the item's cost or acquisition date.

Failure to conduct periodic physical inventories of CCN equipment--According to the foundation's Executive Director, each institution is individually responsible for oversight of the CCN equipment assigned to it, because the foundation does not have the staff to keep up with the inventory. Only four of the seventeen institutions included in the network have placed the CCN inventory on their college inventory lists, a measure that would ensure that the items would be subject to the same inventory audit procedures as other college equipment. As a result, at thirteen distance learning sites, neither MCCF nor the colleges have ensured that the CCN equipment is physically located on a routine basis as required by federal regulations.

Incomplete inventory list for non-CCN equipment--MCCF has relegated maintenance of its non-CCN inventory list to Hinds Community College. However, the foundation has not ensured that all of its purchased equipment is added to the Hinds Community College inventory list. The college reviews monthly the list of foundation expenditures that have been coded with an expense account number for equipment, adds these equipment purchases to Hinds's/MCCF's inventory list, and places Hinds inventory tags on those items. However, the foundation purchases many equipment items from its general office fund that it does not code as equipment; therefore, Hinds does not add these items to the inventory list.

Using Hinds Community College's written inventory procedures, PEER identified at least eleven foundation-owned items with a combined value of over $16,000 that the foundation has not asked Hinds Community College to place on its inventory list (see Exhibit 11, below).

Exhibit 11

MCCF-Owned Items Not Included on Hinds Community College's Inventory List

Item	Value at Time of Purchase
Copier	$10,408
Lateral filing cabinet	795
Car phone	688
Panasonic telephone system unit	600
Paper shredder	545
Canon typewriter	268
Hewlett Packard printer	Unknown
Smith Corona typewriter	Unknown
Personal laser writer	979
Macintosh central processing unit	1,349
Macintosh color display monitor	539
TOTAL	$16,171

SOURCE: PEER analysis of Hinds Community College's inventory records.

Lack of inventory control procedures for non-CCN equipment--PEER staff conducted a physical inspection to determine whether equipment included on the Hinds/MCCF inventory list was located at the foundation office. Although some serial numbers were incorrect, PEER located all equipment on the list other than two computer printers, which the Executive Director states that he uses at home for foundation business. 'The last two items in Exhibit 11 (i.e., the Macintosh central processing unit and the Macintosh color display monitor) are also being used at his home, according to the Executive Director. No written documentation exists showing that the Executive Director has checked out any of the foundation equipment being used in his home.

The MCCF Executive Director and board have not accepted full responsibility for MCCF equipment. As noted previously, lack of inventory controls increases the risk that items are not properly safeguarded from loss, damage, or theft. Also, the U. S. Office of Management and Budget could impose sanctions on the Cooperative Extension Service at Mississippi State University and MCCF for failure to follow federal inventory control regulations. Sanctions could include withholding of future awards or termination of the current award, and the United States Department of Agriculture could possibly transfer ownership of the CCN equipment to a federal agency.

Diversion of Federal Grant Funds to Another Project

In violation of federal grant regulations and its own by-laws, MCCF paid for non-Rural Health Care Corps program expenses with Rural Health Care Corps grant funds.

Since April 1993, the foundation has used at least $6,667 of its Rural Health Care Corps federal grant funds to reimburse non-Rural Health Care Corps expenses.

As discussed on page 34, under the provisions of the foundation's memorandum of agreement with Mississippi State University/Mississippi Cooperative Extension Service for the Rural Health Care Corps grant, the foundation agreed to comply with OMB Circular No. A-110, which requires that grant recipients assure that grant funds are "used solely for authorized purposes" according to the purpose of the grant. (The purpose of the Rural Health Care Corps grant, as outlined in the foundation's grant proposal, is to improve the quality of health care in rural areas through education and the training of health care workers.) The foundation's own by-laws state that grant funds shall be "disbursed solely for the specific purposes for which the same were donated."

On April 1, 1993, the foundation received a check for $39,775.14 in Rural Health Care Corps grant proceeds for reimbursement of Rural Health Care Corps expenses that the foundation claimed it had incurred. Since the foundation was unable to provide a breakdown of the specific Rural Health Care Corps expenses which generated the $39,775.14 reimbursement request, PEER conducted its own review of foundation records to identify the expenses. (See Appendix D, page 69.) PEER determined that the foundation used $6,667.38 of the $39,775.14 total to reimburse the following expenses <u>not</u> related to the Rural Health Care Corps project:

- *$5,765.17 to Klein, Ainsworth and Co., Inc. for consulting services for Project Pull-Up.* Pull-Up is a separate project from the Rural Health Care Corps, established to help low-income families through vocational skills training (see discussion on page 19). The foundation initiated the Pull-Up project in 1992 with funds from the U. S. Department of Health and Human Services (administered by the Mississippi Department of Human Services) and the Kellogg Foundation.

- *$902.21 to Klein, Ainsworth and Co., Inc., for the foundation's 1992 annual report.* The Rural Health Care Corps project had only been in existence for thirty days at the time that the foundation received an invoice from Klein, Ainsworth and Co., Inc., for payment relative to production of the foundation's annual report.

Failure to Pay Federal Taxes Due on Business Meals

In violation of federal tax laws, the foundation has not withheld and paid taxes on the taxable portions of the Executive Director's business meals not associated with overnight travel.

According to Internal Revenue Code Section 274, a portion of the reimbursement for business meals not associated with overnight travel is income to an employee and subject to withholding and Federal Insurance Contributions Act (FICA) tax. The employer is responsible for withholding required taxes and making matching payments for FICA taxes. The Internal Revenue Code also requires detailed documentation of such meals, including a list of who attended and the nature of the business discussed.

From July 1992 through March 1995, Hinds Community College and the foundation reimbursed the foundation's Executive Director $4,544 for business meals not associated with overnight travel and did not withhold income tax or FICA tax from his salary, nor did they pay the employer matching portion of FICA taxes on the taxable portion of his reimbursed business meals. (The Executive Director's expense requisitions do not show the dollar amounts of meals bought for himself versus meals for others. See related finding on page 32.) Thirty percent of the non-overnight business meal expense receipts submitted by the Executive Director during the period did not include either a list of all in attendance at the meal or a statement of the purpose of the meeting as required by IRS regulations. Also, some receipts submitted as meal expenses were only cash register receipts which did not state the place where the meal and meeting occurred.

Because the foundation and Hinds Community College failed to collect and pay federal taxes due on business meals, MCCF is liable for the unpaid employer matching FICA payments due on the taxable portion of these business meals. Thc foundation's Executive Director is liable for back taxes, interest, and penalties on the unpaid taxes due on the taxable portion of these business meals.

VIOLATIONS OF GOOD MANAGEMENT PRINCIPLES

Failure to Account Separately for Donor-Restricted Contributions

The foundation has violated generally accepted accounting principles by commingling $78,000 in private donations restricted for the Rural Health Care Corps project with unrestricted funds maintained in the foundation's general office account.

Generally accepted accounting principles require not-for-profit organizations such as the foundation to distinguish between contributions received with donor restrictions and unrestricted funds. The Mississippi Community College Foundation officially adopted this requirement, as noted in its 1994 Financial Statements and Revised By-Laws.

Between September 1992 and August 1994, the foundation placed $78,000 in donations restricted for the Rural Health Care Corps project into its general office account without having the accounting system in place to account for the amount expended from the general office fund for the Rural Health Care Corps. In the fall of 1992, prior to establishing a separate Rural Health Care Corps account, the foundation received $10,000 in private donations designated for the Rural Health Care Corps and deposited this amount into its general office account. Despite opening a separate Rural Health Care Corps account in January 1993, between January 1993 and August 1994 the foundation deposited an additional $68,000 in private donations intended for the Rural Health Care Corps into its general office account.

PEER determined that the foundation expended approximately $65,000 of the $78,000 in donations restricted to the Rural Health Care Corps on Rural Health Care Corps expenses and that the foundation has not yet expended the $13,000 balance (i.e., Rural Health Care Corps revenues placed into the general office account exceeded documented Rural Health Care Corps expenditures made from the general office account by $13,000). While at the time of PEER's review the foundation's general office account contained a balance sufficient to cover the $13,000 in Rural Health Care Corps moneys deposited into the account, the foundation's failure to establish an accounting system to track these funds could easily result in their expenditure on non-Rural Health Care Corps expenses. The foundation's failure to follow generally accepted accounting principles could jeopardize future foundation fundraising efforts, as the foundation would find it difficult to provide private donors with assurance that their contributions have been used for the purpose for which they were given.

Failure to Utilize Resources

The foundation has delivered only twenty-five percent of its goal of 1,500 hours of rural health care instruction via the Community College Network during fiscal year 1995, using less than one percent of the CCN's programming capacity, as defined by the foundation.

When the foundation requested a budget modification from the U. S. Department of Agriculture to shift $1.3 million in Rural Health Care Corps grant funds to purchase the Community College Network, the foundation's Rural Health Care Corps Steering Committee proposed using the network to provide rural health care training through distance learning. The Steering Committee noted in its request to USDA that using the network in this manner would:

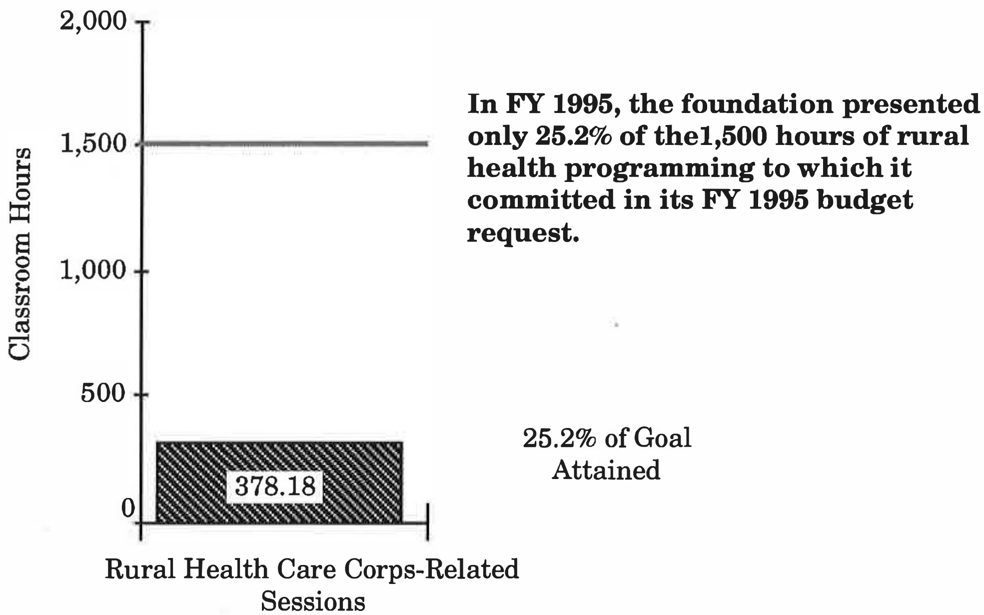
> *. . .allow courses to be taught from various locations across the state and delivered on-site at community colleges for the purpose of training nurses so they do not have to leave the rural communities,*
>
> and,
>
> *. . .allow the Cooperative Extension Service a vehicle to train clientele who have needs in the health area by allowing them to come to the community colleges and participate in training delivered from Mississippi State University and other locations around the state.*

The USDA granted the requested budget modification on November 3, 1993, and the Community College Network was activated on July 11, 1994.

The foundation's FY 1995 Rural Health Care Corps budget narrative states a goal of delivering 1,500 classroom hours of rural health care instruction over the CCN from January 1995 through September 1995. The foundation's goal of 1,500 hours only represents 3.5 percent of its 42,840-hour multi-site programming capacity, as defined by the foundation for that period. Between the CCN's activation in July 1994 and September 30, 1995, the network has only delivered 510 classroom hours of rural health care instruction. Further, the foundation has only delivered 378 such hours since January 1995, or 25.2 percent of its goal of 1,500 hours of rural health care instruction over the CCN. CCN's 378 hours of rural health care instruction used only 0.7 percent of the system's programming capacity. Exhibit 12 on page 46 illustrates the foundation's failure to reach its Rural Health Care Corps programming goal. Appendix E on page 71 contains a listing of Rural Health Care Corps training courses taught over the CCN between January and September of 1995.

Exhibit 12

Comparison of Programming Goal and Actual Rural Health Care Corps Programming during Fiscal Year 1995



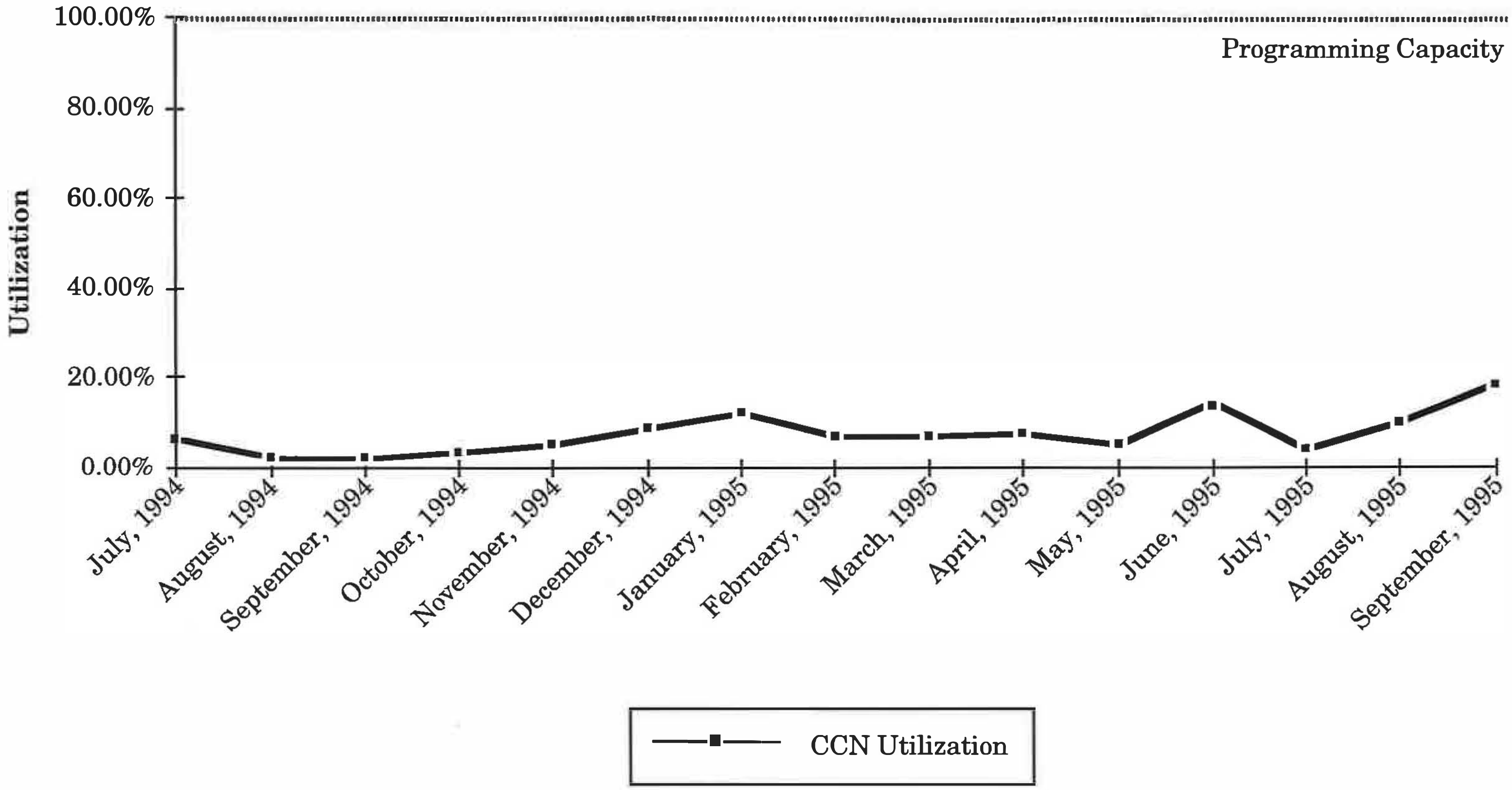
SOURCE: PEER analysis.

From July 1994 through September 30, 1995, the foundation utilized only 7.8 percent of CCN's programming capacity (as defined by the foundation) for any kind of programming, as demonstrated in Exhibit 13, page 47. The programming during the period reviewed consisted chiefly of broadcasting non-health-related meetings (e.g., "football meeting") and teaching master gardening, geography, and foreign language classes.

No foundation documents reflect any short- or long-term plans relative to CCN utilization or curriculum development. As a result, the foundation has not optimally applied the resources of its $1.3 million interactive video network toward addressing the state's rural health care needs.

Exhibit 13

Community College Network Utilization as a Percentage of Programming Capacity, July 1994--September 1995



SOURCE: PEER analysis.

Waste of Foundation Funds on Unnecessary Community College Network Line Costs

The foundation incurs unnecessary CCN line costs of at least $46,000 annually by retaining the present CCN Multiway Control Unit at the Hinds Community College campus in Raymond.

The CCN's switching station, or Multiway Control Unit (MCU), which is located at the Hinds Community College campus in Raymond, is the "hub" of the Community College Network. It allows telecommunications links between the CCN sites for video teleconferencing sessions. As structured, CCN's telecommunication lines connect first in Jackson. Therefore, the foundation must pay an additional distance charge to have the MCU located in Raymond and has done so since the CCN became active on July 11, 1994.

According to BellSouth Business Services, the foundation could operate the CCN at a lower monthly line cost if it moved the CCN switching station from Raymond to Jackson. The foundation currently pays $21,200 in monthly CCN line costs. BellSouth estimates that the foundation would save approximately $46,600 annually in line costs if it moved the Multiway Control Unit to either the University Medical Center or the Education and Research Center, and approximately $58,000 annually if the foundation moved the MCU to downtown Jackson (see Exhibit 14, page 49). Although the foundation would incur a one-time installation charge of approximately $9,900 for the move to either University Medical Center or the Education and Research Center ($7,200 if moved to downtown Jackson), projected savings would cover this cost within approximately three months.

Since at least January 1995, the foundation has known that it could achieve substantial savings by moving the MCU from Raymond to Jackson. However, the foundation's management has failed to take advantage of cost-saving measures. Good management practices dictate that managers spend funds in the most efficient manner practicable. Although the direct operational costs associated with the CCN are allowable costs within the terms of the Rural Health Care Corps grant, the foundation, by not moving the switching station to Jackson, is wasting public funds that could be utilized to meet the grant's primary objective of meeting the state's rural health needs.

Exhibit 14

Estimated Annual Savings to the Community College Network Upon Relocation of Multiway Control Unit

MCU Site	Monthly Costs	Annual Costs	Estimated Annual Savings Over Current Location
Current site: Raymond (Hinds C.C.)	$21,200	$254,400	--
Jackson (Education and Research Center or University Medical Center)	17,311	207,732	$46,668
Jackson (Downtown)	16,367	196,404	57,996

SOURCE: BellSouth Business Services.

Waste of Foundation Funds on Extravagant Purchases

From January 1992 through April 1995, the foundation wasted $7,284 on gifts, liquor, and other extravagant purchases.

The community and junior college presidents established the foundation using public funds to serve a public purpose. As fiduciaries of public funds, foundation managers have the duty and responsibility to spend these funds wisely and frugally.

From August 1992 through February 1995, the foundation expended $7,284 on items which were unnecessary and constitute extravagant uses of public funds (see Appendix F, page 72, for a complete schedule of these purchases). Examples of such expenditures include:

- $295 on liquor
- $43 on a three-bottle travel bar
- $82 for six books on golf (gifts)
- $1,519 for fifty watches (gifts)

These wasteful expenditures have occurred because the foundation's board has not established written policies and procedures delineating acceptable expenses, and because foundation managers have exercised poor judgment in purchasing items with public funds.

Failure to Collect Interest Earned on Foundation Funds

The foundation board has not managed foundation funds prudently, as evidenced by its failure to collect at least $15,000 in interest earned on the investment of foundation funds.

The Hinds Community College Business Office acts as the foundation's business office and commingles college and foundation funds when depositing them into interest-bearing accounts and certificates of deposit. When the college's local bank in Raymond, Mississippi, computes interest on these accounts, Hinds Community College receives the interest earned on foundation funds.

