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**COPIAH - LINCOLN
COMMUNITY COLLEGE**
Audited Financial Statements
For the year ended June 30, 2015

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, 2015, 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 opinions 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 the business-type activities of Copiah-Lincoln Community College and of its discretely presented component unit, as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the College adopted Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of July 1, 2014, has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the Schedule of the College’s Proportionate Share of the Net Pension Liability and the Schedule of College’s Contributions on pages 8 to 15 and 44 to 46 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 March 18, 2016 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.
March 18, 2016

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2015

This section of the Copiah 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, 2015 (with comparative financial data for the year ended June 30, 2014). This discussion and analysis has been prepared by management and it focuses primarily on the operation of the college. The college's foundation, Copiah 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, deferred outflows of resources, liabilities, and deferred inflows of resources. The college's net position (the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources) is one indicator of the college's financial health. Over time, increases or decreases in net position is 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 systematically provides an amortization of 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.

Condensed Statement of Net Position

	June 30, 2015	June 30, 2014	Increase (decrease)
Assets			
Current assets	\$ 7,287,656	9,520,830	(2,233,174)
Non-current assets: capital assets (net)	43,335,438	42,060,985	1,274,453
<i>Total assets</i>	<u>50,623,094</u>	<u>51,581,815</u>	<u>(958,721)</u>
Deferred outflows of resources	<u>2,738,018</u>	<u>0</u>	<u>2,738,018</u>
Liabilities			
Current liabilities	1,999,871	2,254,282	(254,411)
Non-current liabilities	5,934,085	6,955,998	(1,021,913)
Net pension liability	29,038,870	0	29,038,870
<i>Total liabilities</i>	<u>36,972,826</u>	<u>9,210,280</u>	<u>27,762,546</u>
Deferred inflows of resources	<u>4,328,472</u>	<u>0</u>	<u>4,328,472</u>
Net position			
Net investment in capital assets	36,379,441	33,979,953	2,399,488
Restricted:			
Expendable: debt service	604,425	604,425	0
Expendable: capital projects	3,571,468	3,190,938	380,530
Unrestricted	(28,495,520)	4,596,219	(33,091,739)
<i>Total net position</i>	<u>\$ 12,059,814</u>	<u>42,371,535</u>	<u>(30,311,721)</u>

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2015

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 were \$3,791,664 at June 30, 2015, representing a \$1,186,788 decrease in cash and cash equivalent compared to the June 30, 2014 cash and cash equivalents balance.

Short-term investments

Short term investments at June 30, 2015 were \$71,739 representing a \$365 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 net receivables totaled \$2,600,970 at June 30, 2015. Accounts receivable decreased by \$515,639 from the previous year.

Inventories

The College maintains inventories of resale merchandise as well as items for internal consumption. Books, student supplies, golf 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 \$451,917 at June 30, 2015, representing a \$269,721 decrease in inventories compared to the total inventory balance at June 30, 2014.

Prepaid expenses

Prepaid expenses consist of transactions such as membership renewals, maintenance agreements, and other payments for the 2016 fiscal year for which payment to vendors occurred before July 1, 2015. Prepaid expenses totaled \$371,366 at June 30, 2015, representing a \$109,609 increase in prepaid expenses compared to the June 30, 2014 prepaid expense balance.

Non-current assets

Capital assets (net)

Capital assets (net) consist of land, construction in progress, buildings, other improvements, equipment, and historical library holdings at June 30, 2015. The amount reported is net of accumulated depreciation. Capital assets (net) totaled \$43,335,438 at June 30, 2015, representing a \$1,274,453 increase in net capital assets compared to the June 30, 2014 net capital asset balance.

Deferred outflows of resources

As a result of the implementation of GASB No. 68 and 71, the college recognized a deferred outflow of resources related to pensions of \$2,738,018.

Current liabilities

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities represent amounts due at June 30, 2015 for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$258,029 at June 30, 2015 representing a \$155,415 decrease in accounts payable and accrued liabilities compared to the June 30, 2014 accounts payable and accrued liabilities balance.

