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**COPIAH - LINCOLN  
COMMUNITY COLLEGE**  
Audited Financial Statements  
For the year ended June 30, 2014

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Copiah - Lincoln Community College**  
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## FINANCIAL AUDIT REPORT

**FORTENBERRY & BALLARD, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

Ronald E. Nettles, President and Board of Trustees  
Copiah - Lincoln Community College  
Wesson, Mississippi 39191

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Copiah-Lincoln Community College as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Copiah-Lincoln Community College's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Copiah-Lincoln Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Copiah-Lincoln Community College and of its discretely presented component unit, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 to 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Copiah-Lincoln Community College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133), is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2015 on our consideration of the Copiah-Lincoln Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Copiah-Lincoln Community College's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, P.C.  
April 21, 2015

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# ***COPIAH LINCOLN COMMUNITY COLLEGE***

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***FOR THE YEAR ENDED JUNE 30, 2014***

This section of the Copleah Lincoln Community College annual financial report presents our discussion and analysis of the financial performance of the College during the fiscal year ended June 30, 2014 (with comparative financial data for the year ended June 30, 2013). This discussion and analysis has been prepared by management and it focuses primarily on the operation of the College. The College's foundation, Copleah Lincoln Community College Foundation, issues separately audited financial statements which can be obtained directly from the Foundation's administrative office.

### **Using the Annual Report**

One of the most important questions asked is whether the College as a whole is better or worse because of the year's activities. The key to understanding this question is the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These Statements present financial information in a form similar to that used by corporations. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

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

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

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

**COPIAH LINCOLN COMMUNITY COLLEGE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2014**

**Condensed Statement of Net Position**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current Assets	\$ 9,520,830	10,912,956	(1,392,126)
Noncurrent Assets:			
Capital, Net	42,060,985	40,070,590	1,990,395
	<hr/>	<hr/>	
Total Assets	51,581,815	50,983,546	598,269
	<hr/>	<hr/>	
<b>Liabilities</b>			
Current Liabilities	2,254,282	2,350,563	(96,281)
Noncurrent Liabilities	6,955,998	8,081,032	(1,125,034)
	<hr/>	<hr/>	
Total Liabilities	9,210,280	10,431,595	(1,221,315)
	<hr/>	<hr/>	
<b>Net Position</b>			
Net Investment in Capital Assets	33,979,953	30,895,302	3,084,651
Restricted:			
Expendable- Debt service	604,425	604,425	-0-
Expendable-Capital Projects	3,190,938	1,306,541	1,884,397
Unrestricted	4,596,219	7,745,683	(3,149,464)
	<hr/>	<hr/>	
Total Net Position	\$ 42,371,535	40,551,951	1,819,584
	<hr/>	<hr/>	

# ***COPIAH LINCOLN COMMUNITY COLLEGE***

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***FOR THE YEAR ENDED JUNE 30, 2014***

### **Assets**

#### **Current Assets**

##### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in the College's bank accounts and various petty cash accounts. The total amount of cash and cash equivalents reported as current assets on the College financial statements was \$4,978,452 at June 30, 2014, representing a \$1,488,521 decrease in cash and cash equivalent compared to the June 30, 2013 cash and cash equivalents balance.

##### **Short Term Investments**

Short term investments at June 30, 2014 were \$71,374 representing a \$249 increase from the previous year.

##### **Accounts Receivable**

Accounts receivable relate to several transactions including county appropriations, student tuition and fee billings, and auxiliary enterprise sales such as food service and bookstore. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowance for doubtful accounts. The College receivables totaled \$3,116,609 at June 30, 2014. Accounts receivable decreased by \$280,732 from the previous year.

##### **Inventories**

The College maintains inventories of resale merchandise as well as items for internal consumption. Books, student supplies, and food service supplies make up the majority of the resale inventory. Inventories maintained for internal departmental use include office and copier supplies which make up the balance of the recorded inventory. Inventories totaled \$721,638 at June 30, 2014, representing an \$82,396 decrease in inventories compared to the June 30, 2013 inventories balance.

##### **Prepaid Expenses**

Prepaid expenses consist of transactions such as membership renewal, maintenance agreements, and other payments for the 2015 Fiscal Year but required payment to vendors before July 1, 2014. Prepaid expenses totaled \$261,757 at June 30, 2014, representing an \$88,274 increase in prepaid expenses compared to the June 30, 2013 prepaid expense balance.

##### **Other Assets**

Other assets consist of funds paid to the Mississippi Bureau of Buildings and Grounds to complete the funding of a building project at the Wesson Campus. Other assets totaled \$371,000 at June 30, 2014, representing a \$371,000 increase in other assets compared to the June 30, 2013 other asset balance.

##### **Capital Assets, Net**

Capital assets, net, consist of land, infrastructure, buildings, equipment, and historical library holdings at June 30, 2014. The amount reported is net of accumulated depreciation. Capital assets, net totaled \$42,060,985 at June 30, 2014, representing a \$1,990,395 increase in net capital assets compared to the June 30, 2013 net capital asset balance.

# ***COPIAH LINCOLN COMMUNITY COLLEGE***

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***FOR THE YEAR ENDED JUNE 30, 2014***

### **Liabilities**

#### **Current Liabilities**

##### **Accounts Payable and Accrued Liabilities**

Accounts Payable and accrued liabilities represent amounts due at June 30, 2014 for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$413,444 at June 30, 2014 representing a \$201,105 decrease in accounts payable and accrued liabilities compared to the June 30, 2013 accounts payable and accrued liabilities balance.

##### **Unearned Revenues**

Unearned revenues represent revenue that was received by the College during the fiscal year, but is actually revenue that will be recorded in the College's 2015 Fiscal Year. The unearned revenues totaled \$217,751 at June 30, 2014, representing a \$48,428 increase in unearned revenues compared to the June 30, 2013 unearned revenue balance.

##### **Other Liabilities**

Other liabilities represent the balance of funds held in the custody of the college's clubs and organizations. Other liabilities totaled \$213,022 at June 30, 2014, representing a \$7,094 increase in other liabilities compared to the June 30, 2013 other liabilities balance.

##### **Accrued Leave Liabilities**

Accrued leave liabilities represents accrued compensated leave that would be payable by the end of the December 31, 2014. The amount of the current portion of compensated absences at June 30, 2014 was \$285,031, representing a \$18,524 increase in accrued leave liabilities compared to the June 30, 2013 accrued leave liabilities balances.

##### **Long-Term Liabilities-Current Portion**

Long-term liabilities-current portion represents the portion of the bonds payable and obligations under capital lease that would be payable by the end of the June 30, 2014 Fiscal Year. The amount at June 30, 2014 was \$1,125,034 representing a \$30,778 increase in the current portion of long-term liabilities compared to the June 30, 2013 long-term liabilities (current portion) balance.

### **Noncurrent Liabilities**

##### **Long-Term Liabilities**

This liability consists of the noncurrent portion of the bonds and notes payable balances at the end of June 30, 2014. The total amount of the noncurrent portion of bonds payable was \$6,955,998 at June 30, 2014 representing a \$1,125,034 decrease in the long-term liabilities compared to the June 30, 2013 long-term liabilities balance.

##### **Net Position**

Net Position represents the difference between the College's assets and liabilities. The net position at June 30, 2014 was \$42,371,535 representing a \$1,819,584 increase in the net position when compared to the June 30, 2013 net position.