PEER computed the interest (at an assumed conservative rate of two percent) that should have been earned on foundation monthly ending balances held in Hinds Community College's bank account since July 1992. Based on this assumption, the foundation has failed to collect over $15,000 in interest on foundation deposits earned by Hinds Community College.

The foundation's Revised By-Laws (Section 2, Article IV) state that a Finance Committee elected by the foundation's board is to make all decisions regarding the foundation's investments. Because the Finance Committee, as well as the entire foundation board, has failed to manage the foundation's funds prudently, the foundation has been deprived of significant revenues. This practice has also unfairly favored Hinds Community College over other colleges belonging to the foundation, since Hinds receives the full amount of interest earned on foundation funds instead of these funds benefiting all foundation members.

Failure to Pay Rent Due to Hinds Community College

The foundation has not paid rent to Hinds Community College for use of its office and conference room facilities, including utilities, since March 1993.

At its September 1992 meeting, the President of Hinds Community College, Dr. Clyde Muse, presented three options for the location of the foundation office: keep it at the Raymond campus of Hinds Community College, move it to the Ridgeland campus of Holmes Community College, or locate it off-campus at a private location. Dr. Muse recommended the first option and said that Hinds Community College would provide offices and conference room facilities, including utilities, for $100 per month. The foundation board officially agreed to rent Hinds Community College office space at this price.

In October 1992, the foundation made a rental payment of $300 to Hinds Community College for the period of October through December 1992 and made an additional $300 rental payment in January 1993 for the period of January through March 1993. The foundation has not paid Hinds Community College any rent since the January 1993 payment; therefore, the foundation owes the college $2,700 in past due rent plus interest for the period of April 1993 through June 1995.

Because the foundation's board and Executive Director have failed to establish an adequate system of internal controls to ensure that the foundation meets its obligations, the foundation has deprived Hinds Community College of the use and benefits of these funds.

Chapter Three

Do the state or its political subdivisions have any liability for foundation actions?

Yes, actions taken by the foundation could result in liabilities to the state and the public community and junior colleges.

Most of the legal violations and improper actions discussed in this review involve needed restitution on the part of individuals who committed violations. Some of these violations could affect state entities. Specifically, as grantee/sub-grantor of the federal Rural Health Care Corps grant, the Mississippi Cooperative Extension Service, a component of Mississippi State University, could become liable to the federal government for any Rural Health Care Corps grant funds that the foundation or its Executive Director misspent.

With respect to potential actions of the foundation, certain situations could result in liabilities for the state or its political subdivisions. For instance, should the foundation become unable to pay its debts, foundation vendors and service providers might expect the public community and junior colleges and their boards of trustees to meet the foundation's obligations. By making purchases for the foundation, Hinds Community College places the state in a position of direct liability should the foundation be unable to cover the costs of such purchases.

The foundation's Delta Net proposal also represents a potential liability for the state. Under this proposal, the foundation would become responsible for maintenance of a microwave communications system currently operated by the U. S. Corps of Engineers in the Delta regions of Mississippi, Louisiana, and Arkansas. The stated purpose of the proposal is to meet education, training, and service needs of Delta residents, including: health care education, health care services, basic skills (literacy) training, and workforce training. The plan calls for the foundation to contract with a private partner for the purposes of system operation and maintenance, as well as for provision of the capital investment necessary to expand the network. The proposed agreement would give the private partner the right to market a specified amount of band width made available for private sector use. If the private partner were to become bankrupt, the foundation could still be responsible for the upkeep and maintenance of the communications system. In such a situation, the foundation could take advantage of its ready access to state funds to cover any shortfalls by increasing the assessments which it collects from the community and junior colleges.

Operating outside the controls built into state law to ensure accountability in the public sector, the foundation creates actual and potential liabilities for the state and its political subdivisions.

- *Controls governing the foundation's operations are inadequate to ensure protection of the public's interests.*

The foundation claims that, because it takes the following actions, it has an adequate system of internal and external oversight:

-- establishes annual operating budgets;

-- adopts policies mandating compliance with Hinds Community College policies and procedures as well as with state laws governing the expenditure of public funds;

-- submits expenditures to review by the foundation board of trustees;

-- submits travel requisitions for review by Hinds Community College business office personnel;

-- obtains annual audits by a public accounting firm; and,

-- undergoes periodic reviews by the State Auditor.

While the foundation claims that it operates within a system of standard and adequate checks and balances, the existing system has permitted the types of violations of state and federal laws, regulations, and good management principles noted by PEER, and therefore is flawed. The above elements alone are not sufficient to prevent illegal activities and waste because of foundation management's lax attitude towards controls. The low level of diligence which management has placed on the development, implementation, and enforcement of control measures has greatly diminished their effectiveness in detecting errors and irregularities. This poor system of controls places at risk the foundation's resources, almost ninety percent of which are from public sources.

The foundation's "budget" is too unrealistic to serve as a meaningful control--A budget set either at a level so low that it will always be exceeded or so high that it will not be approached in the normal course of business is not an effective control tool. While the board approves the foundation's budget, the amounts included therein are too high to provide an effective control. For example, the foundation's budget for meals, travel, and lodging for four employees for the fiscal year ending June 1994 was $36,112, of which the foundation actually expended $21,250. The foundation then proceeded to budget $46,222 (an average of $178 per business day) for the same categories for the fiscal year ending June 1995. While PEER would not criticize the foundation for not spending all of the budgeted funds, PEER does question how effective the foundation's budget can be as a control, when in 1994, the foundation expended only fifty-nine percent of the amount budgeted for meals, travel, and lodging and the next year budgeted more than twice the amount it had needed the previous year.

The foundation's expenditure review process is flawed in its scope and implementation--One of the first steps in the development of a meaningful expenditure review process is to identify applicable laws, regulations, and policies to check for compliance. While the board stated in its official minutes that the foundation complies with state law governing the expenditure of public funds and Hinds Community College policies and procedures, foundation management has failed to develop policies and procedures addressing the unique requirements of the foundation and has failed to consider applicable state laws (e.g., state conflict of interest laws, purchasing laws, travel laws) in the approval process. Neither has foundation management considered the applicable federal laws, rules, and regulations which should be an integral part of the pre-audit review process.

The foundation has failed to act on numerous problems cited by previous auditors-Prior to PEER's review, the State Department of Audit and the foundation's independent auditors noted and reported to the foundation board significant problems.

In the fall of 1993, at the request of Dr. Eddie Smith, then-chairman of the foundation and President of East Central Community College, Norman McLeod of the State Department of Audit conducted a limited review of foundation expenditures for July 1992 through October 1993. Specifically, McLeod noted that the foundation's Executive Director:

-- received reimbursement for automobile expenses not allowed under state law;

-- spent funds entertaining people without specific authority for this type of expenditure;

-- had potentially violated conflict of interest statutes regarding payments to Ben Wynne and Patricia Wynne;

-- did business with Klein, Ainsworth and Co., Inc.; Steens Creek Productions, Inc.; and AMS Services, companies of a former business associate of the foundation's Executive Director, which gave the appearance of a conflict of interest; and,

-- endorsed and deposited into his personal account a check for $253.02 payable to the State of Mississippi for a car tag. (The Executive Director made restitution to the foundation after the situation was discovered.)

McLeod concluded that the foundation board needed to take a more active role in the foundation's fiscal management.

The foundation's independent auditors noted the following reportable exceptions of weaknesses in the foundation's internal controls:

-- deficiencies in accounting records: The foundation was unable to produce a combined statement (for all grants) of receipts and disbursements or a balance sheet;

-- inadequate records for fixed assets;

-- failure to properly segregate duties: The foundation's Executive Director approved his own expense reimbursements and expense reimbursements for the Pull-Up Project, a program for which the Executive Director's wife serves as the administrator; and,

-- failure to document travel and entertainment expenses properly: The auditors noted instances where the foundation reimbursed expenses directly from a credit card monthly statement, rather than from the actual receipt, which practice they noted was not in conformity with minimum IRS and Mississippi state law requirements.

The foundation never developed a plan for correcting the deficiencies noted by McLeod of the State Department of Audit or its independent auditors.

- *The foundation operates outside of the controls built into state law to ensure accountability in the public sector.*

The Legislature established the State Board for Community and Junior Colleges to represent the interests of the statewide community and junior college system (refer to discussion on page 3). Rather than working through this legislatively established body, the community and junior college presidents chose to establish their own statewide body outside of the controls built into state law to ensure accountability in the public sector.

State law contains numerous provisions designed to ensure accountability in governmental operations. These provisions include:

-- legal authorization of entities with a public purpose, including a description of their powers and duties and descriptions of formal relationships with other entities, where applicable;

-- the assignment of policymaking responsibility to elected officials, who are accountable to the public through the electoral process, and to governing boards comprised of elected officials serving as ex-officio members and/or appointees of elected officials;

-- the establishment of the length of terms of office, which guarantees the opportunity for the general public to hold the officeholder accountable through the electoral process; and,

-- assurances of the representativeness of elected officials and governing boards through specification of the qualifications to serve in such positions (e.g., requirements ensuring that all geographic regions are represented) and provisions for vacancies/succession in office;

as well as the following specific state laws:

-- open meetings law (i.e., MISS. CODE ANN. Section 25-41-1 et seq.), which requires the formation and determination of public policy at open meetings, advance notice of all meetings of public bodies, the formal recording of minutes of final actions and votes taken during meetings of public bodies, and the ready availability of such minutes for public inspection;

-- public access to public records law (i.e., MISS. CODE ANN. Section 25-61-1 et seq.), which gives persons access to records (in any form) maintained by a public body, with the exception of records to which a confidentiality right attaches (e.g., patient files, personnel files);

-- conflict of interest laws;

-- purchasing laws; and,

-- travel laws.

While all of these provisions apply to the State Board for Community and Junior Colleges and the local community and junior college boards of trustees, many of the accountability provisions either do not apply to the foundation or have been violated by the foundation in its operations.

While foundation activities clearly affect the operation of the state's public community and junior colleges, foundation board members are further removed from, and therefore less accountable to, the electorate than either the State Board for Community and Junior Colleges or the local district boards, as the foundation board members are community and junior college presidents, appointed by their local community and junior college boards of trustees (see Exhibit 1 on page 5). Community and junior college presidents do not have a term of office and there is no provision for replacement of presidents who no longer want to serve on the foundation board.

The state's open meetings law applies to meetings of both the local community and junior college boards of trustees and the State Board for Community and Junior Colleges. However, the foundation conducts its business behind closed doors, allowing only the presidents, their designated representatives, and invited guests to attend foundation board meetings.

The state's open records law applies to both the local community and junior college boards as well as the State Board for Community and Junior Colleges, but the foundation maintains that it controls access to its records. In an official memorandum to the Executive Director of the PEER Committee dated March 7, 1995, the chairman of the foundation stated that: "MCCF long ago adopted a policy of opening itself to the scrutiny of legitimate groups that feel they have a need for information about MCCF and its operations." Thus the foundation's position is that it can grant or deny access to its records at will.

The vehicles existed for the community and junior colleges to accomplish the objectives of the foundation (e.g., fundraising, program development) within legislatively established accountability structures, yet the presidents chose instead to work within a closed organization which the Legislature did not establish. Because of its method of operating outside of the controls built into state law to ensure accountability, the public may not be aware of the actions that the foundation is taking, and further, the public has no direct recourse if it objects to such actions. In the case of the foundation, the potential exists for actions which duplicate and/or conflict with actions taken by the legislatively created State Board for Community and Junior Colleges. The fact that the foundation has adopted an official policy of having "no official relationship with the State Board for Community and Junior Colleges" heightens the likelihood of conflict and duplication.

PEER concludes that the foundation's existence is not good public policy, as evidenced by the numerous violations and potential violations of state and federal laws, regulations, and good management practices outlined in this report.

Chapter Four

Recommendations

1. The local community and junior college boards of trustees whose presidents remain on the foundation board should review the advisability of continued participation in the foundation. The local boards should pursue any future systemwide fundraising and/or developmental activities through the legislatively created State Board for Community and Junior Colleges.

2. The Mississippi Attorney General, the District Attorney for the Seventh Judicial District, and the State Auditor should consider whether civil and criminal proceedings should be instituted to recover misspent funds from the former foundation Executive Director.

3. The Mississippi Ethics Commission should consider bringing proceedings against the former foundation Executive Director for violations of conflict of interest provisions in MISS. CODE ANN. Section 25-4-105, subsections 1 and 2.

4. The State Auditor should take action necessary to make demand of the foundation board and the Hinds Community College Board of Trustees to reimburse the foundation for all payments in excess of the amounts authorized under MISS. CODE ANN. Section 25-3-41 (governing travel, mileage, meal, and lodging reimbursement for state and local entities). Should the boards not agree to make payment, the State Auditor should institute a civil proceeding against the foundation board and the Hinds Community College Board to recover all non-reimbursable and duplicative expenses discussed in this report.

5. The Office of Inspector General of the United States Department of Agriculture should determine whether the following violations of the Rural Health Care Corps grant agreement merit agency sanction:

   - hiring J. Michael Ainsworth, a project contractor, as project evaluator;

   - failure to control inventory properly; and,

   - diversion of grant funds to another project.

6. The administration of Mississippi State University should review the Cooperative Extension Service's administration of the Rural Health Care Corps grant and its oversight of expenditures associated therewith.

7. The Mississippi Community College Foundation Board should:

   - demand immediate repayment of the $15,000 advance (plus interest) paid to Steens Creek Productions, Inc., for coordination of rural health fairs. Further, the foundation should demand a complete accounting of all rural health fair revenues collected by Steens Creek Productions, Inc., and should seek payment of its share of said revenues (plus interest), including the $6,250 to cover foundation expenses as outlined in the Astoria Entertainment, Inc., letter;

- transfer to its Rural Health Care Corps account the $13,000 in private Rural Health Care Corps donations placed in its general office account which cannot be tied to Rural Health Care Corps expenses; and,

- seek payment of past-due interest which Hinds Community College has received since its Business Office assumed responsibility for handling foundation funds.

8. The foundation should immediately pay Hinds Community College $2,700 in past due rent plus interest.

If, after considering their continued participation in the foundation, a sufficient number of local governing boards want to sustain and improve the foundation, the foundation should take the following specific actions.

9. In all of its activities, the foundation should depict itself accurately (i.e., a partnership of ten community and junior college presidents), avoid implications of any authority beyond that of individuals in their positions as presidents of the individual colleges, and should not present itself as representing the statewide community and junior college system.

10. The foundation's Board of Directors should take specific measures to improve accountability, including the holding of open meetings and adherence to the state's open records law.

11. The foundation's Board of Directors should take a more active role in overseeing the foundation's financial affairs. Specifically, the board should establish an adequate and effective system of internal controls designed to ensure compliance with applicable laws and good management practices. This system should include the development of policies and procedures that are specifically designed for the foundation's operation.

12. The foundation's board of directors should especially ensure that all foundation policies regarding travel expenses comply with state law and internal controls and are adequate to prevent the payment of non-reimbursable travel expenses. Toward this objective, foundation procedures should designate adequately trained employee(s) to review travel expense requisitions for compliance with applicable foundation policies, guidelines, and state laws. The foundation should also:

    - immediately cease the illegal reimbursement of meal expenses for others; and,

- establish a system to account accurately for the taxable portion of business meals, make the proper employer tax payments on business meals, and withhold the proper taxes from foundation employees' salaries for business meals.

13. Hinds Community College should amend its travel policy to conform to state travel law as interpreted by the Department of Finance and Administration.

14. The foundation should maintain adequate supporting documentation of all financial transactions.

15. The foundation should deposit all future donations of restricted funds to the appropriate special funds accounts and pay expenses associated with a special purpose from the appropriate restricted funds account.

16. The foundation board should exercise close scrutiny over all payments to outside vendors and service providers. The foundation should follow competitive bidding procedures, even for personal service contracts, and should only pay outside service providers on the basis of written contracts, signed by both parties, and specifying the tasks to be performed and how performance of the tasks will be monitored.

17. The foundation should develop and implement a strategic plan for using the Community College Network to address the state's rural health care needs. The foundation should seek, through formal channels, assistance in developing network planning and programming from agencies or organizations involved in all aspects of rural health care.

18. The foundation should move the Community College Network's Multiway Control Unit to Jackson.

19. The foundation should select a new, independent evaluator for its Rural Health Care Corps project, basing the selection on model competitive bidding procedures, including a widely advertised and clearly defined request for proposals.

20. The foundation should take responsibility for controlling its own inventory by establishing inventory procedures.

    The foundation's complete inventory list should include serial numbers, cost of each piece of equipment, description, acquisition date, location, and additionally for equipment purchased using federal funds, the source, award number, condition, and whether the title vests with the grant recipient or the federal government.

    The foundation should also perform a yearly inventory count of all its equipment at foundation offices and assure that inventory counts are performed by personnel at locations across the state where MCCF equipment is kept.

The foundation should implement procedures for signing out equipment when it is taken from MCCF offices to be used for MCCF purposes--e.g., use of a "check-out sheet."

21. The foundation's board of directors should cease the practice of paying advances to contractors.

Appendix A

Mississippi Community College Foundation
Statement of Revenues and Expenses by Fiscal Year
July 1, 1992 - April 30, 1995

	FY92	FY93	FY94	FY 95	Total	% of Total
Private Sources:						
General Office	$1,700.00	$76,800.00	$24,248.50	$26,250.00	$128,998.50	2.3%
Pull-Up	$0.00	$77,903.00	$193,472.40	$129,525.00	$400,900.40	7.0%
Other Accounts	$0.00	$25,000.00	$117,246.00	$76,892.00	$219,138.00	3.8%
Private Sub-total	$1,700.00	$179,703.00	$334,966.90	$232,667.00	$749,036.90	13.1%
Public Sources:						
State of Mississippi						
Assessments *	$16,121.00	$109,675.69	$87,846.00	$88,441.00	$302,083.69	5.3%
MACJAC	$11,000.00	$4,000.00	$0.00	$0.00	$15,000.00	0.3%
CNN Fees	$0.00	$0.00	$0.00	$2,500.00	$2,500.00	0.0%
AgriBus. Council	$0.00	$0.00	$0.00	$5,000.00	$5,000.00	0.1%
State Board	$0.00	$0.00	$4,000.00	$0.00	$4,000.00	0.1%
State Sub-total	$27,121.00	$113,675.69	$91,846.00	$95,941.00	$328,583.69	5.7%
Federal Sources						
DHHS (JOBS)	$0.00	$58,821.00	$99,574.45	$201,803.53	$360,198.98	6.3%
USDA (RHCC)	$0.00	$255,895.92	$2,589,625.25	$1,441,106.96	$4,286,628.13	74.9%
Federal Sub-total	$0.00	$314,716.92	$2,689,199.70	$1,642,910.49	$4,646,827.11	81.2%
Total Public	$27,121.00	$428,392.61	$2,781,045.70	$1,738,851.49	$4,975,410.80	86.9%
Total Revenues	**$28,821.00**	**$608,095.61**	**$3,116,012.60**	**$1,971,518.49**	**$5,724,447.70**	100.0%
Total Expenses	**$39,435.25**	**$600,121.95**	**$2,648,631.63**	**$2,182,780.73**	**$5,470,969.56**	
Difference	**($10,614.25)**	**$7,973.66**	**$467,380.97**	**($211,262.24)**	**$253,478.14**	

* Junior or Community College	FY 92	FY 93	FY 94	FY 95	TOTAL	%*
Coahoma	$2,995.47	$5,797.00	$5,041.00	$4,434.00	$18,267.47	6.0%
Copiah-Lincoln	$1,193.23	$6,498.00	$5,650.00	$5,643.00	$18,984.23	6.3%
East Mississippi	$1,193.23	$4,280.00	$4,280.00	$4,396.00	$14,149.23	4.7%
East Central	$1,193.23	$4,606.00	$4,606.00	$0.00	$10,405.23	3.4%
Hinds	$1,193.23	$12,338.00	$12,338.00	$12,163.00	$38,032.23	12.6%
Holmes	$0.00	$7,089.23	$0.00	$5,127.00	$12,216.23	4.0%
Itawamba	$1,193.23	$7,454.00	$6,482.00	$0.00	$15,129.23	5.0%
Jones County	$1,193.23	$8,096.00	$8,096.00	$8,438.00	$25,823.23	8.5%
Meridian	$1,193.23	$6,033.00	$6,033.00	$5,885.00	$19,144.23	6.3%
Mississippi Delta	$1,193.23	$5,681.00	$5,681.00	$5,950.00	$18,505.23	6.1%
MS Gulf Coast	$1,193.23	$11,301.00	$11,301.00	$10,943.00	$34,738.23	11.5%
Northeast MS	$1,193.23	$8,115.00	$7,056.00	$7,214.00	$23,578.23	7.8%
Northwest MS	$0.00	$8,220.23	$0.00	$7,027.00	$15,247.23	5.0%
Pearl River	$1,193.23	$7,368.00	$6,407.00	$6,277.00	$21,245.23	7.0%
Southwest MS	$0.00	$6,799.23	$4,875.00	$4,944.00	$16,618.23	5.5%
Total	**$16,121.00**	**$109,675.69**	**$87,846.00**	**$88,441.00**	**$302,083.69**	100.0%

*Column may not add to one hundred percent due to rounding.