Unearned revenue

Unearned revenue represents revenue that was received by the College during the fiscal year, but actually represents revenue that will be recorded in the college's 2016 fiscal year. The unearned revenues totaled \$164,363 at June 30, 2015, representing a \$53,388 decrease in unearned revenue compared to the June 30, 2014 unearned revenue balance.

Accrued leave liabilities

Accrued leave liabilities represents accrued compensated leave that would be payable by the end of the December 31, 2015. The amount of the current portion of compensated absences at June 30, 2015 was \$231,269, representing a \$53,762 decrease in accrued leave liabilities compared to the June 30, 2014 accrued leave liabilities balances.

Copiah-Lincoln Community College

Management's Discussion & Analysis
For the year ended June 30, 2015

Long-term liabilities (current portion)

Long-term liabilities (current portion) represents the portion of the notes payable, bonds payable, and obligations under capital lease that would be payable by the end of the June 30, 2016 fiscal year. The amount at June 30, 2015 was \$1,021,912 representing a \$103,122 decrease in the current portion of long-term liabilities compared to the June 30, 2014 long-term liabilities (current portion) balance.

Non-current liabilities

Long-term liabilities

Long-term liabilities consist of the non-current portion of the notes payable, bonds payable, and obligations under capital lease balances at the end of June 30, 2015. The total amount of the non-current portion of long-term liabilities was \$5,934,085 at June 30, 2015 representing a \$1,021,913 decrease in long-term liabilities compared to the June 30, 2014 long-term liabilities balance.

Deferred inflows of resources

As a result of the implementation of GASB No. 68 and 71, the college recognized a deferred inflow of resources related to pensions of \$4,328,472.

Net position

Net position represents the difference between the college's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net position at June 30, 2015 was \$12,059,814 representing a \$30,311,721 decrease in the net position when compared to the June 30, 2014 net position. The major portion of the decrease was due to the recognition of a net pension liability and related deferred outflows and inflows of resources related to pensions required to be reported by the implementation of GASB No. 68 and 71 provisions.

Analysis of net position

The following is a breakdown of net capital assets:

	June 30, 2015	June 30, 2014	Increase (decrease)
Capital assets (net of accumulated depreciation)	\$ 43,335,438	42,060,985	1,274,453
Long-term liabilities (current portion)	(1,021,912)	(1,125,034)	103,122
Long-term liabilities (non-current portion)	(5,934,085)	(6,955,997)	1,021,912
Net investment in capital assets	\$ 36,379,441	33,979,954	2,399,487

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

The following is a breakdown of the restricted net position:

	June 30, 2015	June 30, 2014	Increase (decrease)
Debt service	\$ 604,425	604,425	0
Capital projects	3,571,468	3,190,938	380,530
Total restricted net position	\$ 4,175,893	3,795,363	380,530

Unrestricted net position represents balances from operational activities that have not been restricted by parties external to the college, including normal working capital balances maintained for departmental and funds for auxiliary enterprise activities. Total unrestricted net position at June 30, 2015 was a deficit of \$28,495,520 representing a \$33,091,739 decrease in unrestricted net position compared to the June 30, 2014 unrestricted net position.

In connection with the implementation of new standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (28,495,520)
Unrestricted deficit in net position resulting from the implementation of GASB 68 and 71	30,629,324
Unrestricted net position (excluding net pension liability effect)	<u>\$ 2,133,804</u>