**COPIAH LINCOLN COMMUNITY COLLEGE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2014**

**Analysis of Net Position**

The following is a breakdown of net capital assets:

	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>Increase (Decrease)</b>
Capital Assets, Net of Accumulated Depreciation	\$ 42,060,985	40,070,590	1,990,395
Long-Term Liabilities-Current	(1,125,034)	(1,094,256)	(30,778)
Long-Term Liabilities-Noncurrent	(6,955,998)	(8,081,032)	1,125,034
<hr/>			
Net Investment in Capital Assets	\$ 33,979,953	30,895,302	3,084,651

Restricted expendable net position consists of funds with specific restrictions and grants from third party agencies with expenditure restrictions.

The following is a breakdown of the restricted net position:

	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>Increase (Decrease)</b>
Debt Service	\$ 604,425	604,425	-0-
Capital Projects	3,190,938	1,306,541	1,884,397
<hr/>			
Total Restricted Net Position	\$3,795,363	1,910,966	1,884,397

Unrestricted net position represent those balances from operational activities that have not been restricted by parties external to the College. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities. Total unrestricted net position at June 30, 2014 was \$4,596,219 representing a \$3,149,464 decrease in unrestricted net position compared to the June 30, 2013 unrestricted net position.

# COPIAH LINCOLN COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2014

### Condensed Statement of Revenues, Expenses, and Changes in Net Position

<b>Operating Revenues:</b>	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>Increase/(Decrease)</b>
Tuition and Fees	\$ 2,724,895	2,132,851	592,044
Grants and Contracts	16,079,370	15,997,155	82,215
Auxiliary Enterprises	3,450,711	3,847,474	(396,763)
Other Operating Revenues	197,140	187,824	9,316
Total Operating Revenues	22,452,116	22,165,304	286,812
Operating Expenses	35,675,956	35,891,970	(216,014)
Operating Loss	(13,223,840)	(13,726,666)	502,826
<b>Non-operating Revenues:</b>			
State Appropriations	10,889,968	10,039,010	850,958
Local Appropriations	4,786,336	4,663,321	123,015
Gain on Sale of Capital Assets	2,075	503	1,572
Other Non-Operating Revenue	93,665	224,433	(130,768)
Interest Income	12,601	15,364	(2,763)
Interest Expense	(368,687)	(239,002)	(129,685)
Other Expenses	(410,301)	(120,758)	(289,543)
Total Non-operating Revenues (Expenses)	15,005,657	14,582,871	422,786
Net Increase (Decrease) in Net Position	1,781,817	856,205	925,612
<b>Net Position:</b>			
Net Position at Beginning of Year	40,551,951	39,691,279	860,672
Prior Period Adjustment	37,767	4,467	33,300
Net Position (Restated)	40,589,718	39,695,746	893,972
Net Position at End of Year	\$ 42,371,535	\$40,551,951	\$1,819,584

Total operating loss for the Fiscal Year 2014 was \$13,223,840. Since the State of Mississippi appropriation is not included within operating revenue per GASB No. 35, the College shows a significant operating loss.

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

Total operating revenues for Fiscal Year 2014 were \$22,452,116 which was a \$286,812 increase over Fiscal Year 2013. Tuition and fees (net of scholarship allowance) were \$2,724,895. Operating expenses, including depreciation of \$1,607,875 and scholarships of \$3,521,344, totaled \$35,675,956. Of this total \$13,806,570 or 38.70% was for instruction, \$1,173,034 or 3.29% for academic support, \$6,057,153 or 16.98% for student services, \$4,674,800 or 13.10% for institutional support, \$4,070,404 or 11.41% for physical plant operations, and \$4,286,120 or 12.01% for auxiliary enterprises.

# ***COPIAH LINCOLN COMMUNITY COLLEGE***

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***FOR THE YEAR ENDED JUNE 30, 2014***

### **Revenues**

#### **Operating Revenues**

##### **Tuition and Fees**

This category includes all tuition and fees assessed for educational purposes totaling \$2,724,895 representing a \$592,044 increase in tuition and fees compared to June 30, 2013. The college does not offer tuition discounting.

##### **Grants and Contracts**

This includes all restricted revenues made available by government agencies as well as private agencies. Grant revenues are recorded only to the extent that the funds have been expended for exchange transactions. Revenues from grants and contracts totaled \$16,079,370 representing an \$82,215 increase compared to the grants and contracts for June 30, 2013.

##### **Auxiliary Enterprises**

Auxiliary Enterprises consist of various enterprise entities that exist predominantly to furnish goods and services to students, faculty, staff, or the general public and charge a fee directly related to the cost of those goods or services. They are intended to be self-supporting. The college's auxiliary enterprises are food service, student and faculty housing, bookstore, and the golf course. Revenues from auxiliary enterprises totaled \$3,450,711 for June 30, 2014 representing a \$396,763 decrease compared auxiliary enterprises at June 30, 2013.

##### **Other Operating Revenues**

Other operating revenues consist of income from educational activities that totaled \$197,140 for the 2014 Fiscal Year, representing a \$9,316 increase in other operating revenues compared to June 30, 2013.

#### **Operating Expenses**

Operating expenses totaling \$35,675,956 include salaries and benefits of \$20,851,716; scholarships and fellowships of \$3,521,344; utilities of \$1,095,211; commodities of \$3,972,843; services of \$4,188,814; travel of \$438,153; and depreciation of \$1,607,875.

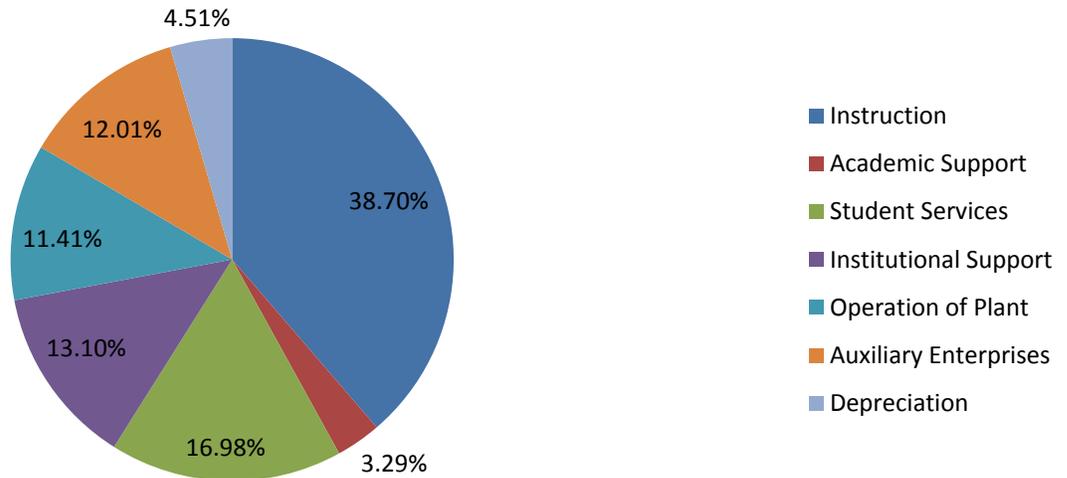
# COPIAH LINCOLN COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2014