SOURCE: PEER analysis of MCCF financial documents.

Appendix B

Schedules of Expenses Claimed by MCCF Executive Director Involved in Possible Fraud

Exhibit B-1

MCCF Meal Expenses That Appear to be Falsified April 1992 through April 1995

Date	Type of Expense Claimed	Amount Overpaid
04/06/92	claimed expense for lunch, but receipt was from a liquor store	$23.05
01/02/93	claimed expense for a Saturday business meal on New Year's Day weekend, but the person listed as the guest lives outside of the Jackson area and did not recall the claimed meal	41.60
07/07/93	claimcd a business meal in Jackson on a Saturday; receipt is from a gas station in Leeds, Alabama	7.61
03/20/94	claimed expense for dinner in Jackson for self and a guest, but guest listed on the requisition stated that she was not in the state at the time of the claimed meal	37.86
	Total	$110.12

SOURCE: PEER analysis of MCCF records.

Exhibit B-2

MCCF Expense Claims Filed Twice for the Same Expense, April 1992 through April 1995

Date	Type of Expense Claimed	Amount Overpaid
	Double Filings (two separate claims [same amount] for same expense)	
10/92	double reimbursement for the same business meal	$13.34
10/92	reimbursement of hotel bill which included parking charge; filed separately for same hotel parking charge	5.00
03/03/93	reimbursement for travel expense requisition, supported by hotel bill, totaling $669.99. Hotel bill included restaurant charges, including a charge on February 28 for $180.72 and another change on March 2 for $57.83. The Executive Director filed a restaurant receipt for the same two meals, resulting in double reimbursement for these two expenses.	238.55
05/14/93	reimbursement for travel expense requisition containing a hotel bill with restaurant charges, including a May 10 charge for $26.49. The Executive Director filed separately for reimbursement of the same amount, resulting in double reimbursement.	26.49
08/93	mileage reimbursement <u>and</u> car expense reimbursement; filed separately in September for mileage reimbursement of same expenses	56.88
11/01/93; 12/16/93	double reimbursement of the same business meal	40.46
03/03/93	reimbursement of two expense requisitions (using different documentation) for the same book purchase	51.36
	Subtotal	$432.08
	Double Filings (two separate claims [different amounts]for same expense)	
03/25/93	double reimbursement for same meal (lunch): $16.63 and $15.45	$15.45
10/18/93	double reimbursement for same meal (lunch): $21.40 and $29.15	21.40
07/29/94	double reimbursement for same meal (breakfast): $8.02 and $6.08	6.08
10/04/94	double reimbursement for same meal (lunch): $11.75 and $32.48	11.75
10/22/94	double reimbursement for same meal (lunch): $23.70 and $16.00	16.00
	Subtotal	$70.68
	TOTAL	$502.76

SOURCE: PEER analysis of MCCF records.

Exhibit B-3

MCCF Expense Claims Filed for an Amount Greater than the Receipt, April 1992 through April 1995

Date	Description of Incorrect Claim	Amount Overpaid
10/92	reimbursement of $68.87 for a motel bill for $61.87	$7.00
10/92	reimbursement of amount of change received ($57.63) rather than amount paid ($42.37)	15.26
10/92	reimbursement of $10.78 supported by receipt for $8.22	2.56
12/92	reimbursement of $13.30 for $12.95 expense. (Added $1 tip to time of day recorded on the receipt [12:30] rather than to actual meal amount [$11.95].)	.35
04/93	reimbursement of $15.45 for $13.53 expense. (Added $3 tip to time of day recorded on the receipt (12:45) rather than to actual meal amount [$10.53].)	1.92
	TOTAL	$27.09

SOURCE: PEER analysis of MCCF records.

Letter from Astoria Entertainment, Inc., to MCCF Regarding Coordination of Rural Health Fairs, December 28, 1992

December 28, 1992

Mr. George Wynne
Executive Director
Mississippi Community College Foundation
P.O. Box 1157
HCC
Raymond, MS 39154

Dear George:

In reference to our conversation of December 16, 1992, this letter is to confirm the following:

- Astoria Entertainment, Inc. will perform, on behalf of the Foundation, all coordination services relative to the production and execution of the nine proposed Rural Health and Safety Fairs. These fairs are to be conducted on community college sites during March, April and May 1993. At all times we will work under your oversight and direction.

- Astoria will be advanced $7,500 in January and $7,500 in February for expenses related to development and planning activities.

- These advances will be paid back to the Foundation at a rate of $1,666.66 per fair exclusively from sponsorship fees associated with each fair.

- Astoria will conduct a sponsorship development effort designed to raise a minimum of $10,000 per fair. Of this $10,000 amount, $2,500 will be retained by Astoria for coordination fees and expenses, $1,666.66 will be paid to the Foundation against advances per above, an additional $1,250 will be paid to the Foundation for its expenses, and the rest will be used for promotion and publicity.

- All sponsorship income over $10,000 per fair will be divided between Astoria Entertainment and the Foundation. Astoria will receive 66.66% of such funds with the balance being remitted to the Foundation.

1515 POYDRAS STREET
SUITE 1320
NEW ORLEANS, LOUISIANA
70112
(504) 568-0903
FAX:(504) 585-1707

Astoria will begin the coordination of the Mississippi Rural Health and Safety Fairs immediately. The Foundation will need to provide us with permission from the suggested community colleges to use their campus and a facility therein. We will also need a letter of endorsement from the Foundation to begin putting together our sponsorship packages and presentations. As the first fair is scheduled for March 5 - 7, we will need to begin these presentations soon.

Astoria will work in conjunction with the Mississippi Cooperative Extension Service on the production of the health and safety seminars. Each community college will also need to provide certain personnel such as maintenance persons, electricians, and security. Each allied health program will need to provide volunteers to assist in running errands, taking tickets, handing out programs and other minor jobs.

I look forward to working with you on this project, as its value to the state of Mississippi is endless.

Sincerely,

Beth A. Hathorn
Project Manager

cc: Mike Ainsworth

Appendix D

Schedules of Expenses Paid with Rural Health Care Corps Project Funds

Exhibit D-1

Categories of Expense within Project Cost Expenses for Rural Health Care Corps, March 1993

Account Name	RHC Expense Reimbursement
Transportation of things	$15.50
Rentals	25.00
Professional fees	2,965.50
Other contractual services	36,201.99
Advertising	147.40
Office materials	139.75
Meals (on campus)	280.00
TOTAL	$39,775.14

SOURCE: PEER analysis of MCCF records.

Exhibit D-2

Consultants' Fees Paid by MCCF from Rural Health Care Corps Project Funds, July 1, 1992, through May 31, 1993

Invoice Date	Check Request Date	Vendor	Reason	Amount
10/30/92	11/17/92	Klein Ainsworth	Pull-Up	$ 2,500.00
10/30/92	11/23/92	AMS	rural health fairs	5,000.00
11/30/92	12/10/92	Klein Ainsworth	Pull-Up	2,500.00
11/30/92	12/10/92	Klein Ainsworth	Pull-Up	765.17
11/30/92	12/18/92	AMS	rural health fairs	5,000.00
12/31/92	01/08/93	Klein Ainsworth	MCCFannual report	902.21
01/04/93	01/08/93	Steens Creek	rural health fairs	7,500.00
01/07/93	01/08/93	Steens Creek	rural health fairs	2,400.00
01/31/93	02/05/93	Klein Ainsworth	rural health fairs	2,134.61
02/01/93	02/03/93	Steens Creek	rural health fairs	7,500.00
		TOTAL		$36,201.99

SOURCE: PEER analysis of MCCF records.

Appendix E

Community College Network
Rural Health Care Corps Training
January 1, 1995 - September 30, 1995

Date	Course Title	Number of Sites	Classroom Hours	Total Time
01/10/95	Clinical Laboratory Sciences Cytotechnology	17	2.00	34.00
01/13/95	RHC System Orientation	2	2.00	4.00
01/20/95	Dental Hygiene Conference	6	2.00	12.00
02/13/95	Emergency Medical Technology	17	2.00	34.00
03/02/95	RHC Course Preparation	3	2.00	6.00
03/08/95	RHC (Medical Records Technology)	3	3.00	9.00
04/13/95	Presentation for Medical Record Tech Students	2	1.00	2.00
04/21/95	MSU Extension In-Service Training - Healthcare	7	3.00	21.00
04/24/95	MS Dental Practice Act Seminar	3	1.00	3.00
05/31/95	Workshop (Medical Technology Training)	2	7.00	14.00
06/01/95	Workshop (Medical Technology Training)	2	7.00	14.00
06/05/95	Medical Terminology Planning Session	13	1.50	19.50
06/06/95	Workshop (Medical Technology Training)	2	7.00	14.00
06/07/95	Workshop (Medical Technology Training)	2	8.84	17.68
08/21/95	Medical Aspects of Disability	8	3.00	24.00
08/22/95	Emergency Medical Spanish	3	3.00	9.00
08/28/95	Medical Aspects of Disability	8	3.00	24.00
08/29/95	Emergency Medical Spanish	3	3.00	9.00
09/05/95	Emergency Medical Spanish	3	3.00	9.00
09/11/95	Medical Aspects of Disability	8	3.00	24.00
09/12/95	Emergency Medical Spanish	3	3.00	9.00
09/18/95	Medical Aspects of Disability	8	3.00	24.00
09/19/95	Emergency Medical Spanish	3	3.00	9.00
09/25/95	Medical Aspects of Disability	8	3.00	24.00
09/26/95	Emergency Medical Spanish	3	3.00	9.00
	Total	**139**	**82.34**	**378.18**
	FY95 Rural Health Care Corps Programming Goal			1,500.00
	Percentage of Goal Attainment (Total Hours/Goal)			**25.21%**

Source: PEER analysis of CCN schedules and Rural Health Care Corps FY 95 Budget Request.

Appendix F

Wasteful MCCF Expenditures
September 1992 through April 1995

Date	Item	Project	Amount
	Miscellaneous MCCF expenses:		
09/28/92	liquor	Hour of Accountability	$295.16
02/27/93	three-bottle travel bar	General Office	42.74
03/03/93	repair zipper on briefcase	General Office	12.84
09/07/93	2000 porcelain mugs with custom imprint	Hour of Accountability	2,758.46
09/02/93	2000 white mug boxes with blue foil imprint	Hour of Accountability	1,441.88
10/01/93	2000 blended coffee packets	Hour of Accountability	740.00
08/16/94	Mt. Vernon fountain pen and ball pen	General Office	73.32
02/14/95	Big Leaguer jacket	General Office	23.98
	Subtotal		$5,388.38
	Gifts:		
08/29/92	book	Hour of Accountability	$21.35
09/26/92	clocks	Hour of Accountability	106.86
02/07/93	two books	Millennium Group	51.36
05/30/93	dozen golf balls	Rural Health Care Corps	30.60
06/28/93	cups and an unlisted item	Rural Health Care Corps	64.47
06/29/93	book	Millennium Group	20.33
07/19/93	six books on golf	not specified	82.10
09/20/93	fifty Concorde watches	Hour of Accountability	1,518.95
	Subtotal		$1,896.02
	TOTAL		$7,284.40

SOURCE: PEER analysis of MCCF records.

MCCF

December 21, 1995

Honorable Alyce G. Clarke, Chairman
Joint Committee on Performance
Evaluation and Expenditure Review
Professional Building
222 North President Street
Jackson, Mississippi 39201

Dear Chairman Clarke:

Thank you for allowing the Mississippi Community College Foundation the opportunity to appear before the Joint Committee at its December 21, 1995 meeting. Although we still have not had the opportunity to complete our review of the Joint Committee's draft report, we wish to share with you the many areas of concern with the report that we have already identified. Attached hereto is our informal response with supporting documentation.

Thank you for your consideration of this matter.

Sincerely,

Clyde Muse, Chairman
Mississippi Community College Foundation

cc: Peer Committee Members
Peer Acting Director
MCCF Board of Director

MISSISSIPPI COMMUNITY COLLEGE FOUNDATION

BOX 1157, HCC ★ RAYMOND, MISSISSIPPI 39154 ★ (601) 857-3560 FAX: (601) 857-3526

THE DRAFT REPORT INCORRECTLY CLAIMS THE MCCF DOES NOT CONDUCT ITS BUSINESS IN OPEN MEETINGS AND THAT IT GRANTS OR DENIES ACCESS TO ITS RECORDS AT WILL.

These references should be deleted from the PEER Report

1. The MCCF Board policy, contrary to the PEER draft report does not "allow only presidents, their designees, and invited guests to attend foundation meetings".

2. The MCCF Board meetings are open and frequently have been attended by the press.

3. The MCCF does not have a policy of denying nor has it ever denied anyone access to its records.

4. PEER apparently bases its specious claim that the MCCF is closed on the MCCF chairman's letter to PEER stating: "MCCF long ago adopted a policy of opening itself to the scrutiny of legitimate groups that feel they have a need for information about MCCF and its operations." In fact this statement directly contradicts the PEER report conclusion.

PEER DRAFT ANALYSIS OF FOUNDATIONS BY PUBLIC ENTITIES

1. As noted in the PEER draft report, there is and has been continuing tension between the State Board of Community and Junior Colleges (primarily from its staff) and the individual community colleges. The heart of this tension is the question of control. Although the statute creating the SBCJC specifically recognized the effectiveness of local governance of our public community colleges, some persons and groups want to centralize control in the SBCJC. The PEER draft report clearly is written from that point of view. However, that point of view is nor shared by the leadership or the majority of the Mississippi legislature.

2. Much of the language of the PEER draft report and Exhibit 1, the chart purporting to show an absence of accountability, would apply equally to all nonprofit foundations created by Mississippi political entities. That same chart could be prepared for the foundations created by the University of Mississippi, Mississippi State University, or Jackson State University. And their foundation governing boards would be even further removed than the MCCF's board from the electoral process.

3. These IHL foundations are also both private nonprofit corporations and "instrumentalities of the state" and their employees participate in the Public Employees Retirement System and receive other benefits of being public employees.

U. S. CORPS OF ENGINEERS PROPOSAL

References to the MCCF's Delta Net proposal on pages 7 and 52 of the draft report should be deleted. Since no such agreement has been finalized or is ever being currently contemplated, the PEER draft report is mere speculation.

ALLEGED EMBEZZLEMENT - $253.02

A check in the amount of $253.02 was drawn on MCCF funds payable to the State of Mississippi to pay for George Wynne's car tag. George Wynne deposited the check into his personal account with the intent to use the proceeds for payment of the car tag. George Wynne did not knowingly convert these funds to his own use. As soon as his error was discovered by the State Audit Department in October of 1993, Wynne repaid the $253.02 to MCCF on November 1, 1993. The State Audit Department discovered this error over two years ago and was aware that Wynne made reimbursement. It did not choose to take any action. This matter has been corrected to the satisfaction of the Audit Department should not be included in the PEER Report.

ALLEGED FRAUD - $1,050

1. Although we have not been able to discuss these specific allegations with George Wynne, it is clear from the PEER staff analysis that these so-called "frauds" are simply human mistakes made over a four year period.

2. In many cases, PEER's own analysis shows how the mistakes were made. For instance the PEER draft ludicrously claims that George Wynne committed fraud because he added a $1 tip to the time of day recorded on a receipt, 12:30, instead of to the actual meal amount of $11.95, and was thus fraudulently over reimbursed by 35 cents!

3. The MCCF intends to discuss these allegations with George Wynne when he is available and able to review them. If he has been erroneously overpaid for any of these expenses the MCCF will request repayment from him. The PEER Report should not characterize these alleged overpayments as fraud.

HINDS COMMUNITY COLLEGE DID NOT CONTRACT WITH GEORGE WYNNE WITHIN ONE YEAR OF HIS SERVICE ON THE HINDS BOARD - $57,397

This section should be deleted from the PEER Report.

1. The first standard form HCC Contract for Employment with George Wynne executed on September 17, 1993, mistakenly had July 1 as the beginning date.

2. However, none of the employees of the MCCF because co-employees of HCC until August 1, 1993.

3. George Wynne's co-employment was not presented to or approved by the HCC Board until its August 4, 1993, regular meeting. As noted by the minutes all costs associated with George Wynne and his wife Patricia would be covered by the MCCF.

4. Neither George Wynne or Patricia Wynne began to accrue HCC sick leave and annual leave until August 1, 1993 (see HCC Employee Attendance Status Reports attached hereto as Exhibit 1).

5. George Wynne and Patricia Wynne received their first HCC salary checks for the month of August on August 30, 1993 (see HCC Payroll Cumulative Reports attached hereto as Exhibit 2).

PECUNIARY BENEFIT TO FORMER EXECUTIVE DIRECTOR'S RELATIVES - $88,296

This section should be deleted from the PEER Report or at least extensively revised.

1. There is no basis for the PEER draft conclusion that George Wynne was a "public servant" prior to becoming a co-employee of HCC is August of 1993. Therefore no payments made to Patricia Wynne or Ben Wynne prior to August 1993 should even be in question.

2. George Wynne did not "hire" Patricia Wynne as Pullup Coordinator. She was "hired" by the HCC Board of Trustees on August 4, 1993.

3. The MCCF funds in the HCC accounts are not "public funds" just because they are on deposit in HCC accounts. Contrary to the PEER draft report, HCC **DOES NOT** have "exclusive authority to approve expenditures from [the MCCF] account." In fact, the MCCF funds may only be paid out upon specific authority of the MCCF.

4. Agency funds are defined by the State of Mississippi as:

> This fund is used to account for the resources held by the institution as custodian or fiscal agent for individual students, faculty, staff and organizations. (See definitions attached hereto as Exhibit 3).

5. HCC has over a hundred different Agency Funds which it treats just like the MCCF account. All of these groups such as the Football Booster Club, Mclendon Players, Circle K Club, Student Publications Club, March of Dimes, control their own funds. HCC, just as it does for the MCCF, acts solely as the depository for these funds and makes payment out of them solely at the organization's direction.

PAYMENT OF NON-OVERNIGHT TRAVEL MEALS - $4,544

This section should be deleted from the PEER Report.

1. The PEER draft incorrectly states that "no provision appears in the state travel laws for the reimbursement of business meals for guests of state and local government employees." In fact, Rule 105 of the travel regulations issued by the Department of Finance and Administration specifically acknowledges such situations. "If it is necessary and authorized to claim expenses for business associates, such as a meal where business will be transacted, list the people for who the expenditure is claimed and the nature of the meeting. Use Expenditure Code 62470." (See excerpts attached hereto as Exhibit 4).

2. The State Audit Department specifically recognized that such spending was necessary for the MCCF to do business.

AUTO TRAVEL EXPENSE REIMBURSEMENT - $7,400

As noted by Ex. 8 to the PEER draft George Wynne received automobile expense reimbursement in three different phases. The PEER Report should delete references to automotive expenses paid Wynne prior to becoming a co-employee of HCC, and revise the Report to indicate the "car allowance" is additional income to Wynne.

1. The first, from October 1992 until August 1993 when he became a co-employee of HCC, all of his automotive expenses, including car lease payment. It was not illegal for the MCCF, as a private foundation, to pay or for George Wynne to receive such payments.