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2015

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

	June 30, 2015	June 30, 2014	Increase (decrease)
Operating revenues			
Tuition & fees	\$ 2,559,138	2,724,895	(165,757)
Grants & contracts	14,908,079	16,156,505	(1,248,426)
Auxiliary enterprises	3,322,228	3,450,711	(128,483)
Other operating revenues	14,069	120,005	(105,936)
Total operating revenue	<u>20,803,514</u>	<u>22,452,116</u>	<u>(1,648,602)</u>
Operating expenses			
	<u>34,970,991</u>	<u>35,675,956</u>	<u>(704,965)</u>
<i>Net operating income (loss)</i>	<u>(14,167,477)</u>	<u>(13,223,840)</u>	<u>(943,637)</u>
Non-operating revenues			
State appropriations	11,174,790	10,889,968	284,822
Local appropriations	4,570,183	4,786,336	(216,153)
Gain (loss) on sale of assets	150	2,075	(1,925)
Other non-operating revenues	279,184	93,665	185,519
Interest income	8,403	12,601	(4,198)
Interest expense	(328,973)	(368,687)	39,714
Other non-operating expenses	(339,623)	(410,301)	70,678
<i>Total non-operating revenue (expenses)</i>	<u>15,364,114</u>	<u>15,005,657</u>	<u>358,457</u>
Net increase (decrease) in net position	<u>1,196,637</u>	<u>1,781,817</u>	<u>(585,180)</u>
Net position (beginning of year)	42,371,535	40,551,951	1,819,584
Prior period adjustments	(31,508,358)	37,767	(31,546,125)
<i>Net position (as restated)</i>	<u>10,863,177</u>	<u>40,589,718</u>	<u>(29,726,541)</u>
Net position (end of year) \$	<u><u>12,059,814</u></u>	<u><u>42,371,535</u></u>	<u><u>(30,311,721)</u></u>

Total operating loss for the fiscal year 2015 was \$14,167,477. GASB No. 35 requires appropriations from the State of Mississippi to be excluded from operating revenue; as such, 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 2015 were \$20,803,514 which was a \$1,648,602 decrease from fiscal year 2014 amounts. Tuition and fees (net of scholarship allowance) were \$2,559,138. Operating expenses, including depreciation of \$1,653,825, scholarships of \$3,260,503, and pension expense as a result of the implementation of GASB No. 68 and 71 totaled \$34,970,991. Of the total operating expense, \$12,400,694 (or 35.46%) was for instruction, \$1,075,579 (or 3.08%) was for academic support, \$5,685,849 (or 16.26%) was for student services, \$4,062,037 (or 11.62%) was for institutional support, \$3,993,726 (or 11.42%) was for physical plant operations, and \$4,175,423 (or 11.94%) was for auxiliary enterprises.

Operating revenues

Tuition and fees

Tuition and fees represent amounts assessed for educational purposes totaling \$2,559,138 reflecting a \$165,757 decrease in tuition and fees compared to June 30, 2014. The college does not offer tuition discounting.

Grants and contracts

Grants and contracts includes all restricted revenues made available by government agencies as well as by 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 \$14,908,079 representing a \$1,248,426 decrease compared to the grants and contracts for June 30, 2014.

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. Fees charged are directly related to the cost of those goods or services. The auxiliary enterprises 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 \$3,322,228 for June 30, 2015 representing a \$128,483 decrease compared to auxiliary enterprises amounts at June 30, 2014.

Copiah-Lincoln Community College

Management's Discussion & Analysis
For the year ended June 30, 2015

Other operating revenues

Other operating revenues consist of income from educational activities that totaled \$14,069 for the 2015 fiscal year, representing a \$105,936 decrease in other revenues compared to June 30, 2014.