### Functional Classification of Operating Expenses

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation Expense	Total	
<i>Instruction</i>	\$ 9,075,691	2,784,983	167,682	557,959	0	776,558	443,697	0	\$ 13,806,570	38.70%
<i>Academic Support</i>	619,502	203,676	2,610	328,048	0	0	19,198	0	1,173,034	3.29%
<i>Student Services</i>	1,738,336	678,672	186,395	355,673	0	2,744,786	353,291	0	6,057,153	16.98%
<i>Institutional Support</i>	2,243,742	849,552	79,383	1,378,276	0	0	123,847	0	4,674,800	13.10%
<i>Operation of Plant</i>	973,915	406,378	0	1,290,375	1,032,461	0	367,275	0	4,070,404	11.41%
<i>Auxiliary Enterprises</i>	1,017,550	259,719	2,083	278,483	62,750	0	2,665,535	0	4,286,120	12.01%
<i>Depreciation</i>	0	0	0	0	0	0	0	1,607,875	1,607,875	4.51%
<b>Total Operating Expenses</b>	<b>\$15,668,736</b>	<b>5,182,980</b>	<b>438,153</b>	<b>4,188,814</b>	<b>1,095,211</b>	<b>3,521,344</b>	<b>3,972,843</b>	<b>1,607,875</b>	<b>\$ 35,675,956</b>	<b>100.00%</b>



# ***COPIAH LINCOLN COMMUNITY COLLEGE***

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***FOR THE YEAR ENDED JUNE 30, 2014***

### **Nonoperating Revenues (Expenses)**

#### **State Appropriations**

The College's largest source of nonoperating revenue is the State of Mississippi's appropriation. The College received \$10,889,968 for the 2014 Fiscal Year, representing an \$850,958 increase in state appropriation compared to June 30, 2013. State appropriations are nonoperating revenues since they are provided by the State of Mississippi Legislature to the Mississippi Community College Board without the Legislature requiring a direct service in return.

#### **Local Appropriations**

The College also receives revenue from Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln, and Simpson Counties. The College uses these funds for operational purposes. The College receives the appropriations beginning in October of each year. The College received \$4,786,336 for the 2014 Fiscal Year from these counties. This amount represents a \$123,015 increase compared to June 30, 2013. Since the county's fiscal year runs from October to September, this appropriation was fully recorded by the College during its 2014 Fiscal Year.

#### **Gain on Sale of Assets**

The college disposed of items that were no longer needed or replaced by newer items. The gains associated with the sale of these items totaled \$2,075 for the 2014 Fiscal Year which represented a \$1,572 increase from the 2013 Fiscal Year.

#### **Other Non-Operating Revenue**

The college received \$93,665 in other non-operating revenues during the 2014 Fiscal Year which represented a \$130,768 decrease from June 30, 2013.

#### **Interest Income**

This includes the interest income from the cash in the bank accounts. The interest income at June 30, 2014 was \$12,601 representing a \$2,763 decrease in interest income compared to June 30, 2013.

#### **Interest Expense on Capital Debt**

The College previously issued bonds to finance construction projects. The interest payments associated with those bond issuances totaled \$368,687 in the 2014 Fiscal Year representing a \$129,685 increase compared to June 30, 2013.

#### **Other Expenses**

In Fiscal Year 2014, the college incurred non-operating expenses totaling \$410,301 which represented a \$289,543 increase from June 30, 2013.

# ***COPIAH LINCOLN COMMUNITY COLLEGE***

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***FOR THE YEAR ENDED JUNE 30, 2014***

### **Statement of Cash Flows**

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

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

### **Condensed Statement of Cash Flows**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>Increase (Decrease)</b>
Cash and Cash Equivalents Provided (Used) by:			
Operating Activities	\$ (11,792,317)	\$ (12,827,451)	\$1,035,134
Non-capital Financing Activities	15,359,668	14,806,006	(553,662)
Capital and Related Financing Activities	(5,068,224)	(2,456,247)	(2,611,97)
Investing Activities	12,352	15,109	(2,757)
Net Increase/Decrease in Cash and Cash Equivalents	\$ (1,488,521)	\$ (462,583)	\$(1,025,938)
<b>Cash and Cash Equivalents -- Beginning of the Year</b>	<b>\$ 6,466,973</b>	<b>\$ 6,929,556</b>	<b>\$ (462,583)</b>
<b>Cash and Cash Equivalents - End of the Year</b>	<b>\$ 4,978,452</b>	<b>\$ 6,466,973</b>	<b>\$ (1,488,521)</b>

The major sources of funds included in operating activities included funds received as cash payments \$3,527,846; grants and contracts \$16,079,370. The major uses of funds were payments made to employees \$20,833,192; to suppliers \$9,375,577; and to customers \$3,521,344.

The largest inflow of cash for noncapital financing activities was the State appropriation of \$10,889,968 and local (county) appropriations of \$4,786,336.

**COPIAH LINCOLN COMMUNITY COLLEGE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2014**

**Significant Capital Asset Transactions**

The College has engaged in several transactions regarding capital assets during the 2014 Fiscal Year. These transactions were:

• Pre-planning costs on new Women's dormitory	21,524
• Repairs to the Roof on the Oswalt Library	257,987
• Ellzey Hall Renovations	605,874
• Computer/Technology Purchases	353,734
• Library Books and Reference Databases	251,585
• Energy Conservation Measures	519,505
• Water Line/Fire Hydrant Improvement	105,878
• Ellis Hall Renovations	338,914
• Henley Building Courtyard Renovations	38,120
• Additional Parking at the Simpson Center	50,805
• Repairs to the Roof on the Youngblood Building	179,767
• Construction of the Athletic Pressbox	262,212
• Construction of the Early Childhood Dev. Center	113,346
• Construction of the Pedestrian Corridor	58,836
• Construction of a Maintenance Building at Natchez	265,272
• Added a Ventilation System to the Welding Lab at Natchez	154,552
• Purchased a Fork Lift for the Natchez Campus	15,500
• Purchased a Utility Vehicle for the Golf Course	11,149
• Purchased Microscopes for the Medical Lab Technology Program	24,781
• Purchased Directional Signs for the Wesson Campus	15,510
• Constructed a Batting Facility for Baseball	50,100
• Purchased a Mower for the Wesson Campus	11,618
• Purchased a Vehicle for the Wesson Campus	17,920
• Purchased Bleachers for Softball	19,442
• Purchased Equipment for the Career Technical and Workforce Divisions	661,603
• Purchased Furniture for Franklin Hall	140,788

**TOTAL**

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**\$ 4,546,322**

# ***COPIAH LINCOLN COMMUNITY COLLEGE***

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***FOR THE YEAR ENDED JUNE 30, 2014***

### **Factors Impacting Future Periods**

In general, the economic outlook for Mississippi looks for a slow growth between 2012 and 2017. The growth rate of output and employment in Mississippi during this period will gradually improve as the economy recovers. This catch-up period will average an annual growth rate of 2.7% during this period. The Mississippi Development Authority looks toward 2015 as being a year that the state will build upon the continued strength of both the state and national economy. There will be an average of 1.3% employment growth between 2012 and 2017. It will not be until 2016 that Mississippi will achieve the level of employment that was attained during the years 2000 to 2007. The Mississippi Development Authority has targeted seven industries in the state for growth including advanced manufacturing, aerospace, agribusiness, automotive, energy, healthcare, and shipbuilding. There will also be reason to continue to promote the tourism industry in the state to attract more visitors from around the world. Furthermore, the filmmaking industry has seen a positive resurgence, with sixteen feature-length films that were filmed in the state in 2014, which was a record number. Some of this filmmaking is taking place in historic Natchez and Brookhaven, both within the Co-Lin service district.