2. From August 1993 to his resignation he received mileage reimbursement. It is impossible to tell how much, if any, of the $7,400 claimed to be illegal by PEER stems from this mileage reimbursement.

3. In July 1994 the MCCF Board authorized payment of a $250 per month "car allowance" to George Wynne. This car allowance was in essence just additional income to Wynne. Wynne did not actually receive any "car allowance" payments until 1995 and all such payments will be reflected in his W-2 Form. There is no statutory or other cap on the amount of income that could be paid to Waynne and therefore this additional income is not per se illegal.

ALLEGED FAILURE TO HIRE INDEPENDENT PROGRAM EVALUATOR - $12,000

This section should be deleted from the PEER Report.

1. OMB Circular A-133 "Audits of Institutions of Higher Education and Other "Non-Profit Institutions" applies to **AUDITS**. It has no applicability to the evaluation of the Rural Health Care

Corps project performed by J. Michael Ainsworth. (See OMB Circular A-133 attached hereto as Exhibit 5; excerpt from Memorandum of Agreement - see paragraphs 6 and 8 - attached hereto as Exhibit 6).

2. The MCCF has complied with OMB Circular A-133 by hiring the CPA firm of Poole Cunningham and Reitano to perform annual **AUDITS** of the Foundation including its federal funds.

FAILURE TO COLLECT FUNDS DUE FOUNDATION - $21,250

The MCCF is in the process of reviewing these allegations and is requesting that our former Executive Director and Steens Creek respond in writing thereto. We have been verbally advised that the PEER calculations are without any basis, in fact, but until we (and PEER) have these with responses we can not determine what, if any, refund is due the MCCF.

FAILURE TO CONTROL INVENTORY

This section should be extensively revised.

1. The Foundation does maintain an inventory in the audited workpapers of Poole, Cunningham and Reitano. The inventory listing through June 30, 1995 has been obtained from the auditors (See Exhibit 7). The MCCF staff is currently researching all additions and compiling a mor detailed listing indicating the description, serial number, source of funds, federal award number (if applicable), title vesting, acquisition date, costs, location, and condition. After compiling the internal inventory listing, the staff will use the Property Inventory Addition Form (attached hereto as Exhibit 8) to update Hinds Community College's listing. In the future, all check requests for equipment will be accompanied by a copy of the Inventory Additional Form, which will indicate that Hinds has been informed of the purchase, and to have it added to the inventory list.

2. Equipment check-out forms have been obtained from Hinds Community College Inventory Department. The forms are currently being completed for all equipment not on site. These forms will be prepared in the future at the time of equipment is removed (see Exhibit 9).

PAYMENT OF PULL-UP EXPENSES WITH RURAL HEALTH CAR CORPS MONEY - $6,667.

We are in the process of reviewing the two expenditures that the PEER draft claims to have been mistakenly paid from Rural Health Care Corps funds. In the event that these payments were not payable from the Rural Health Care Corps account, the MCCF intends to reimburse that account from the appropriate sources.

ALLEGED FAILURE TO ACCOUNT PROPERLY FOR RESTRICTED FUNDS - $13,000

This section should be deleted from the PEER draft or extensively rewritten. In fact, the draft report does not find that any of these private funds have been improperly expended and that there is a balance of $13,000 remaining in the MCCF account.

ALLEGED UNNECESSARY CCN LINE COSTS - $46,000

This section should be deleted. As acknowledged by the report, the MCCF did not learn until this year that significant savings could be achieved moving the Multiway Control Unit to Jackson. Since that time, the MCCF, within the limitations imposed by the illness of its former Executive Director, has been exploring alternative locations in Jackson. However, the PEER draft conclusion as to proposed savings is speculative and misleading. Furthermore, the MCCF has decided to turn over operation of the CCN to the State Board for Community and Junior Colleges. In Jackson (see letter to Dr. Olon Ray attached hereto as Exhibit 10).

FAILURE TO PAY RENT DUE HCC - $2,700

This section should be deleted from the PEER Report.

1. The MCCF was invoiced on May 5, 1995 by HCC for facility rental through March 1995. This invoice in the amount of $2,400 was paid by Check No. 778291 on or about August 31, 1995. HCC has now invoiced MCCF for April-December 1995 rent in the amount of $900 and will began paying the rent on a monthly basis in January of 1996. (See Exhibit 11).

FAILURE TO COLLECT INTEREST EARNED ON MCCF FUNDS - $15,000

This section should be deleted from the PEER Report or extensively revised to reflect the actual facts.

1. $2,026.61 in interest was credited to the MCCF for FY 1995 on June 30, 1995. This is for interest accruing on the MCCF general account 16-375-242.

2. HCC has calculated the MCCF should also have been credited with additional interest of $602.96 for FY 94, $2,766.54 for FY 1993 and $892.99 for FY 1992 on account 16-375-242, and $895.34 ono account 16-410-242, and will make these additional payments to the MCCF. (See Exhibit 12).

3. The remaining MCCF accounts contain federal funds which are requisitioned as needed and paid out immediately thereafter. No significant interest was accrued on said accounts.

MCCF SUCCESSES

The PEER draft report totally ignores the many outstanding successes of the MCCF.

1. The most significant successes of the Foundation are related to "positioning" the colleges as lead problem solvers in three areas: workforce development; distance learning; and instructional technology. The Foundation led the activities which resulted in the passage of the Workforce Act. The Foundation created through Rural Health leadership the Community College Network and thus moved the community colleges into the forefront in distance learning activities. The Hour of Education Accountability showcased technology and offered the colleges a platform to initiate leadership in instructional technology.

2. The funds - public and private - which are being invested in workforce training, distance learning and instructional technology were developed as a result of Foundation positioning activities. Certainly it is difficult to separate the Foundation from the Association in assessing organizational impact on decision processes as many formal leadership roles were held by the same people. Further both organizations were successful in bringing additional support to the funding process. Consequently the credit for the successful funding of these initiatives may be shared but the foundations of this success were built by the Presidents acting in concert to support the positioning program of the Foundation.

3. As found by the State Auditor, the MCCF's return on investment to the colleges in hard dollars has been $25.99 for every dollar invested. (See excerpt for State Auditor's Summary Report attached hereto as Exhibit 13).

*PE-20
RUN DATE: 08/05/94

HINDS COMMUNITY COLLEGE
EMPLOYEE ATTENDANCE
STATUS REPORT

PAGE 1

WYNNE GEORGE E

DATE	DESCRIPTION	UNITS
08/01/93	EARNED-SICK	1.25
09/01/93	EARNED-SICK	1.25
10/01/93	EARNED-SICK	1.25
11/01/93	EARNED-SICK	1.25
12/01/93	EARNED-SICK	1.25
01/01/94	EARNED-SICK	1.25
02/01/94	EARNED-SICK	1.25
02/18/94	USED-SICK	1.00
03/01/94	EARNED-SICK	1.25
04/01/94	EARNED-SICK	1.25
05/01/94	EARNED-SICK	1.25
06/01/94	EARNED-SICK	1.25

TOTAL	EARNED	TRANSFERRED	USED	BALANCE
SICK LEAVE	13.75	0.00	1.00	12.75

DATE	DESCRIPTION	UNITS
01/01/94	EARNED-ANNUAL	1.00
02/01/94	EARNED-ANNUAL	1.00
03/01/94	EARNED-ANNUAL	1.00
04/01/94	EARNED-ANNUAL	1.00
05/01/94	EARNED-ANNUAL	1.00
06/01/94	EARNED-ANNUAL	1.00

TOTAL	EARNED	TRANSFERRED	USED	BALANCE
ANNUAL LEAV	6.00	0.00	0.00	6.00

EXHIBIT 1

81

*PE-20
RUN DATE: 08/[illegible]7/95

HINDS COMMUNITY COLLEGE
EMPLOYEE ATTE[illegible]ANCE
STATUS REP[illegible]T

PAGE 1

WYNNE GEORGE E

DATE	DESCRIPTION	UNITS
08/01/94	BAL FORWARD/SICK	15.25
09/01/94	EARNED-SICK	1.25
10/01/94	EARNED-SICK	1.25
11/01/94	EARNED-SICK	1.25
11/30/94	USED-SICK	1.00
12/01/94	EARNED-SICK	1.25
01/01/95	EARNED-SICK	1.25
01/03/95	USED-SICK	20.00
02/01/95	USED-SICK	3.00
02/01/95	EARNED-SICK	1.25
03/01/95	EARNED-SICK	1.25
04/01/95	EARNED-SICK	1.25
05/01/95	EARNED-SICK	1.25
06/01/95	EARNED-SICK	1.25
07/01/95	EARNED-SICK	1.25

TOTAL	EARNED	TRANSFERRED	USED	BALANCE
SICK LEAVE	29.00	0.00	24.00	5.00

DATE	DESCRIPTION	UNITS
07/01/94	USED-ANNUAL	1.00
08/01/94	BAL FORWARD/ANNUAL	8.25
09/01/94	EARNED-ANNUAL	1.25
10/01/94	EARNED-ANNUAL	1.25
11/01/94	EARNED-ANNUAL	1.25
12/01/94	USED-ANNUAL	16.00
12/01/94	EARNED-ANNUAL	1.25
01/01/95	EARNED-ANNUAL	1.25
02/01/95	EARNED-ANNUAL	1.25
03/01/95	EARNED-ANNUAL	1.25
04/01/95	EARNED-ANNUAL	1.25
05/01/95	EARNED-ANNUAL	1.25
06/01/95	EARNED-ANNUAL	1.25
07/01/95	EARNED-ANNUAL	1.25

TOTAL	EARNED	TRANSFERRED	USED	BALANCE
ANNUAL LEAV	22.00	0.00	17.00	5.00

*PE-20
RUN DATE: 08/05/94

HINDS COMMUNITY COLLEGE
EMPLOYEE ATTENDANCE
STATUS REPORT

WYNNE PATRICIA M

DATE	DESCRIPTION	UNITS
08/01/93	EARNED-SICK	1.25
09/01/93	EARNED-SICK	1.25
10/01/93	EARNED-SICK	1.25
11/01/93	EARNED-SICK	1.25
12/01/93	EARNED-SICK	1.25
01/01/94	EARNED-SICK	1.25
02/01/94	EARNED-SICK	1.25
03/01/94	EARNED-SICK	1.25
04/01/94	EARNED-SICK	1.25
05/01/94	EARNED-SICK	1.25
06/01/94	EARNED-SICK	1.25

TOTAL	EARNED	TRANSFERRED	USED	BALANCE
SICK LEAVE	13.75	0.00	0.00	13.75

DATE	DESCRIPTION	UNITS
01/01/94	EARNED-ANNUAL	1.00
02/01/94	EARNED-ANNUAL	1.00
03/01/94	EARNED-ANNUAL	1.00
04/01/94	EARNED-ANNUAL	1.00
05/01/94	EARNED-ANNUAL	1.00
06/01/94	EARNED-ANNUAL	1.00

TOTAL	EARNED	TRANSFERRED	USED	BALANCE
ANNUAL LEAV	6.00	0.00	0.00	6.00

*PE-20
RUN DATE: 08/('95

HINDS COMMUNITY COLLEGE
EMPLOYEE ATTEN(NCE
STATUS REPO.,

PGE 1

WYNNE PATRICIA M

DATE	DESCRIPTION	UNITS
08/01/94	BAL FORWARD/SICK	16.25
09/01/94	EARNED-SICK	1.25
10/01/94	EARNED-SICK	1.25
11/01/94	EARNED-SICK	1.25
12/01/94	EARNED-SICK	1.25
12/14/94	USED-SICK	1.00
12/20/94	USED-SICK	2.00
01/01/95	EARNED-SICK	1.25
02/01/95	EARNED-SICK	1.25
03/01/95	EARNED-SICK	1.25
04/01/95	EARNED-SICK	1.25
05/01/95	EARNED-SICK	1.25
06/01/95	EARNED-SICK	1.25
07/01/95	EARNED-SICK	1.25

TOTAL	EARNED	TRANSFERRED	USED	BALANCE
SICK LEAVE	30.00	0.00	3.00	27.00

DATE	DESCRIPTION	UNITS
08/01/94	BAL FORWARD/ANNUAL	8.25
09/01/94	EARNED-ANNUAL	1.25
10/01/94	EARNED-ANNUAL	1.25
11/01/94	EARNED-ANNUAL	1.25
12/01/94	EARNED-ANNUAL	1.25
12/07/94	USED-ANNUAL	2.00
01/01/95	EARNED-ANNUAL	1.25
02/01/95	EARNED-ANNUAL	1.25
03/01/95	EARNED-ANNUAL	1.25
04/01/95	EARNED-ANNUAL	1.25
04/17/95	USED-ANNUAL	2.00
05/01/95	EARNED-ANNUAL	1.25
06/01/95	EARNED-ANNUAL	1.25
07/01/95	EARNED-ANNUAL	1.25

TOTAL	EARNED	TRANSFERRED	USED	BALANCE
ANNUAL LEAV	22.00	0.00	4.00	18.00

DATE	DESCRIPTION	UNITS

84

12/20/94	USED PERSONAL	2.00
12/20/94	TRANS IN PERSONAL	2.00

TOTAL	EARNED	TRANSFERRED	USED	BALANCE
PERSONAL	0.00	2.00	2.00	0.00

85

*PH-22 HINDS COMMUNITY COLLEGE

RUN DATE: 0(26/94 PAYROLL CUMULATIVE REPORT

WYNNE GEORGE E A11056 426-62-3672

GROSS-PAY	FEDERAL-TAX	STATE-TAX	W/A	OASDI	PERS	ANNUITY	DEDUCTIONS	NET	CHECK	DATE
		LOCAL-TAX	STLI	SPTP	MED	TAX FB		EMPLE PD BEN		
3,900.00	402.00	120.08 MS	0.00	239.80	282.75	0.00	0.00	2,767.04	229790	08/30/93
		0.00	0.00	0.00	56.08	0.00		32.25		
3,900.00	402.00	120.08 MS	0.00	239.80	282.75	0.00	0.00	2,767.04	230497	09/29/93
		0.00	0.00	0.00	56.08	0.00		32.25		
3,900.00	406.00	121.70 MS	0.00	241.80	282.75	0.00	0.00	2,791.20	230911	10/14/93
		0.00	0.00	0.00	56.55	0.00		0.00		
3,900.00	402.00	120.08 MS	0.00	239.80	282.75	0.00	0.00	2,767.04	231731	10/28/93
		0.00	0.00	0.00	56.08	0.00		32.25		
3,900.00	402.00	120.08 MS	0.00	239.80	282.75	0.00	0.00	2,767.04	232597	11/29/93
		0.00	0.00	0.00	56.08	0.00		32.25		
3,900.00	402.00	120.08 MS	0.00	239.80	282.75	0.00	0.00	2,767.04	233854	12/28/93
		0.00	0.00	0.00	56.08	0.00		32.25		
23,400.00	2,416.00	722.10	0.00	1,440.80	1,696.50	0.00	0.00	16,626.40		
		0.00	0.00	0.00	336.95	0.00		161.25		

98

WYNNE GEORGE E A11056 426-62-3672

EXHIBIT 2

[illegible]

HINDS COMMUNITY COLLEGE
PAYROLL CUMULATIVE REPORT FOR PAYROLL YEAR 94
02/03/95

WYNNE GEORGE E 426-62-3672 411056

GROSS PAY	FEDERAL	STATE	GTLI	OASDI	SPTP	PERS	MED	ANNUITY	DEDUCTIONS	EMPLOYEE PD BEN	CHECK NUMBER	DATE
3,900.00	397.00	120.08	0.00	239.80	0.00	282.75	56.08	0.00	0.00	32.25	234626	94/01/28
3,900.00	397.00	120.08	0.00	239.80	0.00	282.75	56.08	0.00	0.00	32.25	235443	94/02/25
3,900.00	397.00	120.08	0.00	239.80	0.00	282.75	56.08	0.00	0.00	32.25	236608	94/03/30
3,900.00	397.00	120.08	0.00	239.80	0.00	282.75	56.08	0.00	0.00	32.25	237458	94/04/28
3,900.00	397.00	120.08	0.00	239.80	0.00	282.75	56.08	0.00	0.00	32.25	238652	94/05/27
3,900.00	397.00	120.08	0.00	239.80	0.00	282.75	56.08	0.00	0.00	32.25	239239	94/06/28
3,900.00	397.00	120.08	0.00	239.80	0.00	282.75	56.08	0.00	0.00	32.25	240109	94/07/28
3,900.00	397.00	120.08	0.00	239.80	0.00	282.75	56.08	0.00	0.00	32.25	240853	94/08/30
3,900.00	396.00	119.87	0.00	239.56	0.00	282.75	56.02	0.00	0.00	36.49	241481	94/09/29
3,900.00	396.00	119.87	0.00	239.56	0.00	282.75	56.02	0.00	0.00	36.49	242992	94/10/28
3,900.00	396.00	119.87	0.00	239.56	0.00	282.75	56.02	0.00	0.00	36.49	243858	94/11/29
3,900.00	391.00	118.19	0.00	237.45	0.00	282.75	55.53	0.00	0.00	70.14	245097	94/12/22
46,800.00	4,755.00	1,438.44	0.00	2,874.47	0.00	3,393.00	672.23	0.00	0.00	437.61		

87

*PH-02 HINDS COMMUNITY COLLEGE

RUN DATE: 1/26/94 PAYROLL CUMULATIVE REPORT

WYNNE PATRICIA M 421025 423-72-9525

GROSS-PAY	FEDERAL-TAX	STATE-TAX	N/A	OASDI	PERS	ANNUITY	DEDUCTIONS	NET	CHECK	DATE
		LOCAL-TAX	GTLI	SRTP		MED	TAX FB	EMPLE PD BEN		
2,003.33	245.00	73.02 MS	0.00	123.83	145.24	0.00	0.00	1,380.28	229441	08/30/93
		0.00	0.00	0.00		28.96	0.00	6.00		
2,003.33	246.00	73.02 MS	0.00	123.83	145.24	0.00	0.00	1,380.28	230130	09/29/93
		0.00	0.00	0.00		28.96	0.00	6.00		
2,003.33	247.00	73.32 MS	0.00	124.21	145.24	0.00	0.00	1,384.51	230663	10/14/93
		0.00	0.00	0.00		29.05	0.00	0.00		
2,003.33	246.00	73.02 MS	0.00	123.83	145.24	0.00	0.00	1,380.28	231400	10/28/93
		0.00	0.00	0.00		28.96	0.00	6.00		
2,003.34	246.00	73.02 MS	0.00	123.84	145.24	0.00	0.00	1,380.28	232251	11/29/93
		0.00	0.00	0.00		28.96	0.00	6.00		
2,003.34	246.00	73.02 MS	0.00	123.84	145.24	0.00	0.00	1,380.28	233521	12/28/93
		0.00	0.00	0.00		28.96	0.00 0	6.00		
12,020.00	1,477.00	438.42	0.00	743.38	871.44	0.00	0.00	8,285.91		
		0.00	0.00	0.00		173.85	0.00	30.00		

WYNNE PATRICIA M 421025 423-72-9525

2/??0303

HINDS COMMUNITY COLLEGE
ROLL CUMULATIVE REPORT FOR PAYROLL YEAR 94
02/03/95

LYNNE PATRICIA M   428-72-9525   A31035

GROSS PAY	FEDERAL	STATE	GTLI	OASDI	SPIP	PERS	MED	ANNUITY	DEDUCTIONS	EMPLOYEE PD BEN	CHECK NUMBER	DATE
2,003.34	246.00	73.02	0.00	123.34	0.00	145.24	28.96	0.00	0.00	6.00	234282	94/01/28
2,003.33	246.00	73.02	0.00	123.33	0.00	145.24	28.96	0.00	0.00	6.00	235095	94/02/25
2,003.34	246.00	73.02	0.00	123.34	0.00	145.24	28.96	0.00	0.00	6.00	236276	94/03/30
2,003.33	246.00	73.02	0.00	123.33	0.00	145.24	28.96	0.00	0.00	6.00	237117	94/04/28
2,003.34	246.00	73.02	0.00	123.34	0.00	145.24	28.96	0.00	0.00	6.00	238302	94/05/27
2,003.33	246.00	73.02	0.00	123.33	0.00	145.24	28.96	0.00	0.00	6.00	238993	94/06/28
2,003.34	246.00	73.02	0.00	123.34	0.00	145.24	28.96	0.00	0.00	6.00	239818	94/07/28
2,003.34	246.00	73.02	0.00	123.34	0.00	145.24	28.96	0.00	0.00	6.00	240529	94/08/30
2,003.34	246.00	73.04	0.00	123.35	0.00	145.24	28.97	0.00	0.00	5.55	241124	94/09/29
2,200.00	277.00	82.16	0.00	136.06	0.00	159.50	31.82	0.00	0.00	5.55	242662	94/10/28
2,200.00	277.00	82.16	0.00	136.06	0.00	159.50	31.82	0.00	0.00	5.55	243517	94/11/29
2,200.00	277.00	82.16	0.00	136.06	0.00	159.50	31.82	0.00	0.00	5.55	244764	94/12/22
24,630.03	3,045.00	903.63	0.00	1,522.73	0.00	1,785.66	356.11	0.00	0.00	70.20		

FUND GROUP CODES - Cont'd

PLANT FUNDS

Plant Funds - Unexpended -
This fund is used to account for the unexpended resources derived from various sources to finance the acquisition of long-lived plant assets.