The growth rate for construction is the largest among the various sectors for the future periods with a growth rate predicted of 3%. Business, professional, and other services are projected to have an annual growth rate of around 2.5% between 2012 and 2017. There will also be a strong rebound for transportation and utilities. Unfortunately, manufacturing employment will still maintain pre-recession levels by the year 2017. This percentage of total employment in manufacturing is anticipated to continue to decline, despite the fact that new manufacturing facilities have been built in Mississippi as more and more manufacturing jobs are outsourced to foreign countries. New manufacturing and industry jobs are expected in Adams County within the Co-Lin service district in future periods.

Direct appropriations from the State of Mississippi to support the College have increased slightly the past two years and are expected to increase slightly in future periods. The expectation is sales tax collections will continue to move up in future periods but significant increases in total state appropriations to Mississippi community colleges are not expected. Student tuition revenue is expected to level out as enrollment begins to normalize after several years of significant decline. Changes in federal financial aid guidelines and requirement may cause tuition revenue to fluctuate.

Local county support in the Copiah-Lincoln Community College district is expected to move upward slightly in the coming years.

The population demographics for entering college freshmen who graduate from high school by 2020 indicates some improvement. Although the total number of high school graduates nationwide will be virtually unchanged from 2010 to 2020, Southern states will have a completely different trend. In the South, the number of high school graduates will consistently increase with 9.4% more in 2020-2021 than 2008-2009. Other key demographics will have a major impact on community college programming. These factors in future growth of graduating classes, coupled with additional minorities and nontraditional students will cause the College to have to rethink traditional recruitment models toward this shifting demographic.

With high school graduating classes in the south gradually rising, this will hopefully cause a resurgence in an upwards trend in enrollment levels at the College which made a sharp decrease after an all-time high in

# ***COPIAH LINCOLN COMMUNITY COLLEGE***

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***FOR THE YEAR ENDED JUNE 30, 2014***

2010. Copiah-Lincoln Community College's 2014 enrollment level is currently at the levels that the college experienced in the 2006-07 school year. By looking at forecasting data considering the aforementioned factors, it is expected that the enrollment will make gradual increases to hopefully catch back up with the enrollment surge between 2006 and 2011. To accomplish these increases, there will have to be increased emphasis on reaching high school students through dual-credit/dual enrollment programs, increased student support services, and more non-traditional student programming delivery models.

The challenge to the fifteen public community colleges in Mississippi is to continue to provide access to higher education at a reasonable cost to students from low income families, and to continue to provide quality education and workforce training programs to an ever increasing enrollment with reduced funding.

## FINANCIAL STATEMENTS

# COPIAH LINCOLN COMMUNITY COLLEGE

## STATEMENT OF NET POSITION

JUNE 30, 2014

### Assets:

#### Current Assets:

Cash and cash equivalents	\$	4,978,452
Investments		71,374
Accounts receivable (net of allowance of \$4,936,676)		3,116,609
Inventories		721,638
Prepaid expenses		261,757
Other assets		371,000
Total Current Assets		<u>9,520,830</u>

#### Non-Current Assets:

Capital assets, net		<u>42,060,985</u>
Total Non-Current Assets		<u>42,060,985</u>

Total Assets 51,581,815

### Liabilities:

#### Current Liabilities:

Accounts payable and accrued liabilities		413,444
Unearned revenues		217,751
Other current liabilities		213,022
Accrued leave liabilities - current portion		285,031
Long-term liabilities - current		1,125,034
Total Current Liabilities		<u>2,254,282</u>

#### Non-Current Liabilities:

Long-term liabilities		<u>6,955,998</u>
Total Non-Current Liabilities		<u>6,955,998</u>

Total Liabilities 9,210,280

### Net Position

Net investment in capital assets		33,979,953
Restricted:		
Expendable:		
Debt service		604,425
Capital projects		3,190,938
Unrestricted		4,596,219
Total Net Position	\$	<u><u>42,371,535</u></u>

The accompanying notes are an integral part of this statement.

**Copiah-Lincoln Community College Foundation, Inc.**

Statement of Financial Position

June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 589	1,684	7,212	9,485
Investments	466,881	1,335,099	5,719,101	7,521,081
Total Assets	<u>467,470</u>	<u>1,336,783</u>	<u>5,726,313</u>	<u>7,530,566</u>
<b>Liabilities</b>				
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>				
Unrestricted	467,470	-	-	467,470
Temporarily Restricted	-	1,336,783	-	1,336,783
Permanently Restricted	-	-	5,726,313	5,726,313
Total Net Assets	<u>467,470</u>	<u>1,336,783</u>	<u>5,726,313</u>	<u>7,530,566</u>
Total Liabilities & Net Assets	<u>\$ 467,470</u>	<u>1,336,783</u>	<u>5,726,313</u>	<u>7,530,566</u>

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

# COPIAH LINCOLN COMMUNITY COLLEGE

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

### Operating Revenues:

Tuition and fees (net of scholarship allowance of \$5,039,994)	\$	2,724,895
Federal grants and contracts		10,872,058
State grants and contracts		4,623,892
Local grants and contracts		583,420
Sales and services of educational departments		77,135
Auxiliary enterprises (net of scholarship allowance of \$1,510,812)		3,450,711
Other operating revenues		120,005
Total Operating Revenues		<u>22,452,116</u>

### Operating Expenses:

Salaries and wages		15,668,736
Fringe benefits		5,182,980
Travel		438,153
Contractual services		4,188,814
Utilities		1,095,211
Scholarships and fellowships		3,521,344
Commodities		3,972,843
Depreciation		1,607,875
Total Operating Expenses		<u>35,675,956</u>

Operating Income (Loss) (13,223,840)

### Non-Operating Revenues (Expenses):

State appropriations		10,889,968
Local appropriations		4,786,336
Gain on sale of assets		2,075
Other revenues		93,665
Interest income		12,601
Interest expense		(368,687)
Other expenses		(410,301)
Total Non-operating Revenues (Expenses)		<u>15,005,657</u>

Net Increase (Decrease) in Net Position 1,781,817

### Net Position:

Net Position - Beginning, as originally reported		40,551,951
Prior Period Adjustment		37,767
Net Position - Beginning, as restated		<u>40,589,718</u>
Net Position - End of Year	\$	<u>42,371,535</u>

The accompanying notes are an integral part of this statement.

**Copiah-Lincoln Community College Foundation, Inc.**

## Statement of Activities

For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Support</b>				
Contributions	\$ 130,603	66,239	227,888	424,730
Investment Income	44,936	129,285	559,772	733,993
Net Assets Released from Restrictions	227,658	-	(227,658)	-
Total Revenues, Gains and Support	<u>403,197</u>	<u>195,524</u>	<u>560,002</u>	<u>1,158,723</u>
<b>Expenses</b>				
Program Services				
Scholarships	194,338	44,700	-	239,038
Payments Directly to the College	65,608	28,239	-	93,847
Special Events	27,334	-	-	27,334
Athletic Expenses	250	8,476	-	8,726
Alumni Operations	19,358	-	-	19,358
Other Expenses				
Management and General	10,285	-	-	10,285
Total Expenses	<u>317,173</u>	<u>81,415</u>	<u>-</u>	<u>398,588</u>
Change in Net Assets before Transfers	<u>86,024</u>	<u>114,109</u>	<u>560,002</u>	<u>760,135</u>
<b>Transfers</b>				
Transfers from Other Funds	-	16,385	11,858	28,243
Transfers to Other Funds	(14,417)	-	(13,826)	(28,243)
Total Transfers	<u>(14,417)</u>	<u>16,385</u>	<u>(1,968)</u>	<u>-</u>
Change in Net Assets	<u>71,607</u>	<u>130,494</u>	<u>558,034</u>	<u>760,135</u>
Net Assets at Beginning of Year	<u>395,863</u>	<u>1,206,289</u>	<u>5,168,279</u>	<u>6,770,431</u>
Net Assets at End of Year	<u>\$ 467,470</u>	<u>1,336,783</u>	<u>5,726,313</u>	<u>7,530,566</u>

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

# COPIAH LINCOLN COMMUNITY COLLEGE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

### Cash Flows from Operating Activities:

<i>Cash Received from Tuition and Fees</i>	\$ 2,634,627
<i>Cash Received from Grants</i>	16,079,370
<i>Cash Receipts (Payments) from Sales and Services</i>	77,135
<i>Cash Receipts (Payments) from Auxiliary Enterprises</i>	3,450,711
<i>Cash Payments to Employees</i>	(20,833,192)
<i>Cash Payments to Suppliers for Goods and Services</i>	(9,375,577)
<i>Cash Payments for Scholarships and Fellowships</i>	(3,521,344)
<i>Other Operating Cash Receipts (Payments)</i>	(304,047)
Net Cash Provided (Used) by Operating Activities	<u>(11,792,317)</u>

### Cash Flows from Non-capital Financing Activities:

<i>Other Proceeds (Payments)</i>	(316,636)
<i>State Appropriations</i>	10,889,968
<i>Local Appropriations</i>	4,786,336
<i>Federal Loans Receipts</i>	2,179,540
<i>Federal Loans Disbursements</i>	(2,179,540)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>15,359,668</u>

### Cash Flows from Capital and Related Financing Activities:

<i>Principal and Interest Paid</i>	(1,462,943)
<i>Acquisition or Construction of Capital Assets</i>	(3,607,356)
<i>Proceeds from Sale of Capital Assets</i>	2,075
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(5,068,224)</u>

### Cash Flows from Investing Activities:

<i>Interest and Dividends on Investments</i>	12,352
Net Cash Provided (Used) for Investing Activities	<u>12,352</u>

Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,488,521)</u>
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<b>Cash and Cash Equivalents at Beginning of Year</b>	6,466,973
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 4,978,452</u>

### Reconciliation of Operating Income to Net Cash

#### Provided by Operating Activities:

Operating Income (Loss)	\$ (13,223,840)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
<i>Depreciation</i>	1,607,875
<i>Other receipts (payments)</i>	46,853
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	280,732
<i>Decrease (Increase) in Inventories</i>	82,396
<i>Decrease (Increase) in Prepaid Expenses</i>	(88,274)
<i>Decrease (Increase) in Other Assets</i>	(371,000)
<i>Increase (Decrease) in Accounts Payable</i>	(201,105)
<i>Increase (Decrease) in Unearned Revenue</i>	48,428
<i>Increase (Decrease) in Other Payables</i>	7,094
<i>Increase (Decrease) in Compensated Absences</i>	18,524
Total Adjustments	<u>1,431,523</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (11,792,317)</u>

The accompanying notes are an integral part of this statement.

**Copiah-Lincoln Community College Foundation, Inc.**

Statement of Cash Flows

For the Year Ended June 30, 2014

**Cash Flows From Operating Activities:**

Increase in net assets	\$ 760,135
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Net unrealized (gains) losses on investments	(312,330)
Increase (decrease) in:	
Contributions restricted for permanent investment	<u>(227,888)</u>
Net cash provided by operating activities	<u>219,917</u>

**Cash Flows From Investing Activities:**

Purchases of Investments	(3,402,675)
Sales of Investments	<u>2,951,372</u>
Net cash used by investing activities	<u>(451,303)</u>

**Cash Flows From Financing Activities:**

Contributions restricted for permanent investment	<u>227,888</u>
Net Increase (Decrease) in Cash	<u>(3,498)</u>
Beginning of Year	<u>12,983</u>
End of Year	<u>\$ 9,485</u>

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

**Notes to the Financial Statements**

For the year ended  
June 30, 2014

## Copiah - Lincoln Community College

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### (1) Summary of Significant Accounting Policies

#### A. Reporting Entity

Copiah-Lincoln Community College was founded in 1928 and is one of Mississippi's 15 public community colleges. The legal authority for the establishment of Copiah-Lincoln Community College is found in Section 37-29-31, Miss. Code Ann. (1972).

Copiah-Lincoln Community College is governed by a twenty-seven (27) member board of trustees, selected by the Boards of Supervisors of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson Counties who support the college through locally assessed ad valorem tax millage. One of the trustees from each of the supporting counties must be the county superintendent of education, unless the superintendent chooses not to serve, in which case the county board of supervisors shall fill the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5-year term. In addition, Copiah-Lincoln Community College works jointly with the Mississippi State Board for Community and Junior Colleges, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

Copiah-Lincoln Community College reports the following discretely presented component unit: Copiah-Lincoln Community College Foundation, Inc. (Foundation). The Foundation is a legally separate, tax-exempt nonprofit organization. The Foundation acts primarily as a fund raising organization to supplement the resources available to Copiah-Lincoln Community College (College) in support of its programs.

Although the College does not control the timing or amounts of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors.

During the year ended June 30, 2014, the Foundation distributed \$93,847 directly to the college.

#### B. Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities*, issued in June and November, 1999, respectively. The college now follows the "business-type activities" reporting requirements of GASB Statement No. 34 that

## Copiah - Lincoln Community College

### Notes to the Financial Statements For the Year Ended June 30, 2014

provides a comprehensive one-line look at the college's financial activities.

#### C. Basis of Accounting

The financial statements of the college have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

#### D. Cash Equivalents

For purposes of the Statement of Cash Flows, the college considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### E. Investments

Investments that are not cash equivalents but mature within the next fiscal year are classified as short-term investments.

#### F. Accounts Receivables

Accounts receivables consist of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts, local governments and credits due to the college from vendors. Accounts receivables are recorded net of an allowance for doubtful accounts.

#### G. Student Notes Receivables

Student notes receivables consist of federal, state and institutional loans made to students for the purpose of paying tuition and fee charges. Loan balances are expected to be paid during the next fiscal year and are presented on the statement of net position as current assets net of allowances.

#### H. Inventories

Inventories consist of bookstore, golf pro shop, and food service supplies. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out ("FIFO") basis or the average cost basis.

#### I. Capital Assets, Net of Accumulated Depreciation

Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance costs are

## Copiah - Lincoln Community College

### Notes to the Financial Statements For the Year Ended June 30, 2014

charged to operating expense in the year in which the expenditure was incurred. Expenses for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. See note 4 for additional details concerning useful lives, salvage values and capitalization thresholds.

#### J. Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

#### K. Compensated Absences

Twelve month employees receive 12 days of annual leave per year. Ten-month employees receive no annual leave. Annual leave earned in one fiscal year must be taken by December 31 of the following fiscal year. Up to five days of unused annual leave may be added to an employee's sick leave accumulation upon written request and approval of the president. The liability for accrued leave at June 30, 2014 was \$285,031.

#### L. Classification of Revenues

The college has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- 1) **Operating revenues:** Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state and local grants and contracts.
- 2) **Nonoperating revenues:** Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, such as state appropriations, local appropriations and investment income.

## Copiah - Lincoln Community College

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### M. State Appropriations

Copiah-Lincoln Community College receives funds from the State of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the State of Mississippi. Beginning with the 2006 fiscal year, a new funding formula was phased in over a 5-year period which will shift the funding calculation from a predominantly full-time student formula, weighted by type of student, to a full-time equivalent formula which is based on total credit hours generated by all students with special consideration given only to high cost programs.