Plant Funds - Renewals and Replacements -
This fund is used to account for those resources set aside for the renewal and replacement of plant assets.

Plant Funds - Retirement of Indebtedness -
This fund is used to account for accumulated resources for interest and principal payments and other debt service charges, including contributions for sinking funds, relating to plant fund indebtedness.

Plant Funds - Investment in Plant -
This fund is used to account for the cost (or fair market value at time of donation) of long-lived assets, as well as all associated liabilities.

AGENCY FUNDS

Agency Funds -
This fund is used to account for the resources held by the institution as custodian or fiscal agent for individual students, faculty, staff and organizations.

EXHIBIT

3

1995-1996

TRAVEL INFORMATION

EXHIBIT

4

100. INTRODUCTION

Section 25-3-41, Mississippi Code of 1972, establishes guidelines for travel reimbursement of officers and employees of the State of Mississippi, and of any department, institution, board or commission thereof. It also provides that the State Department of Finance and Administration shall promulgate rules and regulations to effectuate economies for all expenses authorized under this section. All rules and regulations contained herein apply to all state officers and employees. The provisions governing meal expense reimbursement applies to officers and employees of all other political subdivisions of the State as well as state officers and employees.

This handbook is intended to serve as a quick reference for the provisions of Section 25-3-41 of the Mississippi Code and other relevant statutes, as well as rules and regulations adopted by the State Department of Finance and Administration affecting all areas of reimbursable state travel.

NOTE: State Departments and political subdivisions are authorized to supplement these regulations providing the requirements set forth herein are not exceeded and any such supplement does not constitute deviation from provisions of law on allowable reimbursements. State Departments and political subdivisions must ensure that adequate internal control is maintained over travel. State departments are responsible for providing a copy of the State Travel Regulations and their department supplement, if any, to the employee or individual traveling on official business for the State of Mississippi. State travel regulations are also contained in the Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual, Section 13.

ISSUED BY:

State Travel Branch Director
DEPARTMENT OF FINANCE AND ADMINISTRATION
Office of Purchasing and Travel
1504 Sillers Building
Jackson, MS 39201
359-2073 or 359-3647
359-3910 FAX

paycheck may be held until the debt to the state is resolved, and only one travel advance shall be outstanding at one time.

Travel Authorization Form (MAAPP form 13.20.20), a combined form, is included at the end of this manual.

104. TRAVEL REIMBURSEMENT

These regulations establish a State Travel Management Program under the jurisdiction of the State Department of Finance and Administration to help ensure fairness and consistency in the application and administration of travel expense reimbursement and to reduce and control the State's costs related to all components of official state business travel.

An employee traveling on official state business is expected to exercise the same care incurring expenses as would a prudent person traveling for personal reasons. Travel for business should be conducted at a minimum cost for achieving the success of the mission. In order to receive reimbursement of travel expenses, travelers SHALL request air/rail/bus, hotel and rental car reservations as far in advance as possible from the state contract travel agency, and shall utilize the lowest logical rates available. Waivers will be granted for use of another travel agency only when a savings exceeding $25.00 results. Travel in first class and business class is not a reimbursable expense.

105. TRAVEL EXPENSE REIMBURSEMENT VOUCHERS

1. In-state and out-of-state travel may be submitted on the same voucher. If out-of-state expenses exceed the allotted space on the back of the travel voucher, use the in-state section and indicate that expenses are for out-of-state.

2. One state employee/officer should not claim expenses for another state employee. If it is necessary and authorized to claim expenses for business associates, such as a meal where business will be transacted, list the people for whom the expenditure is claimed and the nature of the meeting. Use Expenditure Code. 62470. Caution: Be careful that you do not violate the "Open Meetings" law in such meetings and claims for reimbursement of expenses.

3. Travel expense vouchers should be typed or completed in ink and signed by the employee.

4. Hotel/motel receipts must be itemized in order to be reimbursed. The hotel bill submitted shall be the original form the hotel provides when the bill is paid, as opposed to an non- itemized Express Check Out form or credit card receipt. When public carrier transportation is being used, the hotel confirmation must be included on the invoice form from the state contract travel agent indicating that the hotel reservation was obtained through the state contract travel agency.

5. Necessary travel expenses do not include personal expense items such as entertainment and trip insurance. (The travel agency

Citation		Database	Mode
55 FR 10019-02	FOUND DOCUMENT	FR	Page

NOTICES

OFFICE OF MANAGEMENT AND BUDGET

Issuance of Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations"

Friday, March 16, 1990

AGENCY: Office of Management and Budget.

ACTION: Final issuance of OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations."

SUMMARY: Circular A-133 provides policy guidance to Federal agencies for establishing uniform requirements for audits of awards provided to institutions of higher education and other nonprofit organizations. It promotes the efficient and effective use of audit services.

These audit policies arise from a commitment made by the Office of Management and Budget (OMB) during Congressional consideration of the Single Audit Act of 1984, Public Law 98-502. At that time, Congress agreed to exclude most colleges and universities from coverage under the Act. OMB agreed to develop an audit policy for these organizations. In addition, at the request of the Inspectors General, OMB has extended these audit policies to other nonprofit organizations not covered by Circular A-128, "Audits of State and Local Governments."

DATES: Circular A-133 is effective immediately and shall apply to fiscal years of institutions of higher education and other nonprofit institutions that begin after January 1, 1990. Earlier implementation is encouraged. However, until the Circular is implemented, the audit provisions of Attachment F to Circular A-110 shall continue to be observed.

FOR FURTHER INFORMATION CONTACT:Palmer Marcantonio, Financial Management Division, 10235 NEOB, OMB, Washington, DC 20503 telephone: 202-395-3993.

SUPPLEMENTARY INFORMATION

A. Background

On November 10, 1988, a notice was published in the Federal Register (53 FR 45744) requesting comments on a proposed OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." Interested parties were invited to submit comments by January 9, 1989. Almost 100 comments were received from Federal agencies, State and local governments, universities, professional organizations, nonprofit organizations and others. All comments were considered in developing these final requirements.

EXHIBIT

5

Following is a summary of the major comments, grouped by subject and a response to each, including a description of changes made as a result of the comments. Other changes have been made to increase clarity and readability.

B. Comments and Responses

Definitions

Comment: States were concerned that the audit requirements for public colleges and universities would be different from the requirements of Circular A-128, "Audits of State and Local Governments."

Response: Circular A-133 was amended to provide that the institutions audited as part of a State, in accordance with Circular A-128, are not covered by Circular A-133.

Comment: It is unclear why hospitals are specifically excluded from coverage under Circular A-133.

Response: Most hospitals receive Federal reimbursement for the Medicaid and Medicare programs. These two programs have their own statutory audit requirements. Other Federal funds going to hospitals are provided through research contracts. These contracts are subject to contract closing audits. The remainder of Federal funds at these institutions are insignificant and would not justify a single audit. Hospitals affiliated with university systems are covered.

Comment: The Circular should include a definition of "general oversight," "coordinated audit," "research and development," and "student financial aid."

Response: These definitions were added to the Circular.

Comment: One Commenter said it was unclear whether the proposed Circular A-133 applied to programs in which the grantee's funding level is established not by allowable project costs incurred but through "fixed price" formulas (performance-funded programs).

Response: Performance-funded programs are subject to the requirements of OMB Circular A-133. However, the auditor should tailor the auditing procedures to that type of program. For performance-funded programs, the auditor's examination should be directed to such matters as determining beneficiary eligibility, verifying units of service rendered, and controlling program income.

Requirements Based on Awards Received

Comment: Raise the audit threshold to $100,000 from $25,000 and exempt institutions below this level from audit requirements.

Response: The threshold of $25,000 is the same requirement set by law for State and local governments under Circular A-128, "Audits of State and Local Governments." Based on experience to date with that Circular, the $25,000 threshold appears to be a reasonable one and does not impose an unreasonable burden on small grantees. Consideration will be given to changing this requirement if Congress changes it for State and local governments.

Comment: Nonprofit institutions receiving $100,000 or more in financial assistance under only one program should have an option to have an audit made under the Circular or a program specific audit.

Response: The Circular was amended to provide that nonprofit institutions receiving $100,000 or more but receiving awards under only one program have the option of having an audit either under the Circular or a program specific audit.

Recipient Responsibility

Comment: Several commenters objected to the requirement for the prime recipient to review audit reports of subrecipients.
Response: OMB believes that prime recipient has a responsibility to ensure Federal funds were spent in accordance with applicable laws and regulations. At a minimum, the prime recipient should ensure subrecipients meet applicable audit requirements and that corrective action is taken in instances of noncompliance with Federal laws and regulations.

Frequency of Audit

Comment: The Circular requires an annual audit of institutions of higher education and other nonprofit organizations. This change in audit policy which now requires an audit at least every two years would be costly for most institutions.
Response: The frequency of audit was changed to provide that audits shall usually be made annually, but not less frequently than every two years.

Small and Minority Audit Firms

Comment: One commenter said the Circular should provide incentive awards and penalties to improve the opportunities for small disadvantaged CPA firms to get audit work.
Response: The Circular contains a number of provisions to ensure that socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in contract awards to fulfill the requirements of the Circular. These are identical to the requirements in Circular A-128, "Audits of State and Local Governments."

Scope of Audit and Audit Objectives

Comment: One commenter pointed out that independent auditors following the American Institute of Certified Public Accountants' (AICPA) Industry Audit Guide for Colleges and Universities do not customarily report on the "results of operations," as proposed in the Circular. Rather, because of the nature of college and university financial statements, they report on "the changes in fund balances and the current funds revenues, expenditures, and other changes."
Response: Independent auditors informed OMB that, with impending changes in accounting principles for not-for-profit organizations, these statements are likely to be revised over the next few years, and that auditors will be reporting in the future on the "results of operations" of colleges and universities as well as other not-for-profit organizations. In addition, OMB believes that auditors would generally recognize that, for colleges and universities, the phrase "results of operations" would cover the specific

language discussed above for colleges and universities. Consequently, OMB has decided not to change the language of the auditor's determination regarding an institutions's financial position and "results of operations."

Audit Reports

Comment: Recipients already incur significant additional expense in arranging for new audits. The requirements to send copies of audit reports to each Federal agency adds cost and paperwork beyond reason.

Response: The audit report distribution requirement is in accordance with the General Accounting Office's Government Auditing Standards and is the one required of State and local governments. Most colleges and universities are only dealing with a limited number of Federal agencies and the additional burden should be minimal.

Comment: The date for a completed audit report of one year is too long.

Response: The one-year period is the standard established by the Single Audit Act, Public Law 98-502, for State and local governments. OMB does not believe there should be a differenct standard for institutions of higher education and other nonprofit organizations.

Other Comments

Comment: It is not clear if an audit made in accordance with the Circular is intended to be relied on with regard to the cost allocation plan.

Response: If indirect costs were claimed as expenditures on Federal programs during the period being audited, the auditor should have ascertained that the amounts claimed were determined in accordance with the appropriate cost principles. Federal department and agencies should rely on the work done by independent auditors on cost allocations procedures and practices and avoid duplicate audits.

Comment: Is it intended that an audit made in accordance with Circular A-133 will suffice for closing out contracts

Response: Federal agencies are encouraged to rely on Circular A-133 audits to the maximum extent practicable, including their use on contract close-outs. However, each Federal agency will be governed by its procurement regulations in determining what additional work, if any, will be required to close out contracts.

Comment: Several commenters pointed out that certain provisions in Circular A-133 were not required by Public Law 98-502, the Single Audit Act, and, therefore, should not be mandated.

Response: The Single Audit Act does not apply to most nonprofit organizations. Public colleges and universities may be covered under the provisions of the Act at the option of State and local governments.

Certain requirements in Circular A-133 are based on Federal agencies' experience over the last four years with the implementation of the Single Audit Act. Also, one of the requirements being questioned stems from an auditing standard issued by the American Institute of Certified Public Accountants.

Frank Hodsoll,

Executive Associate Director.

March 8, 1990.

OMB Circular No. A-133

To the Heads of Executive Departments and Establishments

Subject: Audits of Institutions of Higher Education and Other Nonprofit Institutions

1. Purpose. Circular A-133 establishes audit requirements and defines Federal responsibilities for implementing and monitoring such requirements for institutions of higher education and other nonprofit institutions receiving Federal awards.

2. Authority. Circular A-133 is issued under the authority of the Budget and Accounting Act of 1921, as amended; the Budget and Accounting Procedures Act of 1950, as amended; Reorganization Plan No. 2 of 1970; and Executive Order No. 11541.

3. Supersession. Circular A-133 supersedes Attachment F, subparagraph 2h, of Circular A-110, "Uniform Administrative Requirements for Grants and other Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations."

4. Applicability. The provisions of Circular A-133 apply to:

a. Federal departments and agencies responsible for administering programs that involve grants, cost-type contracts and other agreements with institutions of higher education and other nonprofit recipients.

b. Nonprofit institutions, whether they are recipients, receiving awards directly from Federal agencies, or are sub-recipients, receiving awards indirectly through other recipients.

These principles, to the extent permitted by law, constitute guidance to be applied by agencies consistent with and within the discretion, conferred by the statutes governing agency action.

5. Requirements and Responsibilities.

The specific requirements and responsibilities of Federal departments and agencies and institutions of higher education and other nonprofit institutions are set forth in the attachment.

6. Effective Date. The provisions of Circular A-133 are effective upon publication and shall apply to audits of nonprofit institutions for fiscal years that begin on or after January 1, 1990. Earlier implementation is encouraged. However, until this Circular is implemented, the audit provisions of Attachment F to Circular A-110 shall continue to be observed.

7. Policy Review (Sunset) Date. Circular A-133 will have a policy review three years from the date of issuance.

8. Inquiries. Further information concerning Circular A-133 may be obtained by contacting the Financial Management Division, Office of Management and Budget, Washington, D.C. 20503, telephone (202) 395-3993.

Richard G. Darman,

Director.

Attachment

1. Definitions. For the purposes of this Circular, the following definitions apply:

a. Award means financial assistance, and Federal cost-type contracts used to buy services or goods for the use of the Federal Government. It includes awards received directly from the Federal agencies or indirectly through recipients. It does not include procurement contracts to vendors under grants or contracts, used to buy goods or services. Audits of such vendors shall be covered by the terms and conditions of the contract.

b. Cognizant agency means the Federal agency assigned by the Office of Managaement and Budget to carry out the responsibilities described in paragraph 3 of this Attachment.

c. Coordinated audit approach means an audit wherein the independent auditor, and other Federal and non-federal auditors consider each other's work, in determining the nature, timing, and extent of his or her own auditing procedures. A coordinated audit must be conducted in accordance with Government Auditing Standards and meet the objectives and reporting requirements set forth in paragraph 12(b) and 15, respectively, of this Attachment. The objective of the coordinated audit approach is to minimize duplication of audit effort, but not to limit the scope of the audit work so as to preclude the independent auditor from meeting the objectives set forth in pargraph 12(b) or issuing the reports required in paragraph 15 in a timely manner.

d. Federal agency has the same meaning as the term "agency" in Section 551(1) of title 5, United States Code.

e. Federal Financial Assistance.

(1) Federal financial assistance means assistance provided by a Federal agency to a recipient or sub-recipient to carry out a program. Such assistance may be in the form of:

--Grants;
--Contracts;
--Cooperative agreements;
--Loans;
--Loan guarantees;
--Property;
--Interest subsidies;
--Insurance;
--Direct appropriations;
--Other non-cash assistance.

(2) Such assistance does not include direct Federal cash assistance to individuals.

(3) Such assistance includes awards received directly from Federal agencies, or indirectly when sub-recipients receive funds identified as Federal funds by recipients.

(4) The granting agency is responsible for identifying the source of funds awarded to recipients; the recipient is responsible for identifying the source of funds awarded to sub-recipients.

f. Generally accepted accounting principles has the meaning specified in the Government Auditing Standards.

g. Independent auditor means:

(1) A Federal, State, or local government auditor who meets the standards specified in the Government Auditing Standards; or

(2) A public accountant who meets such standards.

h. Internal control structure means the policies and procedures established to provide reasonable assurance that:

(1) Resource use is consistent with laws, regulations, and award terms;

(2) Resources are safeguarded against waste, loss, and misuse; and

(3) Reliable data are obtained, maintained, and fairly disclosed in reports.

i. Major program means an individual award or a number of awards in a category of Federal assistance or support for which total expenditures are the larger of three percent of total Federal funds expended or $100,000, on which the auditor will be required to express an opinion as to whether the major program is being administered in compliance with laws and regulations.

Each of the following categories of Federal awards shall constitute a major program where total expenditures are the larger of three percent of total Federal funds expended or $100,000:

--Research and Development.

--Student Financial Aid.

--Individual awards not in the student aid or research and development category.

j. Management decision means the evaluation by the management of an establishment of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.

k. Nonprofit institution means any corporation, trust, association, cooperative or other organization which (1) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; (2) is not organized primarily for profit; and (3) uses its net proceeds to maintain, improve, and/or expand its operations. The term "nonprofit institutions" includes institutions of higher education, except those institutions that are audited as part of single audits in accordance with Circular A-128 "Audits of State and Local Governments." The term does not include hospitals which are not affiliated with an institution of higher education, or State and local governments and Indian tribes covered by Circular A-128 "Audits of State and Local Governments."

l. Oversight agency means the Federal agency that provides the predominant amount of direct funding to a recipient not assigned a cognizant agency, unless no direct funding is received. Where there is no direct funding, the Federal agency with the predominant indirect funding will assume the general oversight responsibilities. The duties of the oversight agency are described in paragraph 4 of this Attachment.

m. Recipient means an organization receiving financial assistance to carry out a program directly from Federal agencies.

n. Research and development includes all research activities, both basic and applied, and all development activities that are supported at universities, colleges, and other nonprofit institutions. "Research" is defined as as systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

o. Student Financial Aid includes those programs of general student assistance in which institutions participate, such as those authorized by Title IV of the Higher Education Act of 1965 which is administered by the U.S. Department of Education and similar programs provided by other Federal agencies. It does not include programs which provide fellowships or similar awards to students on a competitive basis, or for specified studies or research.

p. Sub-recipient means any person or government department, agency, establishment, or nonprofit organization that receives financial assistance to carry out a program through a primary recipient or other sub-recipient, but does not include an individual that is a beneficiary of such a program. A sub-recipient may also be a direct recipient of Federal awards under other agreements.

q. Vendor means an organization providing a recipient or sub-recipient with generally required goods or services that are related to the administrative support of the Federal assistance program.

2. Audit of Nonprofit Institutions.

a. Requirements Based on Awards Received. (1) Nonprofit institutions that receive $100,000 or more a year in Federal awards shall have an audit made in accordance with the provisions of this Circular. However, nonprofit institutions receiving $100,000 or more but receiving awards under only one program have the option of having an audit of their institution prepared in accordance with the provisions of the Circular or having an audit made of the one program. For prior or subsequent years, when an institution has only loan guarantees or outstanding loans that were made previously, the institution may be required to conduct audits for those programs, in accordance with regulations of the Federal agencies providing those guarantees or loans.