### N. Scholarship Discounts and Allowances

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third party payment (credited to the student's account as if the student made the payment).

All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

### O. Net Position

Net position is classified according to external donor restrictions or availability of assets for satisfaction of college obligations. Net position is reported in three categories:

- 1) Net investment in capital assets, consists of capital assets net of accumulated depreciation and the outstanding balance of any related debt that is attributable to the acquisition of the capital assets.
- 2) Restricted net position is divided in two (2) categories: Expendable and Non-expendable. Non-expendable restricted net position represents gifts that have been received for endowment purposes, the corpus of which cannot be expended. Currently, there is no net position classified as such. Expendable restricted net position represent funds that have been gifted

## Copiah - Lincoln Community College

Notes to the Financial Statements  
For the Year Ended June 30, 2014

for specific purposes and funds held in federal loan programs.

- 3) Unrestricted net position are amounts that remained available for spending for other purposes.

### P. Impairment of Capital Assets

GASB Statement No. 42, *Accounting and Financial Reporting of Impairment of Capital Assets and for Insurance Recoveries* was adopted by the College. This statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries.

## (2) Cash and Cash Equivalents and Investments

### A. Policies for Cash, Cash Equivalents and Investments

Cash policies as set forth by policy and state statute authorize the college to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, and repurchase agreements. For the year ended June 30, 2014 the College had \$4,978,452 in cash and cash equivalents.

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the College will not be able to recover deposits or collateral securities that are in the possession of an outside party. The College does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the College. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the College's bank balance of \$5,943,211 was exposed to custodial credit risk.

## Copiah - Lincoln Community College

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### B. Investments

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

As of June 30, 2014, the college had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Certificate of Deposit	N/A	Less than 1 year	\$ <u>71,374</u>

*Interest Rate Risk.* The college does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The college does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the college will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The college does not have a formal investment policy that addresses custodial credit risk.

*Concentration of Credit Risk.* Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2014, the college did not have any investments to which this would apply.

### (3) Accounts Receivable

Accounts receivable consisted of the following at June 30, 2014:

## Copiah - Lincoln Community College

### Notes to the Financial Statements For the Year Ended June 30, 2014

Student tuition	\$ 6,019,731
Local appropriations	820,156
State sources	354,137
Federal sources	857,850
Other	1,411
Total Accounts Receivable	<u>8,053,285</u>
Less allowance for doubtful accounts	<u>(4,936,676)</u>
Net Accounts Receivable	<u><u>\$ 3,116,609</u></u>

#### (4) Capital Assets

A summary of changes in capital assets for the year ended June 30, 2014, is presented as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Non-depreciable Capital Assets:					
Land	\$ 755,732				755,732
Construction in progress	455,949	1,920,242		(39,873)	2,336,318
Total Non-depreciable Capital Assets	<u>1,211,681</u>	<u>1,920,242</u>	<u>0</u>	<u>(39,873)</u>	<u>3,092,050</u>
Depreciable Capital Assets:					
Buildings	49,398,198	909,458			50,307,656
Improvements other than buildings	8,690,093	281,410			8,971,503
Equipment	5,865,083	522,603	194,311	21,060	6,214,435
Library books	1,453,727	11,410		(57,091)	1,408,046
Total Depreciable Capital Assets	<u>65,407,101</u>	<u>1,724,881</u>	<u>194,311</u>	<u>(36,031)</u>	<u>66,901,640</u>
Less Accumulated Depreciation for:					
Buildings	16,664,636	916,949			17,581,585
Improvements other than buildings	3,861,384	301,495			4,162,879
Equipment	4,733,844	334,128	185,225	18,953	4,901,700
Library books	1,288,328	55,303		(57,090)	1,286,541
Total Accumulated Depreciation	<u>26,548,192</u>	<u>1,607,875</u>	<u>185,225</u>	<u>(38,137)</u>	<u>27,932,705</u>
Total Depreciable Capital Assets, Net	<u>38,858,909</u>	<u>117,006</u>	<u>9,086</u>	<u>2,106</u>	<u>38,968,935</u>
Capital Assets, Net	<u><u>\$ 40,070,590</u></u>	<u><u>2,037,248</u></u>	<u><u>9,086</u></u>	<u><u>(37,767)</u></u>	<u><u>42,060,985</u></u>

Adjustments were made to remove items that were capitalized in prior year and should not have been included in construction in progress, to correctly reflect only 10 years of library books and film and to add an equipment item erroneously deleted in prior year.

Depreciation is computed on a straight-line basis with the exception of the library books category, which is computed using a composite method.

## Copiah - Lincoln Community College

### Notes to the Financial Statements For the Year Ended June 30, 2014

The following useful lives, salvage values and capitalization thresholds are used to compute depreciation:

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

Commitments under construction contracts at June 30, 2014, are summarized as follows:

	Spent to June 30, 2014	Remaining Commitment
Ellzey Hall (Bureau)	\$ 977,810	515,341
Ellis Hall (Bureau)	356,787	52,239
Stone Stadium Press Box	262,212	425,728
Energy Conservation Measures (Bureau)	545,802	83,444
Early Childhood Development Center	107,846	2,245,582
Women's Dormitory (Bureau)	21,524	75,783
Lester R. Furr Drive (Early Childhood Dev.)	5,500	0
Pedestrian Corridor	58,837	0
Total	<u>\$ 2,336,318</u>	<u>3,398,117</u>

Construction projects included above are funded through the Bureau of Building, Grounds, and Real Property Management.

#### (5) Long-term Liabilities

Long-term liabilities of the college consists of notes and bonds payable, capital lease obligations and certain other liabilities that are expected to be liquidated at least one year from June 30, 2014. The various leases cover a period not to exceed five years. The college has the option to prepay all outstanding payments less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

A schedule detailing the beginning balances, changes to the long-term liabilities as well as the outstanding debt balances is provided in the schedule below. Following this

# Copiah - Lincoln Community College

## Notes to the Financial Statements For the Year Ended June 30, 2014

schedule, information regarding original issue amounts, interest rates and maturity dates for bonds, notes and capital leases included in the long-term liabilities is listed.

	Beginning			Ending	Amounts due
	Balance	Additions	Reductions	Balance	within one
					year
Educational Facilities Bond 2011	\$ 1,950,000		300,000	1,650,000	315,000
Educational Facilities Bond 2009	3,395,000		220,000	3,175,000	230,000
General Obligation Note 2010	561,852		82,222	479,630	82,222
Dorm Construction	505,000		120,000	385,000	125,000
Capital Lease - Equipment	230,518		67,710	162,808	68,939
Capital Lease - Mini Buses	20,311		20,311	0	
Energy Management Lease	2,231,987		146,941	2,085,046	160,325
MS School Series 2011 A Lease	280,620		137,072	143,548	143,548
Accrued Leave	266,507	18,524		285,031	285,031
Total	\$ 9,441,795	18,524	1,094,256	8,366,063	1,410,065

### Bonded Debt:

Description	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
<b>Bonded Debt</b>				
Educational Facilities Bond 2011	2.0-2.5%	2019	\$ 2,270,000	1,650,000
Educational Facilities Bond 2009	3.2 - 4.5%	2025	4,000,000	3,175,000
General Obligation Note 2010	0%	2020	740,000	479,630
Total Bonded Debt			\$ 7,010,000	5,304,630

### Revenue Bond:

Description	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
<b>Revenue Bond</b>				
Dorm Construction	3.0%	2017	\$ 2,554,000	385,000
Total Revenue Bond			\$ 2,554,000	385,000

### Capital Leases:

Description	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
<b>Capital Leases</b>				
Energy Management	3.25%	2023	2,814,170	2,085,046
Mini Buses	4.93%	2014	166,164	0
MS School Series 2011 A	4.67%	2015	545,200	143,548
Equipment - Café & Golf	4.73%	2017	275,000	162,808
Total Capital Leases			\$ 3,800,534	2,391,402

## Copiah - Lincoln Community College

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### Other Long-Term Liabilities:

<u>Description</u>	<u>Amount Outstanding</u>
Other Long-Term Liabilities	
Accrued Leave	\$ <u><u>285,031</u></u>

Long-term debt will mature as follows:

<u>Year Ending June 30</u>	<u>General Obligation Bonds</u>	<u>Revenue Bond</u>	<u>Capital Leases</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 627,222	125,000	372,812	254,980	1,380,014
2016	647,222	130,000	244,690	220,482	1,242,394
2017	657,222	130,000	213,185	190,609	1,191,016
2018	677,222		205,385	162,716	1,045,323
2019	707,222		222,182	135,696	1,065,100
2020-2024	968,520		986,058	260,458	2,215,036
2025	<u>1,020,000</u>		<u>147,090</u>	<u>61,324</u>	<u>1,228,414</u>
Total	\$ <u><u>5,304,630</u></u>	<u><u>385,000</u></u>	<u><u>2,391,402</u></u>	<u><u>1,286,265</u></u>	<u><u>9,367,297</u></u>

### (6) Operating Leases

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 118,750
2016	82,438
2017	70,639
2018	69,138
2019	14,578
2020	<u>9,618</u>
Total Minimum Payments Required	\$ <u><u>365,161</u></u>

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the fiscal year ending June 30, 2014, was \$149,989.

## Copiah - Lincoln Community College

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### (7) Pension Plan

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

Funding policy. PERS members are required to contribute 9% of their annual covered salary and the institution is required to contribute at an actuarially determined rate. The rate was 15.75% of annual covered payroll at June 30, 2014. The contribution requirement of PERS members are established and may be amended only by the Mississippi State Legislature. The college's contributions to PERS for the years ending June 30, 2014, 2013 and 2012 were \$2,302,721, \$2,094,273, and \$1,851,358, respectively, equal to the required contributions for each year.

### (8) Prior Period Adjustment

Adjustments were made to remove items that were capitalized in prior year and should not have been included in construction in progress, to correctly reflect only 10 years of library books and film and to add an equipment item erroneously deleted in prior year.

### (9) Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Copiah-Lincoln Community College evaluated the activity of the College through the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

**Copiah - Lincoln Community College**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

(10) Functional Classification of Operating Expenses

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation Expense	Total
Instruction	\$ 9,075,691	\$ 2,784,983	\$ 167,682	\$ 557,959		\$ 776,558	\$ 443,697		\$ 13,806,570
Academic Support	619,502	203,676	2,610	328,048			19,198		\$ 1,173,034
Student Services	1,738,336	678,672	186,395	355,673		2,744,786	353,291		\$ 6,057,153
Institutional Support	2,243,742	849,552	79,383	1,378,276			123,847		\$ 4,674,800
Operation of Plant	973,915	406,378		1,290,375	1,032,461		367,275		\$ 4,070,404
Auxiliary Enterprises	1,017,550	259,719	2,083	278,483	62,750		2,665,535		\$ 4,286,120
Student Aid									\$ -
Depreciation								1,607,875	\$ 1,607,875
Total Operating Expenses	\$ 15,668,736	\$ 5,182,980	\$ 438,153	\$ 4,188,814	\$ 1,095,211	\$ 3,521,344	\$ 3,972,843	\$ 1,607,875	\$ 35,675,956

## **Copiah-Lincoln Community College Foundation, Inc.**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### **Note 1 Summary of Significant Accounting Policies**

#### Statement of Organizational Activities

The purpose of the Foundation is to operate exclusively for educational and scientific purposes, all for the public welfare, and to this end to promote, encourage, and assist all forms of education and research at Copiah-Lincoln Community College. The Foundation is an auxiliary organization of the College and administers scholarships to both students and faculty members and raises funds to supplement different areas of the entire college.

#### Basis of Presentation

The Foundation prepares its financial statements on the accrual basis of accounting. In accordance with FASB Accounting Standards Codification Subtopic 958-205, Not-For-Profit Entities—Presentation of Financial Statements, fund balances are classified on the statement of financial position as unrestricted, temporarily restricted, or permanently restricted net assets, based on the absence or existence and type of donor-imposed restrictions.

#### Unrestricted Net Assets

Unrestricted net assets are not subject to donor-imposed stipulations. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose having been accomplished and/or the stipulated time period having elapsed, are reported as transfers between the applicable classes of net assets.

#### Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts, unconditional promises to give, trusts and remainder interests, income, and gains which can be expended but for which restrictions have not yet been met. Examples of such restrictions would be where donors have specified the purpose for which the net assets are to be spent such as for capital projects, golf course or athletic programs.

#### Permanently Restricted Net Assets

Permanently restricted net assets include gifts required by donors to be permanently retained. The Foundation's permanently restricted net assets consist primarily of endowed scholarship funds. Typically these scholarships award annual earnings on the funds up to five percent and all earnings over five percent are added back to the principal of the endowed scholarship.

## **Copiah-Lincoln Community College Foundation, Inc.**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### Income Taxes

The Copiah-Lincoln Community College Foundation, Inc. is a not-for-profit organization exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509 (a)(2).

### Donated Assets

Donated marketable securities are disposed of upon receipt and are then recorded as contributions at the amount of proceeds received from the sale. Donations of equipment are not recorded in the financial statements. These items are recorded in a separate ledger with no value assigned to them. These items are distributed to the department within the College as designated by the donor, or if undesignated, to the department of the College that has the greatest need for the donated assets as determined by the Board of Directors.

### Donated Services and Facilities

The Foundation receives a substantial amount of services donated by citizens interested in the Foundation's programs. Because of the difficulty in assigning values for such services, these items are generally not reflected in the accompanying financial statements. The Foundation also receives office space from Copiah-Lincoln Community College and a substantial amount of services donated by employees of the College. No amount for rent expense has been included in these financial statements and these employees' salaries and related expenses are not included in the Foundation's financial statements but are included in the College's financial statements.

### Investments

The Foundation follows FASB Accounting Standards Codification Subtopic 958-320, Not-For-Profit Entities—Investments—Debt and Equity Securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increase in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

### Cash and Cash Equivalents

Cash and cash equivalents are considered to be all highly liquid investments with maturities of three months or less at the time of acquisition.

### Fixed Assets

The Foundation has no fixed assets. All fixed assets are owned by the College.

## **Copiah-Lincoln Community College Foundation, Inc.**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### Pledges Receivable

Unconditional pledges receivable are recognized as revenues in the period the pledge is received. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met.

The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There were no pledges receivable and therefore no allowance for uncollectible pledges receivable at June 30, 2014.

### Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated to the appropriate programs and supporting services.

## **Note 2 Concentrations of Credit Risk**

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and temporary investments, investment securities, and pledges receivable. The Foundation places its cash and temporary investments with creditworthy, high quality financial institutions. Cash deposits in excess of \$250,000 are not insured by the FDIC.