(2) Nonprofit institutions that receive at least $25,000 but less than $100,000 a year in Federal awards shall have an audit made in accordance with this Circular or have an audit made of each Federal award, in accordance with Federal laws and regulations governing the programs in which they participate.

(3) Nonprofit institutions receiving less than $25,000 a year in Federal awards are exempt from Federal audit requirements, but records must be available for review by appropriate officials of the Federal grantor agency or subgranting entity.

b. Oversight by Federal Agencies. (1) To each of the larger nonprofit institutions the Office of Management and Budget (OMB) will assign a Federal agency as the cognizant agency for monitoring audits and ensuring the resolution of audit findings that affect the programs of more than one agency.

(2) Smaller institutions not assigned a cognizant agency will be under the general oversight of the Federal agency that provides them with the most funds.

(3) Assignments to Federal cognizant agencies for carrying out responsibilities in this section are set forth in a separate supplement to this Circular.

(4) Federal Government-owned, contractor-operated facilities at institutions or laboratories operated primarily for the Government are not included in the cognizance assignments. These will remain the responsibility of the contracting agencies. The listed assignments cover all of the functions in this Circular unless otherwise indicated. The Office of Management and Budget

will coordinate changes in agency assignments.

3. Cognizant Agency Responsibilities. A cognizant agency shall:

a. Ensure that audits are made and reports are received in a timely manner and in accordance with the requirements of this Circular.

b. Provide technical advice and liaison to institutions and independent auditors.

c. Obtain or make quality control reviews of selected audits made by non-Federal audit organizations, and provide the results, when appropriate, to other interested organizations.

d. Promptly inform other affected Federal agencies and appropriate Federal law enforcement officials of any reported illegal acts or irregularities. A cognizant agency should also inform State or local law enforcement and prosecuting authorities, if not advised by the recipient, of any violation of law within their jurisdiction.

e. Advise the recipient of audits that have been found not to have met the requirements set forth in this Circular. In such instances, the recipient will work with the auditor to take corrective action. If corrective action is not taken, the cognizant agency shall notify the recipient and Federal awarding agencies of the facts and make recommendations for follow-up action. Major inadequacies or repetitive substandard performance of independent auditors shall be referred to appropriate professional bodies for disciplinary action.

f. Coordinate, to the extent practicable, audits or reviews made for Federal agencies that are in addition to the audits made pursuant to this Circular, so that the additional audits or reviews build upon audits performed in accordance with the Circular.

g. Ensure the resolution of audit findings that affect the programs or more than one agency.

h. Seek the views of other interested agencies before completing a coordinated program.

i. Help coordinate the audit work and reporting responsibilities among independent public accountants, State auditors, and both resident and non-resident Federal auditors to achieve the most cost-effective audit.

4. Oversight Agency Responsibilities. An oversight agency shall provide technical advice and counsel to institutions and independent auditors when requested by the recipient. The oversight agency may assume all or some of the responsibilities normally performed by a cognizant agency.

5. Recipient Responsibilities. A recipient that receives a Federal award and provides $25,000 or more of it during its fiscal year to a sub-recipient shall:

a. Ensure that the nonprofit institution sub-recipients that receive $25,000 or more have met the audit requirements of this Circular, and that sub-recipients subject to OMB Circular A-128 have met the audit requirements of that Circular;

b. Ensure that appropriate corrective action is taken within six months after receipt of the sub-recipient audit report in instances of noncompliance with Federal laws and regulations;

c. Consider whether sub-recipient audits necessitate adjustment of the recipient's own records; and

d. Require each sub-recipient to permit independent auditors to have access to the records and financial statements as necessary for the recipient to comply with this Circular.

6. Relation to Other Audit Requirements. a. An audit made in accordance with this Circular shall be in lieu of any financial audit required under individual Federal awards. To the extent that an audit made in accordance with this Circular provides Federal agencies with the information and assurances they need to carry out their overall responsibilities, that shall rely upon and use such information. However, a Federal agency shall make any additional audits or reviews necessary to carry out responsibilities under Federal law and regulation. Any additional Federal audits or reviews shall be planned and carried out in such a way as to build upon work performed by the independent auditor.

b. Audit planning by Federal audit agencies should consider the extent to which reliance can be placed upon work performed by other auditors. Such auditors include State, local, Federal, and other independent auditors, and a recipient's internal auditors. Reliance placed upon the work of other auditors should be documented and in accordance with Government Auditing Standards.

c. The provisions of this Circular do not limit the authority of Federal agencies to make or contract for audits and evaluations of Federal awards, nor do they limit the authority of any Federal agency Inspector General or other Federal official.

d. The provisions of this Circular do not authorize any institution or sub-recipient thereof to constrain Federal agencies, in any manner, from carrying out additional audits, evaluations or reviews.

e. A Federal agency that makes or contracts for audits, in addition to the audits made by recipients pursuant to this Circular, shall, consistent with other applicable laws and regulations, arrange for funding the cost of such additional audits. Such additional audits or reviews include financial, performance audits and program evaluations.

7. Frequency of Audit. Audits shall usually be performed annually but not less frequently than every two years.

8. Sanctions. No audit costs may be charged to Federal awards when audits required by this Circular have not been made or have been made but not in accordance with this Circular. In cases of continued inability or unwillingness to have a proper audit in accordance with the Circular, Federal agencies must consider appropriate sanctions including:

--withholding a percentage of awards until the audit is completed satisfactorily;

--withholding or disallowing overhead costs; or

--suspending Federal awards until the audit is made.

9. Audit Costs. The cost of audits made in accordance with the provisions of this Circular are allowable charges to Federal awards. The charges may be considered a direct cost or an allocated indirect cost, determined in accordance with the provisions of Circular A-21, "Cost Principles for Universities" or Circular A-122, "Cost Principles for Nonprofit Organizations," FAR subpart 31, or other applicable cost principles or regulations.

10. Auditor Selection. In arranging for audit services institutions shall follow the procurement standards prescribed by Circular A-110, "Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and other Nonprofit Organizations."

11. Small and Minority Audit Firms.

a. Small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in contracts awarded to fulfill the requirements of this Circular.

b. Recipients of Fedral awards shall take the following steps to further this goal:

(1) Ensure that small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals are used to the fullest extent practicable;

(2) Make information on forthcoming opportunities available and arrange timeframes for the audit to encourage and facilitate participation by small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals;

(3) Consider in the contract process whether firms competing for larger audits intend to subcontract with small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals;

(4) Encourage contracting with small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals which have traditionally audited government programs, and in cases where this is not possible, assure that these firms are given consideration for audit subcontracting opportunities;

(5) Encourage contracting with consortiums of small audit firms as described in section (1), above, when a contract is too large for an individual small audit firm or audit firm owned and controlled by socially and economically disadvantaged individuals; and

(6) Use the services and assistance, as appropriate, of such organizations as the Small Business Administration in the solicitation and utilization of small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals.

12. Scope of Audit and Audit Objectives.

a. The audit shall be made by an independent auditor in accordance with Government Auditing Standards developed by the Comptroller General of the United States covering financial audits. An audit under this Circular should be an organization-wide audit of the institution. However, there may be instances where Federal auditors are performing audits or are planning to perform audits at nonprofit institutions. In these cases, to minimize duplication of audit work, a coordinated audit approach may be agreed upon between the independent auditor, the recipient and the cognizant agency or the oversight agency. Those auditors who assume responsibility for any or all of the reports called for by paragraph 15 should follow guidance set forth in Government Auditing Standards in using work performed by others.

b. The auditor shall determine whether: (1) The financial statements of the institution present fairly its financial position and the results of its operations in accordance with generally accepted accounting principles; (2) The institution has an internal control structure to provide reasonable assurance that the institution is managing Federal awards in compliance with applicable laws and regulations, and controls that ensure compliance with the laws and regulations that could have a material impact on the financial statements; and (3) The institution has complied with laws and regulations that may have a direct and material effect on its financial statement amounts and on each major Federal program.

13. Internal Controls Over Federal Awards; Compliance Reviews.

a. General. The independent auditor shall determine and report on whether the ecipient has an internal control structure to provide reasonable assurance hat it is managing Federal awards in compliance with applicable laws, egulations, and contract terms, and that it safeguards Federal funds. In erforming these reveiws, independent auditors should rely upon work performed y a recipient's internal auditors to the maximum extent possible. The extent of such reliance should be based upon the Government Auditing Standards.

b. Internal Control Review. (1) In order to provide this assurance on internal controls, the auditor must obtain an understanding of the internal control structure and assess levels of internal control risk. After obtaining an understanding of the controls, the assessment must be made whether or not the auditor intends to place reliance on the internal control structure.

(2) As part of this review, the auditor shall: (a) Perform tests of controls to evaluate the effectiveness of the design and operation of the policies and procedures in preventing or detecting material noncompliance. Tests of controls will not be required for those areas where the internal control structure policies and procedures are likely to be ineffective in preventing or detecting noncompliance, in which case a reportable condition or a material weakness should be reported in accordance with paragraph 15 c(2) of this Circular.

(b) Review the recipient's system for monitoring sub-recipients and obtaining and acting on sub-recipient audit reports.

(c) Determine whether controls are in effect to ensure direct and indirect costs were computed and billed in accordance with the guidance provided in the general requirements section of the compliance supplement to this Circular.

c. Compliance Review.

(1) The auditor shall determine whether the recipient has complied with laws and regulations that may have a direct and material effect on any of its major Federal programs. In addition, transactions selected for non-major programs shall be tested for compliance with Federal laws and regulations that apply to such transactions.

(2) In order to determine which major programs are to be tested for compliance, recipients shall identify, in their accounts, all Federal funds received and expended and the programs under which they were received. This shall include funds received directly from Federal agencies, through other State and local governments or other recipients. To assist recipients in identifying Federal awards, Federal agencies and primary recipients shall provide the Catalog of Federal Domestic Assistance (CFDA) numbers to the recipients when making the awards.

(3) The review must include the selection of an adequate number of transactions from each major Federal financial assistance program so that the auditor obtains sufficient evidence to support the opinion on compliance required by paragraph 15c(3) of this Attachment. The selection and testing of transactions shall be based on the auditors' professional judgment considering such factors as the amount of expenditures for the program; the newness of the program or changes in its conditions; prior experience with the program particularly as revealed in audits and other evaluations (e.g., inspections, rpogram reviews, or system reviews required by Federal Acquisition Regulations); the extent to which the program is carried out through sub-

recipients; the extent to which the program contracts for goods or services; the level to which the program is already subject to program reviews or other forms of independent oversight; the adequacy of the controls for ensuring compliance; the expectation of adherence or lack of adherence to the applicable laws and regulations; and the potential impact of adverse findings.

(4) In making the test of transactions, the auditor shall determine whether:

--the amounts reported as expenditures were for allowable services, and

--the records show that those who received services or benefits were eligible to receive them.

(5) In addition to transaction testing, the auditor shall determine whether:

--Matching requirements, levels of effort and earmarking limitations were met,

--Federal financial reports and claims for advances and reimbursement contain information that is supported by books and records from which the basic financial statements have been prepared, and

--Amounts claimed or used for matching were determined in accordance with (1) OMB Circular A-21, "Cost Principles for Educational Institutions"; (2) matching or cost sharing requirements in Circular A-110, "Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations"; (3) Circular A-122, "Cost Principles for Nonprofit Organizations"; (4) FAR subpart 31 cost principles; and (5) other applicable cost principles or regulations.

(6) The principal compliance requirements of the largest Federal programs may be ascertained by referring to the "Compliance Supplement for Single Audits of Educational Institutions and Other Nonprofit Organizations," and the "Compliance Supplement for Single Audits of State and Local Governments," issued by OMB and available from the Government Printing Office. For those programs not covered in the Compliance Supplements, the auditor should ascertain compliance requirements by reviewing the statutes, regulations, and agreements governing individual programs.

(7) Transactions related to other awards that are selected in connection with examinations of financial statements and evaluations of internal controls shall be tested for compliance with Federal laws and regulations that apply to such transactions.

14. Illegal Acts. If, during or in connection with the audit of a nonprofit institution, the auditor becomes aware of illegal acts, such acts shall be reported in accordance with the provisions of the Government Auditing Standards.

15. Audit Reports.

a. Audit reports must be prepared at the completion of the audit.

b. The audit report shall state that the audit was made in accordance with the provisions of this Circular.

c. The report shall be made up of at least the following three parts:

(1) The financial statements and a schedule of Federal awards and the auditor's report on the statements and the schedule. The schedule of Federal awards should identify major programs and show the total expenditures for each program. Individual major programs other than Research and Development and Student Aid should be listed by catalog number as identified in the Catalog of Federal Domestic Assistance. Expenditures for Federal programs other than major programs shall be shown under the caption "other Federal assistance." Also, the value of non-cash assistance such as loan guarantees, food commodities or

donated surplus properties or the outstanding balance of loans should be disclosed in the schedule.

(2) A written report of the independent auditor's understanding of the internal control structure and the assessment of control risk. The auditor's report should include as a minimum: (1) The scope of the work in obtaining understanding of the internal control structure and in assessing the control risk, (2) the nonprofit instititution's significant internal controls or control structure including the controls established to ensure compliance with laws and regulations that have a material impact on the financial statements and those that provide reasonable assurance that Federal awards are being managed in compliance with applicable laws and regulations, and (3) the reportable conditions, including the identification of material weaknesses, identified as a result of the auditor's work in understanding and assessing the control risk. If the auditor limits his/her consideration of the internal control structure for any reason, the circumstances should be disclosed in the report.

(3) The auditor's report on compliance containing:

--An opinion as to whether each major Federal program was being administered in compliance with laws and regulations applicable to the matters described in paragraph 13(c)(3) of this Attachment, including compliance with laws and regulations pertaining to financial reports and claims for advances and reimbursements;

--A statement of positive assurance on those items that were tested for compliance and negative assurance on those items not tested;

--Material findings of noncompliance presented in their proper perspective:

- The size of the universe in number of items and dollars,
- The number and dollar amount of transactions tested by the auditors,
- The number of corresponding dollar amount of instances of noncompliance;

--Where findings are specific to a particular Federal award, an identification of total amounts questioned, if any, for each Federal award, as a result of noncompliance and the auditor's recommendations for necessary corrective actions.

d. The three parts of the audit report may be bound into a single document, or presented at the same time as separate documents.

e. Nonmaterial findings need not be disclosed with the compliance report but should be reported in writing to the recipient in a separate communication. The recipient, in turn, should forward the findings to the Federal grantor agencies or subgrantor sources.

f. All fraud or illegal acts or indications of such acts, including all questioned costs found as the result of these acts that auditors become aware of, may be covered in a separate written report submitted in accordance with the Government Auditing Standards.

g. The auditor's report should disclose the status of known but uncrorrected significant material findings and recommendations from prior audits that affect the current audit objectives as specified in the Government Auditing Standards.

h. In addition to the audit report, the recipient shall provide a report of its comments on the findings and recommendations in the report, including a plan for corrective action taken or planned and comments on the status of corrective action taken on prior findings. If corrective action is not necessary, a statement describing the reason it is not should accompany the audit report.

i. Copies of the audit report shall be submitted in accordance with the reporting standards for financial audits contained in the Government Auditing Standards. Sub-recipient auditors shall submit copies to recipients that provided Federal awards. The report shall be due within 30 days after the completion of the audit, but the audit should be completed and the report submitted not later than 13 months after the end of the recipient's fiscal year unless a longer period is agreed to with the cognizant or oversight agency.

j. Recipients of more than $100,000 in Federal awards shall submit one copy of the audity report within 30 days after issuance to a central clearinghouse to be designated by the Office of Management and Budget. The clearinghouse will keep completed audit reports on file.

k. Recipients shall keep audit reports, including subrecipient reports, on file for three years from their issuance.

16. Audit Resolution.

a. As provided in paragraph 3, the cognizant agency shall be responsible for ensuring the resolution of audit findings that affect the programs of more than one Federal agency. Resolution of findings that relate to the programs of a single Federal agency will be the responsiblity of the recipient and the agency. Alternate arrangements may be made on case-by-case basis by agreement among the agencies concerned.

b. A management decision shall be made within six months after receipt of the report by the Federal agencies responsible for audit resolution. Correctivy action should proceed as rapidly as possible.

17. Audit Workpapers and Reports. Workpapers and reports shall be retained for a minimum of three years from the date of the audit report, unless the auditor is notified in writing by the cognizant agency to extend the retention period. Audit workpapers shall be made available upon request to the cognizant agency or its designee or the General Accounting Office, at the completion of the audit.

[FR Doc. 90-5881 Filed 3-15-90; 8:45 am]

BILLING CODE 3110-01-M

55 FR 10019-02
ND OF DOCUMENT

3. Receive from Mississippi Extension up to $1,841,971 (1,836,386 + 5,585 carryover) upon receipt of a completed MOA to be paid as follows:

   - Submit an invoice monthly or as dollars are expended itemized by salary, fringe benefits, travel, contractual, commodities, and equipment for authorized project expenditures.

   - For the performance of this Agreement, MSU/Extension shall pay the Foundation the cost thereof determined to be allowable in accordance with the applicable cost principles as amplified by OMB Circular A-21 (FMC 73-8) Cost Principles for Educational Institutions. In the event that any payments to the Foundation under this agreement are subsequently disallowed by the Government as items of cost to this Agreement, the Foundation shall repay Extension on demand, the amount of any such disallowed items or, at the discretion of Extension, MSU/Extension may deduct such amounts from subsequent payment to be made to the Foundation, hereunder, without prejudice, however, subject to the Foundation right thereafter to establish the allowability of any such items of cost under the Agreement.

4. The funds under this subcontract are provided by a U.S. Department of Agricultural Grant 93-ERHS-1-0001. In no event will Extension be liable for the payment of funds not provided by the U.S. Department of Agriculture. In the event the U.S. Department of Agriculture reduces funds under the grant, then Extension reserves the right to reduce funds under this subcontract.

5. Maintain documents and other evidence showing and supporting all costs incurred under this agreement. All accounts and records shall be preserved by the participating institution for a period of three (3) years after final financial report is submitted under this agreement. The participating institution agrees that duly authorized representatives of USDA, the Comptroller General of the United States, and the Mississippi Cooperative Extension Service shall have access to and the right to examine any pertinent books, documents, and records directly involving transactions to this agreement.

6. Comply with OMB Circulars A-21, A-110, A-133 and submit a copy of annual financial audit reports covering the full period of performance.

7. Submit financial and programmatic progress reports quarterly.

   a. The programmatic progress report shall comply with USDA reporting formats and requirements.

   b. The financial reports shall comply with USDA reporting formats and requirements for expenditures charged to the projects as well as expenditures recorded as non-federal matching.

      - The financial report shall be itemized by salary, fringe benefits, travel, contractual, commodity, equipment and other scholarship/loan expenditures as outlined and approved in the project budget.

8. Conduct a comprehensive evaluation of the Mississippi Rural Health Care Corps project, in collaboration with ES-USDA, and distribute copies to appropriate organizations/agencies.

EXHIBIT

6

F-1

JnL 10/95

10-18-1995
J. CONVENTION: I

MS. COMM. COLLEGE FOUND.
TRIAL DEPRECIATION EXPENSE REPORT
AS OF 06/95 FY=06
FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES
UNDER THE MID-QUARTER CONVENTION

TOTALS

	QTY	ACQUISITION VALUE	CURRENT YTD 179 EXPENSE	TOTAL ACCUM 179 EXPENSE	DEPRECIABLE BASIS	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
RAND TOTALS:	559	1416931.92	0.00	0.00	1416931.92	80370.72	242368.25	242368.25	322738.97
ESS DISP:	0	0.00	0.00	0.00	0.00	0.00	----------	----------	0.00
ET TOTALS:	559	1416931.92	0.00	0.00	1416931.92 T/B	80370.72	242368.25 T/B (A)	242368.25	322738.97 T/B

I - BY DEPR. THIS RUN INDICATES AN ADJUSTMENT HAS BEEN TAKEN DURING THE CURRENT REPORTING PERIOD.