The Foundation has significant investments in equity and debt securities and is therefore subject to concentrations of credit risk. Investments are managed by investment managers who are supervised by the Board of Directors. Though the market value of investments is subject to fluctuations on a year to year basis, the Board believes that the investment policy is prudent for the long-term welfare of the Foundation.

Credit risk with respect to contributions receivable is limited due to the credit worthiness of the individual who has made the pledge.

The Foundation receives a substantial amount of support from Copiah-Lincoln Community College. A significant reduction in the level of this support, if it were to occur, would have an effect on the Foundation's programs and activities.

## Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### Note 3 Investments

Investments of all funds are included in a pooled investment fund. The pool is operated on a “market value” basis whereby each addition to the pool is assigned a number of units based on the market value per fund at the beginning of the month within which the addition takes place.

Pooled investments at June 30, 2014 consist of the following:

Description	Market	Cost
U.S. Government Obligations	\$ 854,903	\$ 854,850
Corporate Bonds	359,837	310,222
Municipal Bonds	4,384,402	4,029,946
Mutual Funds - Equity		
Dodge and Cox Stock Fund	248,396	161,351
Federated Equity Income Fund	185,962	147,500
Federated Strategic Value Div. Fund - Inst.	927,787	702,740
Goldman Sachs Satellite Strategies Port. - SVC	94,543	83,202
Oppenheimer Main St. Small Cap FD CL A	159,354	60,000
Ridgeworth Small Cap Value Equity Fund	30,533	21,514
Ridgeworth Mid Cap Value Equity Fund	275,364	170,433
Total Mutual Funds - Equity	1,921,939	1,346,740
Total Investments	\$ 7,521,081	\$ 6,541,758

Investment Income for the year ended June 30, 2014 was calculated as follows:

Interest and Dividends	\$ 357,129
Realized Gains and Losses	82,582
Unrealized Gains and Losses	312,330
Subtotal	752,041
Less Investment Fees	(18,048)
Net Investment Income	\$ 733,993

## SUPPLEMENTARY INFORMATION

**COPIAH-LINCOLN COMMUNITY COLLEGE**

## Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<b><u>U.S. Department of Education</u></b>		
Student Financial Aid-Cluster		
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	\$ 99,085
Federal Direct Student Loans (Direct Loan)	84.268	2,179,540
Federal Work-Study Programs (FWS)	84.033	101,955
Federal Pell Grant Program	84.063	8,461,431
Total Student Financial Aid Cluster		<u>10,842,011</u>
Total U.S. Department of Education		<u>10,842,011</u>
<b><u>U.S. Department of Labor</u></b>		
Passed through programs from:		
Senior Service America, Inc.		
Senior Community Service Employment Program	17.235	<u>517,766</u>
Central Mississippi Planning and Development District		
WIA Cluster		
WIA Adult Program	17.258	42,288
WIA Youth Activities	17.259	16,265
WIA Dislocated Worker	17.260	27,498
Total WIA Cluster		<u>86,051</u>
Southwest Mississippi Planning and Development District		
Senior Community Service Employment Program	17.235	<u>25,003</u>
Bossier Parish Community College		
Trade Adjustment Assistance Community College and		
Career Training (TAACCT) Grants - DUNS# 079459293	17.282	545,616
Total Passed Through Programs		<u>1,174,436</u>
Total U.S. Department of Labor		<u>1,174,436</u>
<b><u>U.S. Department of Education</u></b>		
TRIO Student Support Services	84.042	<u>324,999</u>
Pass through program from:		
Mississippi Community College Board		
Adult Education - Basic Grants to States	84.002A	<u>198,134</u>
Mississippi Department of Education		
Career and Technical Education - Basic Grants to States	84.048A	256,143
Tech-Prep Education	84.243	15,000
Total Passed Through Programs		<u>469,277</u>
Total U.S. Department of Education		<u>794,276</u>
<b><u>U.S. Department of Agriculture</u></b>		
Pass through program from:		
Mississippi Department of Human Services/		
Mississippi Community College Board		
State Administrative Matching Grants for the Supplemental		
Nutrition Assistance Program	10.561	<u>41,135</u>
University of Mississippi Medical Center		
Delta Health Care Services Grant Program	10.874	31,281
Total Passed Through Program		<u>72,416</u>
Total U.S. Department of Agriculture		<u>72,416</u>
<b><u>U.S. Department of Health and Human Services</u></b>		
Pass through program from:		
University of Southern Mississippi		
Biomedical Research and Research Training	93.859	19,096
Total Passed Through Program		<u>19,096</u>
Total U.S. Department of Health and Human Services		<u>19,096</u>
<b>Total Expenditures of Federal Awards</b>		<b>\$ <u>12,902,235</u></b>

## Copiah - Lincoln Community College

Notes to the Supplementary Information  
For the Year Ended June 30, 2014

### Notes to the Schedule of Expenditures of Federal Awards

- 1) The schedule includes the federal awards activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.
- 2) For purposes of this schedule, loans made to students under the Federal Direct Student Loans Program (CFDA #84.268) are presented as federal expenditures. Neither the funds advanced to students, nor the outstanding loan balance is included in the financial statements since the loans are made and subsequently collected by private lending institutions and/or the federal government.

## REPORTS ON COMPLIANCE AND INTERNAL CONTROL

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Ronald E. Nettles, President and Board of Trustees  
Copiah - Lincoln Community College  
Wesson, Mississippi 39191

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate discretely presented component unit of Copiah-Lincoln Community College, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Copiah-Lincoln Community College's basic financial statements, and have issued our report thereon dated April 21, 2015. The financial statements of the Copiah-Lincoln Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Copiah-Lincoln Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Copiah-Lincoln Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of the Copiah-Lincoln Community College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Copenh-Lincoln Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
April 21, 2015

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Ronald E. Nettles, President and Board of Trustees  
Copiah - Lincoln Community College  
Wesson, Mississippi 39191

**Report on Compliance for Each Major Federal Program**

We have audited Copiah-Lincoln Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Copiah-Lincoln Community College major federal programs for the year ended June 30, 2014. The Copiah-Lincoln Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Copiah-Lincoln Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the College's compliance.

1929 SPILLWAY ROAD, SUITE B  
BRANDON, MISSISSIPPI 39047  
TELEPHONE 601-992-5292 FAX 601-992-2033

## Opinion on Each Major Federal Program

In our opinion, the Copiah-Lincoln Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of the Copiah-Lincoln Community College is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Copiah-Lincoln Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
April 21, 2015

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Ronald E. Nettles, President and Board of Trustees  
Copiah - Lincoln Community College  
Wesson, Mississippi 39191

We have audited the financial statements of the business-type activities of the Copiah - Lincoln Community College and the aggregate discretely presented component unit as of and for the year ended June 30, 2014, and have issued our report thereon dated April 21, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures performed to test compliance with state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with state laws and regulations.

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
April 21, 2015

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Copiah - Lincoln Community College**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified.
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? No.
7. Identification of major programs:
  - a. Student Financial Aid Cluster:
    - Federal Supplemental Education Opportunity Grants (FSEOG)  
CFDA # 84.007
    - Federal Direct Student Loans  
CFDA # 84.268
    - Federal Work-Study Programs (FWS)  
CFDA # 84.033
    - Federal Pell Grant Program  
CFDA # 84.063
  - b. Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants  
CFDA # 17.282
8. Dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as low-risk auditee? No.

## Section II: Financial Statements Findings

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

## Section III: Federal Awards Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.