Deprec. for FYE 6-30-95

Adj #5

Deprec Exp	242368.25 (A)	
Accum Deprec		242368.25

General Office
Pull-up
CCN
Rural Health
Millennium

EXHIBIT
7

10-18-1995

MS. COMM. COLLEGE FOUND.
TRIAL DEPRECIATION EXPENSE REPORT
AS OF 06/95 FY=06
FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES
UNDER THE MID-QUARTER CONVENTION

DJ. CONVENTION: I

SSET NO.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
0001	COMPUTER	12/01/92	0.00	H-SLn	05	00	N	0.00	0.00	00/00	0.00	0.00	0.00	0.00
0002	COPIER	12/01/92	10408.10	H-SLn	07	00	N	0.00	10408.10	06/94	2229.87	1487.31I	1487.31	3717.18
0003	BOOKCASES	10/29/93	344.00	H-SLn	07	00	N	0.00	344.00	06/94	32.76	49.14	49.14	81.90
0004	FILING CA	12/03/93	810.00	H-SLn	07	00	N	0.00	810.00	06/94	67.50	115.71	115.71	183.21
0005	COMPUTER	02/08/94	644.95	H-SLn	05	00	N	0.00	644.95	06/94	53.75	139.74I	139.74	193.49
0006	TV -VCR	04/27/94	450.00	H-SLn	07	00	N	0.00	450.00	06/94	10.71	85.72I	85.72	96.43
0007	NEC COMPU	05/05/94	2363.34	H-SLn	05	00	N	0.00	2363.34	06/94	78.78	630.22I	630.22	709.00
0008	HP LASERJ	05/05/94	1349.00	H-SLn	05	00	N	0.00	1349.00	06/94	44.97	359.73I	359.73	404.70
0009	COMPUTER	05/27/94	545.00	H-SLn	05	00	N	0.00	545.00	06/94	9.08	154.42I	154.42	163.50
0010	CABINET	06/23/94	405.30	H-SLn	07	00	N	0.00	405.30	06/94	6.75	80.10I	80.10	86.85
0011	COMPUTER	06/23/94	1030.76	H-SLn	05	00	N	0.00	1030.76	06/94	103.00	206.23I	206.23	309.23
0012	NEC COMPU	06/06/94	1816.66	H-SLn	05	00	N	0.00	1816.66	06/94	30.28	514.72I	514.72	545.00
0013	MACINTOSH	06/23/94	2744.71	H-SLn	05	00	N	0.00	2744.71	06/94	22.87	800.54I	800.54	823.41
0014	17" APPLE	06/23/94	1219.63	H-SLn	05	00	N	0.00	1219.63	06/94	10.16	355.73I	355.73	365.89
0015	STYLE WRI	07/14/93	331.00	H-SLn	05	00	N	0.00	331.00	06/94	66.20	66.20	66.20	132.40
[illegible]	APPLE POW	07/21/93	3550.50	H-SLn	05	00	N	0.00	3550.50	06/94	650.93	710.10	710.10	1361.03
[illegible]	MACINTOSH	07/21/93	1348.81	H-SLn	05	00	N	0.00	1348.81	06/94	247.88	269.76	269.76	517.6[illegible]
0018	APPLE MON	07/21/93	539.29	H-SLn	05	00	N	0.00	539.29	06/94	98.87	107.86	107.86	206.73
0019	CD300 - C	07/21/93	429.00	H-SLn	05	00	N	0.00	429.00	06/94	78.65	85.80	85.80	164.45
0020	EXTERNAL	07/21/93	370.00	H-SLn	05	00	N	0.00	370.00	06/94	67.83	74.00	74.00	141.83
0021	MOUSE	07/22/93	79.00	H-SLn	05	00	N	0.00	79.00	06/94	14.48	15.80	15.80	30.28
0022	PERSONAL	07/21/93	979.00	H-SLn	05	00	N	0.00	979.00	06/94	179.48	195.80	195.80	375.28
0023	CAR PHONE	08/03/93	728.00	H-SLn	07	00	N	0.00	728.00	06/94	133.47	104.00	104.00	237.47
0024	COPIER SO	08/01/93	3915.00	H-SLn	07	00	N	0.00	3915.00	06/94	466.10	559.29	559.29	1025.39
0025	SHARP FAX	08/01/93	595.00	H-SLn	07	00	N	0.00	595.00	06/94	70.83	85.00	85.00	155.83
0026	MACINTOSH	06/01/94	730.00	H-SLn	05	00	N	0.00	730.00	06/94	12.17	206.83I	206.83	219.00
0027	MACINTOSH	06/01/94	730.00	H-SLn	05	00	N	0.00	730.00	06/94	12.17	206.83I	206.83	219.00
00023	MAC MONIT	06/01/94	269.00	H-SLn	05	00	N	0.00	269.00	06/94	4.49	76.21I	76.21	80.70
00029	MAC MONIT	06/01/94	269.00	H-SLn	05	00	N	0.00	269.00	06/94	4.49	76.21I	76.21	80.70
00030	APPLE LAS	06/01/94	1344.00	H-SLn	05	00	N	0.00	1344.00	06/94	22.40	380.80I	380.80	403.20
00031	EPSON LQ1	03/01/94	613.00	H-SLn	05	00	N	0.00	613.00	06/94	40.87	143.03I	143.03	183.90
00032	EPSON LQ1	03/01/94	613.00	H-SLn	05	00	N	0.00	613.00	06/94	40.87	143.03I	143.03	183.90
00033	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
00034	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
00035	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
00036	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
00037	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
00038	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
00039	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
00040	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
00041	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
[illegible]	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
00043	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
00044	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90

10-18-1995 MS. COMM. COLLEGE FOUND.

TRIAL DEPRECIATION EXPENSE REPORT PAGE 2

CONVENTION: I AS OF 06/95 FY=06

FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES

UNDER THE MID-QUARTER CONVENTION

SET O.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHO	LIFE YR	MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
045	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
046	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
047	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
048	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
049	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
050	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
051	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
052	DTK COMPU	03/01/94	1243.00	H-SLn	05	00	N	0.00	1243.00	06/94	82.87	290.03I	290.03	372.90
053	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
054	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
055	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
056	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
057	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
058	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
059	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
060	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
063	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
064	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
065	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
066	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
067	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
068	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
069	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
070	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
071	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
072	DTK MONIT	03/01/94	300.00	H-SLn	05	00	N	0.00	300.00	06/94	20.00	70.00I	70.00	90.00
0073	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0074	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0075	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0076	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0077	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0078	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0079	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0080	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0081	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0082	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0083	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0084	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0085	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0086	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0088	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00

MS. COMM. COLLEGE FOUND.

10-18-1995 TRIAL DEPRECIATION EXPENSE REPORT PAGE 3

. CONVENTION: I AS OF 06/95 FY=06

FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES

UNDER THE MID-QUARTER CONVENTION

SSET NO.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
0089	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0090	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0091	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0092	TRAINING	05/01/94	3000.00	H-SLn	03	00	N	0.00	3000.00	06/94	166.67	1333.33I	1333.33	1500.00
0093	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0094	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0095	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0096	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0097	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0098	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0099	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0100	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0101	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0102	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0103	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0104	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
[illegible]	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
[illegible]	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0107	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0108	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0109	VIDEO CON	02/01/94	41405.03	H-SLn	07	00	N	0.00	41405.03	06/94	2372.71	6499.79I	6499.79	8872.50
0110	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0111	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0112	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0113	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0114	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0115	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0116	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0117	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0118	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0119	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0120	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0121	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0122	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0123	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0124	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0125	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0126	30 FRAMES	02/01/94	7178.87	H-SLn	07	00	N	0.00	7178.87	06/94	427.31	1111.02I	1111.02	1538.33
0127	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0128	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0129	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0130	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
[illegible]	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0132	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33

MS. COMM. COLLEGE FOUND.

10-18-1995 TRIAL DEPRECIATION EXPENSE REPORT PAGE 4

CONVENTION: I AS OF 06/95 FY=06

FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES

UNDER THE MID-QUARTER CONVENTION

SSET NO.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
0133	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0134	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0135	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0136	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0137	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0138	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0140	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0141	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0142	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0143	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0144	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0145	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0146	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0147	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0148	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
0149	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
00152	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
00153	13.5327"	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
00154	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
00155	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
00156	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
00157	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
00158	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
00159	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
00160	27" SONY	02/01/94	813.53	H-SLn	07	00	N	0.00	813.53	06/94	48.42	125.91I	125.91	174.33
00161	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00162	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00163	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00164	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00165	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00166	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00167	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00168	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00169	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00170	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00171	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00172	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00173	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00174	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00175	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
00177	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14

MS. COMM. COLLEGE FOUND.

10-18-1995 TRIAL DEPRECIATION EXPENSE REPORT PAGE 5

CONVENTION: I AS OF 06/95 FY=06

FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES

UNDER THE MID-QUARTER CONVENTION

SSET NO.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
0178	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0179	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0180	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0181	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0182	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0183	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0184	MONITOR C	02/01/94	187.40	H-SLn	07	00	N	0.00	187.40	06/94	11.15	29.01I	29.01	40.16
0185	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0186	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0187	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0188	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0189	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0190	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0191	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0192	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
0193	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
[illegible]	MONITOR C	02/01/94	187.34	H-SLn	07	00	N	0.00	187.34	06/94	11.15	28.99I	28.99	40.14
[illegible]	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0196	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0197	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0198	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0199	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0200	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0201	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0202	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0203	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0204	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0205	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0206	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0207	ZOOM CAME	02/01/94	3759.55	H-SLn	07	00	N	0.00	3759.55	06/94	205.93	599.69I	599.69	805.62
0208	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0209	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0210	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0211	ZOOM CAME	02/01/94	3459.55	H-SLn	07	00	N	0.00	3459.55	06/94	205.93	535.40I	535.40	741.33
0212	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
0213	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
0214	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
0215	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
0215	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
0217	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
0218	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
0219	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
[illegible]	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
0221	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99

10-18-1995
CONVENTION: I

MS. COMM. COLLEGE FOUND.
TRIAL DEPRECIATION EXPENSE REPORT
AS OF 06/95 FY=06
FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES
UNDER THE MID-QUARTER CONVENTION

SET O.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
222	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
223	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
224	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
225	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
226	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
227	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
228	WALL MOUN	02/01/94	37.28	H-SLn	07	00	N	0.00	37.28	06/94	2.25	5.74I	5.74	7.99
229	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
230	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
231	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
232	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
233	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
234	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
235	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
236	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
237	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0240	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0241	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0242	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0243	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0244	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0245	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0246	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0247	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0248	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0249	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0250	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0251	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0252	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0253	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0254	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0255	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0256	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0257	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0258	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0259	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0260	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0261	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0262	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0263	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0265	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85

FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES

UNDER THE MID-QUARTER CONVENTION

SET O.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
0266	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0267	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0268	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0269	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0270	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0271	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0272	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0273	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0274	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0275	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0276	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0277	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0278	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0279	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0280	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0281	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
[illegible]	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0284	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0285	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0286	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0287	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0288	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0289	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0290	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0291	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0292	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0293	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0294	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0295	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0296	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0297	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0298	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0299	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0300	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0301	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0302	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0303	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0304	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0305	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0306	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0307	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
[illegible]	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0309	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85

MS. COMM. COLLEGE FOUND.

10-18-1995 TRIAL DEPRECIATION EXPENSE REPORT PAGE 8

CONVENTION: I AS OF 06/95 FY=06

FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES

UNDER THE MID-QUARTER CONVENTION

ASSET NO.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
0310	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0311	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0312	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0313	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0314	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0315	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0316	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0317	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0318	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0319	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0320	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0321	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0322	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0323	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0324	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0325	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
[illegible]	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
[illegible]	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0328	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0329	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0330	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0331	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0332	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0333	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0334	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0335	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0336	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0337	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0338	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0339	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0340	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0341	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0342	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0343	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0344	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0345	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0346	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0347	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0348	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0349	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0350	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0351	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
[illegible]	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0353	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85

10-18-1995
CONVENTION: I

MS. COMM. COLLEGE FOUND.
TRIAL DEPRECIATION EXPENSE REPORT
AS OF 06/95 FY=06
FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES
UNDER THE MID-QUARTER CONVENTION

SSET NO.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	LIFE MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
00354	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00355	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00356	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00357	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00358	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00359	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00360	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00361	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00362	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00363	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00364	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00365	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00366	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00367	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00368	69CROWN P	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00369	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
[illegible]	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
[illegible]	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
[illegible]	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00373	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00374	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00375	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00376	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00377	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00378	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00379	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00380	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00381	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00382	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00383	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00384	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00385	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00386	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00387	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00388	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00389	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00390	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00391	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00392	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00393	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00394	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
00395	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
[illegible]	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
[illegible]97	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85

MS. COMM. COLLEGE FOUND.

10-18-1995 TRIAL DEPRECIATION EXPENSE REPORT PAGE 10

CONVENTION: I AS OF 06/95 FY=06

FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES

UNDER THE MID-QUARTER CONVENTION

SET NO.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
0398	CROWN PCC	02/01/94	181.28	H-SLn	07	00	N	0.00	181.28	06/94	10.79	28.06I	28.06	38.85
0399	CROWN PCC	02/01/94	0.00	H-SLn	07	00	N	0.00	0.00	00/00	0.00	0.00	0.00	0.00
0400	CROWN PCC	02/01/94	0.00	H-SLn	07	00	N	0.00	0.00	00/00	0.00	0.00	0.00	0.00
0401	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0402	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0403	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0404	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0405	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0406	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0407	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0408	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0409	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0410	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0411	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0412	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0413	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
[illegible]	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
[illegible]	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0416	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0417	BIAMP 8CH	02/01/94	688.37	H-SLn	07	00	N	0.00	688.37	06/94	40.97	106.54I	106.54	147.51
0418	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0419	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0420	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0421	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0422	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0423	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0424	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0425	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0426	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0427	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0428	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0429	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0430	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0431	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0432	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0433	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0434	CABLES	02/01/94	642.00	H-SLn	07	00	N	0.00	642.00	06/94	38.21	99.36I	99.36	137.57
0435	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0436	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0437	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0438	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0439	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0441	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37

ASSET NO.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
0442	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0443	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0444	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0445	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0446	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0447	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0448	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0449	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0450	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0451	MISC CONN	02/01/94	174.37	H-SLn	07	00	N	0.00	174.37	06/94	10.38	26.99I	26.99	37.37
0452	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
0453	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
0454	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
0455	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
0456	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
0457	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00460	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00461	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00462	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00463	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00464	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00465	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00466	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00467	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00468	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00469	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00470	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00471	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00472	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00473	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00474	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00475	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00476	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00477	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00478	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00479	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00480	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00481	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00482	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00483	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80
00485	DUAL PORT	02/01/94	2369.74	H-SLn	07	00	N	0.00	2369.74	06/94	141.05	366.75I	366.75	507.80

MS. COMM. COLLEGE FOUND.

10-18-1995 TRIAL DEPRECIATION EXPENSE REPORT

CONVENTION: I AS OF 06/95 FY=06

FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES

UNDER THE MID-QUARTER CONVENTION

SET O.	ASSET DESCRIPTN	DATE ACQUIRED	ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/ L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR	TOTAL ACCUM DEPR
0486	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0487	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0488	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0489	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0490	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0491	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0492	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0493	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0494	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0495	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0496	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0497	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0498	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0499	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.3[illegible]
0500	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	[illegible]
0501	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.35
2	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.35
3	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0504	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0505	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0506	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0507	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0508	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0509	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0510	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0511	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0512	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0513	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0514	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0515	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0516	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0517	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0518	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0519	MOUNT BRA	02/01/94	25.00	H-SLn	07	00	N	0.00	25.00	06/94	1.49	3.87I	3.87	5.36
0520	MULTIMAX	02/01/94	63759.70	H-SLn	07	00	N	0.00	63759.70	06/94	3795.22	9867.57I	9867.57	13662.79
0521	CHANNEL C	02/01/94	3542.21	H-SLn	07	00	N	0.00	3542.21	06/94	210.85	548.20I	548.20	759.05
0522	CHANNEL C	02/01/94	3542.21	H-SLn	07	00	N	0.00	3542.21	06/94	210.85	548.20I	548.20	759.05
0523	CHANNEL C	02/01/94	3542.21	H-SLn	07	00	N	0.00	3542.21	06/94	210.85	548.20I	548.20	759.05
0524	CHANNEL C	02/01/94	3542.21	H-SLn	07	00	N	0.00	3542.21	06/94	210.85	548.20I	548.20	759.05
0525	CHANNEL C	02/01/94	3542.21	H-SLn	07	00	N	0.00	3542.21	06/94	210.85	548.20I	548.20	759.05
0526	CHANNEL C	02/01/94	3542.21	H-SLn	07	00	N	0.00	3542.21	06/94	210.85	548.20I	548.20	759.05
27	CHANNEL C	02/01/94	3542.21	H-SLn	07	00	N	0.00	3542.21	06/94	210.85	548.20I	548.20	759.05
[illegible]	CHANNEL C	02/01/94	3542.21	H-SLn	07	00	N	0.00	3542.21	06/94	210.85	548.20I	548.20	759.05
0529	CHANNEL C	02/01/94	3542.21	H-SLn	07	00	N	0.00	3542.21	06/94	210.85	548.20I	548.20	759.05

MS. COMM. COLLEGE FOUND.

10-18-1995 — TRIAL DEPRECIATION EXPENSE REPORT —

.. CONVENTION: I — AS OF 06/95 FY=06

FOR ALL FAS ASSET NUMBERS USING INTERNAL FIGURES

UNDER THE MID-QUARTER CONVENTION

SET NO.	ASSET DESCRIPTN	DATE ACQUIRED		ACQUISITION VALUE	DEPR METHD	LIFE YR	MO	B/L	SALVAGE/ SECT 179	DEPRECIABLE BASIS	LAST DEPR	PRIOR TOTAL ACCUM	DEPR THIS RUN	CURRENT YTD DEPR.	TOTAL ACCUM DEPR
)530	CHANNEL C	02/01/94		3542.21	H-SLn	07	00	N	0.00	3542.21	06/94	210.85	548.20I	548.20	759.05
)531	COMP. EQU	12/01/92		15523.00	H-SLn	05	00	N	0.00	15523.00	06/94	2844.00	4763.47I	4763.47	7607.47
)532	TELEPHONE	11/29/94	1	1583.00	H-SLn	07	00	N	0.00	1583.00	00/00	0.00	113.07	113.07	113.07
)533	FILING CA	10/11/94	1	283.38	H-SLn	07	00	N	0.00	283.38	00/00	0.00	20.24	20.24	20.24
)534	PENTAX 35	06/07/95	1	498.93	H-SLn	07	00	N	0.00	498.93	00/00	0.00	35.64	35.64	35.64
)535	COMPUTER-	09/01/94	2	1920.00	H-SLn	05	00	N	0.00	1920.00	00/00	0.00	192.00	192.00	192.00
0536	FILE -LAT	08/03/94	1	300.00	H-SLn	07	00	N	0.00	300.00	00/00	0.00	21.43	21.43	21.43
0537	DESK-STEN	08/30/94	1	550.00	H-SLn	07	00	N	0.00	550.00	00/00	0.00	39.29	39.29	39.29
0538	DESK-EXEC	08/30/94	1	395.00	H-SLn	07	00	N	0.00	395.00	00/00	0.00	28.21	28.21	28.21
0539	CREDENZA	08/30/94	1	295.00	H-SLn	07	00	N	0.00	295.00	00/00	0.00	21.07	21.07	21.07
0540	HUTCH	08/30/94	1	300.00	H-SLn	07	00	N	0.00	300.00	00/00	0.00	21.43	21.43	21.43
0541	CHAIR-EXE	08/30/94	1	275.00	H-SLn	07	00	N	0.00	275.00	00/00	0.00	19.64	19.64	19.64
0542	CHAIRS-GU	08/30/94	1	190.00	H-SLn	07	00	N	0.00	190.00	00/00	0.00	13.57	13.57	13.57
0543	CHAIR-STE	08/30/94	1	125.00	H-SLn	07	00	N	0.00	125.00	00/00	0.00	8.93	8.93	8.93
0544	FILE-LATE	08/30/94	1	260.00	H-SLn	07	00	N	0.00	260.00	00/00	0.00	18.57	18.57	18.57
0545	MARKER BO	08/30/94	1	225.00	H-SLn	07	00	N	0.00	225.00	00/00	0.00	16.07	16.07	16.07
5	CHAIRS-CO	08/30/94	1	750.00	H-SLn	07	00	N	0.00	750.00	00/00	0.00	53.57	53.57	53.57
	TABLE-CON	08/30/94	1	360.00	H-SLn	07	00	N	0.00	360.00	00/00	0.00	25.71	25.71	25.71
10548	TABLE-BRE	08/30/94	1	50.00	H-SLn	07	00	N	0.00	50.00	00/00	0.00	3.57	3.57	3.57
10549	ABCO STAN	08/30/94	1	65.00	H-SLn	07	00	N	0.00	65.00	00/00	0.00	4.64	4.64	4.64
)0550	MODEM	01/01/95	2	179.00	H-SLn	05	00	N	0.00	179.00	00/00	0.00	17.90	17.90	17.90
10551	RAM UPGRA	03/08/95	2	70.00	H-SLn	05	00	N	0.00	70.00	00/00	0.00	7.00	7.00	7.00
)0552	SOFTWARE-	05/18/95	3	129.95	H-SLn	03	00	N	0.00	129.95	00/00	0.00	21.66	21.66	21.66
)0553	(21) chai	11/29/94	1	4480.00	H-SLn	07	00	N	0.00	4480.00	00/00	0.00	320.00	320.00	320.00
)0554	20 DESKS,	01/01/95	1	5205.00	H-SLn	07	00	N	0.00	5205.00	00/00	0.00	371.79	371.79	371.79
)0555	TV / VCR	09/29/94	1	429.95	H-SLn	07	00	N	0.00	429.95	00/00	0.00	30.71	30.71	30.71
)0556	SHREDDER	09/01/94	1	132.00	H-SLn	07	00	N	0.00	132.00	00/00	0.00	9.43	9.43	9.43
)0557	2 EXEC CH	10/04/94	1	458.00	H-SLn	07	00	N	0.00	458.00	00/00	0.00	32.71	32.71	32.71
)0558	2 DESKS &	11/01/94	1	1500.00	H-SLn	07	00	N	0.00	1500.00	00/00	0.00	107.14	107.14	107.14
)0559	20 DTK CO	09/22/94	4	32086.00	H-SLn	05	00	N	0.00	32086.00	00/00	0.00	3208.60	3208.60	3208.60
)0560	20 SOFTWA	09/22/94	3	60000.00	H-SLn	03	00	N	0.00	60000.00	00/00	0.00	10000.00	10000.00	10000.00

1 office Furniture

2 office Computer

3 Computer Software

4 Computer Lab

( ) CENTRAL OFFICE
( ) JACKSON CAMPUS
( ) NURSING ALLIED HEALTH
( ) RANKIN CAMPUS
( ) RAYMOND CAMPUS
( ) UTICA CAMPUS
( ) VICKSBURG BRANCH

HINDS COMMUNITY COLLEGE

PROPERTY INVENTORY ADDITION FORM

____
Department Chairman/Supervisor

____
Property Officer Signature

____
Department Account Number

Date: ______________________

BLDG.	ROOM	P. O. NUMBER	MFG. ABREV.	INVENTORY NUMBER	DESCRIPTION	SERIAL NUMBER	MODEL NUMBER	COST

EXHIBIT 8

124

FUND PAID FROM:

( ) General Office
( ) Community College Network
( ) Rural Health Corps
( ) Millennium
( ) Hour of Accountability

MISSISSIPPI COMMUNITY COLLEGE FOUNDATION

PROPERTY INVENTORY

____
Department Chairman/Supervisor

____
Property Officer Signature

Date: ______________________________

BLDG.	ROOM	FEDERAL AWARD NO.	WHO DOES TITLE VEST WITH?	HCC INVEN-TORY NO.	ACQUI-SITION DATE	DESCRIPTION	MFG. ABBREV.	SERIAL NUMBER	MODEL NUM-BER	COST	CONDI-TION

HINDS COMMUNITY COLLEGE

DEPARTMENTAL PROPERTY SIGN-OUT

PROPERTY CHECKED OUT

INVENTORY NUMBER____________ SERIAL NUMBER____________

MANUFACTURER____________ MODEL____________

DESCRIPTION______________________________________

____

____

FROM DEPARTMENT:______________________________

TO DEPARTMENT: ______________________________

REASON FOR REMOVAL:______________________________

____

____

DATE REMOVED:____________ DATE RETURNED:____________

____________________ DEPARTMENT CHAIR/SUPERVISOR

____________________ DEPARTMENT CHAIR/SUPERVISOR

____________________ PERSON REMOVING

____________________ PERSON RETURNING

EXHIBIT

9

Attachment #1

HINDS COMMUNITY COLLEGE

RAYMOND, MISSISSIPPI 39154-9799 • (601) 857-3240

OFFICE OF THE PRESIDENT

December 4, 1995

Dr. Olon Ray, Executive Director
State Board for Community and Junior Colleges
3825 Ridgewood Road
Jackson, MS 39211

Dear Dr. Ray:

I am pleased to inform you that at the MCCF Board of Directors' meeting held November 27, 1995, the Board voted unanimously to turn over the operation, control, and maintenance of the Community College Network to the State Board for Community and Junior Colleges.

However, it will be necessary for a Memorandum of Understanding concerning priority use of Rural Health Care program equipment to be developed which will be acceptable to the Federal government. In addition, the equipment in the schools is still inventoried to the Federal government. I will be happy to work with you or your designee in developing this memorandum.

I will await your response.

Sincerely,

Clyde

Clyde Muse
President

CM/rw

Copy: MCCF Board of Directors
Mr. Danny Cheatham

EXHIBIT

10

HINDS COMMUNITY COLLEGE

RAYMOND CAMPUS • RAYMOND, MISSISSIPPI 39154-9799

BUSINESS OFFICE
ACCOUNTS RECEIVABLE DEPT.

TO: The Mississippi Community College Foundation

FR: Cassandra Bishop, Accounts Receivable Clerk CB

RE: Facility Rental

DT: December 19, 1995

This letter is to inform you beginning January 01, 1996 the rental fee will be due on a monthly basis.

Your cooperation in this matter will be highly appreciated.

EXHIBIT

11

"The College For All People"

Raymond Campus • Utica Campus • Jackson Campus • Rankin Campus • Vicksburg/Warren County Branch

HINDS COMMUNITY COLLEGE

RAYMOND CAMPUS • RAYMOND, MISSISSIPPI 39154-9799

BUSINESS OFFICE

May 05, 1995

TO: Mississippi Community & Junior College
Economic Development Foundation

FR: Cassandra Bishop, Accounts Receivable Clerk

This is your invoice for facility rental. Rent at $100.00 per month.

Time Period:	April 1993 - December 1993	900.00
	January 1994 - December 1994	1200.00
	January 1995 - March 1995	300.00
	Total Amount Due:	~~2500.00~~ 2400—

Please make check payable to Hinds Community College Business Office (Vendor #10629) and deliver to Cassandra Bishop.

If there are questions about this invoice, you may contact me at this number (601)857-3206.

RECEIVED
MAY 08 1995
M.C.C.F.

"The College For All People"
Raymond Campus • Utica Campus • Jackson Campus • Rankin Campus • Vicksburg/Warren County Branch

FILE COPY

SEP 12 1995

HINDS COMMUNITY COLLEGE

CHECK REQUEST

Vendor Number:

Date: August 31, 1995

Date Required:

Send Check to: **Cassandra Bishop**

Application is made for a warrant to be payable to:

Name: **Hinds Community College**

Address: Accounts Receivable Department

City, State Zip: Raymond, MS 39154

Social Security No: **or Tax ID No:**

Purpose: Foundation - Facility Rental (MCCF office space)

Check Amount: $ ~~2,500.00~~ 2400

ACCOUNTS TO BE CHARGED		AMOUNT
16-375-242	4/93 - 12/93	$ 900.00
16-375-242	1/94 - 12/94	1,200.00
16-375-242	1/95 - 3/95	300.00
		~~$2,500.00~~
		2400

Requested by: Dede Ginn

Approved by: [signature]

BUSINESS OFFICE APPROVAL:

PAID
ck 278291

Vice President for Business Services

Form AP-101

7120.1

AP 8-31-8

Hinds Community College
Business Office
Attn:Cassandra Bishop
Raymond,Ms 39154

INVOICE 34
DATE 12/19/95

Bill To:
MCCF
P.O. Box 1157
Raymond MS 39154

Ship To:

P.O.Number

Description	Amount
	0.00
Facility Rental (April 1995- December 1995) @ 100.00 per month	900.00

Subtotal	900.00
Total	$900.00

Amount Paid $0
Amount Due $900.00

STATEMENT

0 - 30 days	31 - 60 days	61 - 90 days	over 90 days
$900.00	$0.00	$0.00	$0.00

MCCF

MEMORANDUM

To: Mr. Adam Jenkins

From: George E. Wynne GW

Subject: Interest payments to MCCF

Date: May 12, 1995

Agreeable to our conversation, I am officially requesting that the appropriate interest payments be made to MCCF. This should be on non-federal funds.

I appreciate you assistance in this matter.

GEW/dg

EXHIBIT

12

MISSISSIPPI COMMUNITY COLLEGE FOUNDATION

BOX 1157, HCC ★ RAYMOND, MISSISSIPPI 39154 ★ (601) 857-3560 FAX: (601) 857-3526

<FCASTS] [ ] *AAA

ACCOUNT ACTIVITY ANALYSIS 12/07/95

ACCOUNT NUMBER: 16-375-242 FIRST+ 13

ASN: DESCRIPTION: MS JR COLG ECON DEV FDN CURR. BAL: $71,998.01

P.O.#	LN	T	INV. DTE	VENDOR NAME	CHK/REQ#	DESCRIPTION	AMOUNT		P
62314	15	4	06/09/95	AT&T	A771491	DUE TO DEPOSITOR	48.73	D	B
62314	36	4	06/09/95	COURTNEY VICKERS	A771631	DUE TO DEPOSITOR	97.50	D	B
62314	37	4	06/09/95	M'LOU A. ROSSIE,	A771610	DUE TO DEPOSITOR	2,430.00	D	B
62314	38	4	06/09/95	CENTURY CELLUNET	A771504	DUE TO DEPOSITOR	91.78	D	B
62314	39	4	06/09/95	FEDERAL EXPRESS C	A771518	DUE TO DEPOSITOR	39.75	D	B
62314	40	4	06/09/95	MS OFFICE PRODUCT	A771586	DUE TO DEPOSITOR	114.88	D	B
62314	41	4	06/09/95	"	A771586	DUE TO DEPOSITOR	38.50	D	B
62314	43	4	06/07/95	FEDERAL EXPRESS C	A771518	DUE TO DEPOSITOR	31.00	D	B
62314	75	4	06/02/95	COURTNEY VICKERS	A771631	DUE TO DEPOSITOR	77.50	D	B
62314	77	4	06/01/95	ITAWAMBA COMMUNIT	A771553	DUE TO DEPOSITOR	5,340.00	D	B
62314	78	4	06/01/95	COAHOMA COMMUNITY	A771505	DUE TO DEPOSITOR	16,017.25	D	B
62323	26	4	06/16/95	COURTNEY VICKERS	A772373	DUE TO DEPOSITOR	100.00	D	B
62328	54	4	06/23/95	"	A773044	DUE TO DEPOSITOR	92.50	D	B
62328	94	4	06/21/95	FEDERAL EXPRESS C	A772946	DUE TO DEPOSITOR	60.00	D	B
08802	94	J	02/28/95	J.E.#: JE02147		A/C# CORRECTION	70.00	C	B
12301	32	J	06/30/95	J.E.#: 00060636		PRO-RATA SHARE O	2,026.61	C	B
12801	13	J	06/16/95	J.E.#: JE06116		A/C# CORR PER MC	43,208.00	C	B
12801	15	J	06/16/95	"		A/C# CORR PER MC	16,017.25	C	B

HINDS COMMUNITY COLLEGE
RAYMOND CAMPUS • RAYMOND, MISSISSIPPI 39154-9799

BUSINESS OFFICE

08-07-95

TO: ADAM JENKINS

FROM: RENAE GINES

RE: INTEREST PAYMENTS MCCF

PER YOUR REQUEST, THE FOLLOWING INTEREST PAYMENT WAS CALCULATED USING JUNE 30,1995 NOW INTEREST M&P BANK, RAYMOND—2.34%. THE TOTAL MONTH END BALANCE FOR 16-375-242WAS $1,039,288.86 CREATING AN AVERAGE OF $86,607.41 BALANCE FOR JULY 1,1994 THRU JUNE 30,1995. THE AMOUNT OF INTEREST DUE FOUNDATION $2026.61.

70,167·39*
108,650·74
157,241·90
162,329·49
114,573·14
110,365·82
65,402·38
52,496·55
49,418·01
41,743·47
36,928·57
69,971·40
012
1,039,288·86

1,039,288·86
12·00
86,607·41

86,607·41
NOW interest 2·34
2,026·61

000

CCASTS J ******** PRINTED SCREEN FOR STATION RY46 12/15 DA DY

MONTH END CLOSING BALANCES ANALYSIS

DATE........: 12/15/95

ACCOUNT....: 16-375-242

DESCRIPTION: MS JR COLG ECON DEV FDN

ASN....... : (BOOKS ARE CLOSED THROUGH JUN.)

1st year

	(FY94-95)	% UTILIZED	(FY93-94)	% UTILIZED	(FY92-93)	% UTILIZED
BEG BUDGET	72,959.22		23,636.57		7,863.66	
ADJ BUDGET	0.00		0.00		0.00	
JULY	70,167.39	4-	64,174.86	172	16,742.08-	313
AUGUST	108,650.74	49	133,550.56	465	9,094.09-	216
SEPTEMBER	157,241.90	116	158,227.53	569	50,874.68-	747
OCTOBER	162,329.49	122	129,767.45	449	61,781.19-	886
NOVEMBER	114,573.14	57	119,478.66	405	74,062.95-	42
DECEMBER	110,365.82	51	126,368.20	435	52,287.71-	765
JANUARY	65,402.38	10-	55,032.54	133	18,004.13-	329
FEBRUARY	52,496.55	28-	87,735.13	271	11,542.24	47-
MARCH	49,418.01	32-	84,236.50	256	19,846.15	152+
APRIL	41,743.47	43-	81,687.24	246	40,867.02-	620
MAY	36,928.57	49-	76,690.55	224	26,657.77-	439
JUNE	69,971.40 ~~71,998.01~~ included interest Paid	1-	72,959.22	209	7,909.25-	201
Total	1,039,288.86		1,189,908.44		-389,669.26	
Average	1,039,288.86 ÷ 12 = 86,607.41		1,189,908.44 ÷ 12 = 99,159.04		389,669.26 ÷ 12 = 32,472.44	
Interest	86,607.41 x 2.34% NOW interest = 2,026.61 paid*		99,159.04 x 2.79% New Interest = 2,766.54		32,472.44 x 2.75% New interest = 892.99	

ECOASTS 3 ****** PRINTED SCREEN FOR STATION RY46 12/19 DADY
MONTH END CLOSING BALANCES ANALYSIS

DATE........: 12/19/95
ACCOUNT.....: 16-240-242
DESCRIPTION: ALFRED P. SLOAN FOUNDATION
ASN....... : (BOOKS ARE CLOSED THROUGH OCT.)

	(FY95-96)		(FY94-95)		(FY93-94)
BEG BUDGET	28,159.45		27,246.00		0.00
ADJ BUDGET	0.00		0.00		0.00
		% UTILIZED		% UTILIZED	% UTILIZED
JULY	28,159.45	0	26,408.26	3-	0.00
AUGUST	28,159.45	0	30,903.24	13	0.00
SEPTEMBER	28,159.45	0	29,998.59	10	0.00
OCTOBER	28,159.45	0	18,228.72	33-	0.00
NOVEMBER			17,447.45	36-	0.00
DECEMBER			17,267.45	37-	0.00
JANUARY			28,159.45	3	0.00
FEBRUARY			28,159.45	3	27,246.00-
MARCH			28,159.45	3	27,246.00-
APRIL			28,159.45	3	27,246.00-
MAY			28,159.45	3	27,246.00-
JUNE			28,159.45	3	27,246.00-

309,210.41

309,210.41 ÷ 12

= 25,767.53 x
2.34% New interest

= 602.96

ECASTS 3 ****** PRINTED SCREEN FOR STATION RY46 12/19 DADT

MONTH END CLOSING BALANCES ANALYSIS

DATE........: 12/19/95

ACCOUNT.....: 16-410-242

DESCRIPTION: MILLENNIUM WORKFORCE PROGR

ASN....... : (BOOKS ARE CLOSED THROUGH OCT.)

	(FY95-96)		(FY94-95)		(FY93-94)	
BEG BUDGET	40,716.49		6,373.07		0.00	
ADJ BUDGET	0.00		0.00		0.00	
		% UTILIZED		% UTILIZED		% UTILIZED
JULY	40,716.49	0	16,298.23	156	40,000.00-	
AUGUST	42,249.82	4	36,298.23	470	39,979.67-	
SEPTEMBER	42,249.82	4	35,750.23	461	57,952.24-	
OCTOBER	42,249.82	4	35,750.23	461	57,865.11-	
NOVEMBER			35,750.23	461	57,865.11-	
DECEMBER			35,750.23	461	35,123.08-	
JANUARY			35,750.23	461	35,123.08-	
FEBRUARY			35,750.23	461	15,169.54-	
MARCH			56,750.23	790	9,288.14-	
APRIL			59,250.23	796	8,693.70-	
MAY			41,360.23	549	7,543.07-	
JUNE			40,716.49	539	6,373.07-	

459,175.02

Expenses exceeded revenue

459,175.02 ÷ 12

= 38,264.59 x

2.34% New interest

= 895.39

TABLE 1						
Costs to Colleges: (Two Years)		**Federal Return**	**Electronic Classrooms**	**Total Federal**	**State Return**	**Grand Total***
Coahoma	$10,082	47,272	80,000	127,272	92,531	$219,803
Copiah-Lincoln	$11,300	149,460	80,000	229,460	118,494	$347,954
East Central	$9,212	128,404	80,000	208,404	98,483	$306,887
East Mississippi	$8,560	36,804	80,000	116,804	92,198	$209,002
Hinds	$24,676	324,399	80,000	404,399	256,176	$660,575
Holmes	$10,254	94,752	80,000	174,752	108,449	$283,201
Itawamba	$12,964	172,564	80,000	252,564	135,969	$388,533
Jones	$16,192	104,851	80,000	184,851	176,552	$361,403
Meridian	$12,066	151,892	80,000	231,892	124,364	$356,256
MS Delta	$11,362	123,538	80,000	203,538	124,592	$328,130
MS Gulf Coast	$22,602	174,473	80,000	254,473	231,506	$485,979
Northeast	$14,112	162,998	80,000	242,998	151,505	$394,503
Northwest	$14,054	151,201	80,000	231,201	153,529	$384,730
Pearl River	$12,814	28,100	80,000	108,100	132,024	$240,124
Southwest	$9,750	48,081	80,000	128,081	103,628	$231,709
TOTALS	$200,000	1,898,789	1,200,000	3,098,789	2,100,000	$5,198,789

*Does not include prorata share of the 1995 appropriation of $2,250,000. (See also Citation 6, Page 20.)

EXHIBIT

13

PEER Staff

Director

John W. Turcotte
Merrin Morgan, Intern

Administrative Division

Steve Miller, General Counsel and Controller

Shirley Anderson
Ann Hutcherson
Mary McNeill

Planning and Support Division

Max Arinder, Chief Analyst

Sam Dawkins
Larry Landrum
Kathleen Sullivan
Bonita Sutton
Ava Welborn

Operations Division

James Barber, Chief Analyst

Mitchell Adcock
Ted Booth
Michael Boyd
Louwill Davis
Barbara Hamilton
Kevin Humphreys
Kelly Lockhart
Joyce McCants
David Pray
Katherine Stark
Pam Sutton
Linda Triplett
Larry Whiting