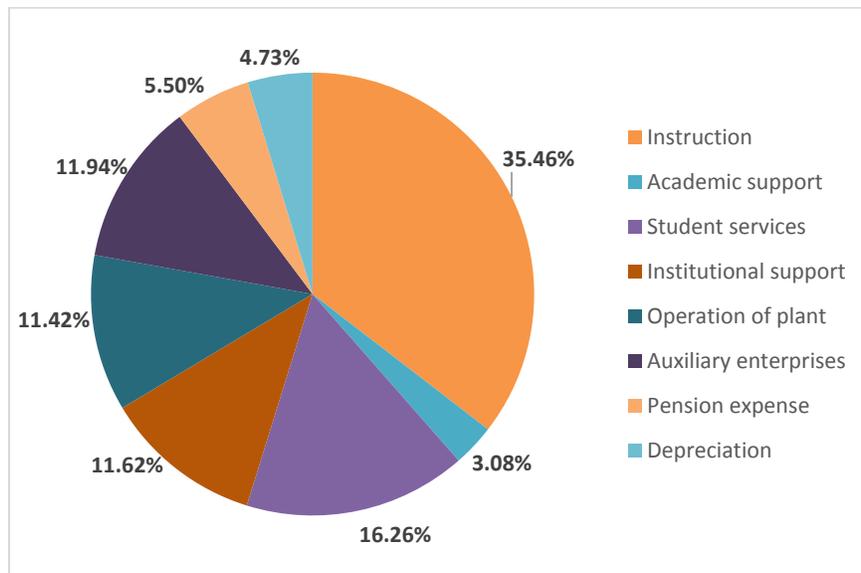
Operating expenses

Operating expenses totaling \$34,970,991 includes salaries and benefits of \$20,117,927; net scholarships and fellowships of \$3,260,503; utilities of \$1,122,022; commodities of \$3,888,767; services of \$4,417,908; travel of \$510,039; pension expense related to GASB No. 68 and 71 implementation of \$1,923,858, and depreciation of \$1,653,825.

Functional classification of operating expenses (schedule)

Functional classification	Salaries & wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships & fellowships	Commodities	Depreciation	Totals	PCT.
Instruction	\$ 8,878,062	1,432,642	221,055	784,091	0	720,574	364,270	0	12,400,694	35.46%
Academic support	617,139	104,689	2,837	333,902	0	0	17,012	0	1,075,579	3.08%
Student services	1,719,918	426,501	190,301	451,153	0	2,539,929	358,047	0	5,685,849	16.26%
Institutional support	2,230,726	387,756	93,113	1,163,130	0	0	187,312	0	4,062,037	11.62%
Operation of plant	969,339	269,966	60	1,376,225	1,053,923	0	324,213	0	3,993,726	11.42%
Auxiliary enterprises	1,023,486	133,845	2,673	309,407	68,099	0	2,637,913	0	4,175,423	11.94%
Pension expense	0	1,923,858	0	0	0	0	0	0	1,923,858	5.50%
Depreciation	0	0	0	0	0	0	0	1,653,825	1,653,825	4.73%
Totals	\$ 15,438,670	4,679,257	510,039	4,417,908	1,122,022	3,260,503	3,888,767	1,653,825	34,970,991	100.00%

Functional classification of operating expenses (pie chart)



Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2015

Non-operating revenues (expenses)

State appropriations

The largest source of non-operating revenue for the college is the appropriation from the State of Mississippi. The college received \$11,174,790 for the 2015 fiscal year, representing a \$284,822 increase in state appropriation compared to June 30, 2014. State appropriations are non-operating 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. During fiscal year 2015 the college received \$4,570,183 from these counties, representing a \$216,153 decrease compared to June 30, 2014. Though the county fiscal years run from October (of one year) to September (of the following year), the county appropriations are fully recorded by the college during its 2015 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 \$150 for the 2015 fiscal year which represented a \$1,925 decrease from the 2014 fiscal year.

Other non-operating revenue

The college received \$279,184 in other non-operating revenues during the 2014 Fiscal Year which represented an \$185,519 increase from June 30, 2014.

Interest income

The college received interest income from the cash in the bank accounts. The interest income at June 30, 2015 was \$8,403 representing a \$4,198 decrease in interest income compared to June 30, 2014.

Interest expense on long-term debt

The college previously issued bonds to finance construction projects as well as procured other long-term financing for various capital projects. The interest payments associated with the long-term obligations totaled \$328,973 in fiscal year 2015 representing a \$39,714 decrease compared to June 30, 2014.

Other expenses

During fiscal year 2015 the college incurred non-operating expenses totaling \$339,623 which represented a \$70,678 decrease from 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

	June 30, 2015	June 30, 2014	Increase (decrease)
<i>Cash & cash equivalents provided (used) by:</i>			
Operating activities	\$ (12,874,814)	(11,792,317)	(1,082,497)
Non-capital financing activities	16,024,157	15,359,668	664,489
Capital & related financing activities	(4,344,534)	(5,068,224)	723,690
Investing activities	8,403	12,352	(3,949)
<i>Net increase (decrease) to cash & cash equivalents</i>	<u>(1,186,788)</u>	<u>(1,488,521)</u>	<u>301,733</u>
Cash & cash equivalents (beginning of year)	4,978,452	6,466,973	(1,488,521)
<i>Cash & cash equivalents (end of year)</i> \$	<u><u>3,791,664</u></u>	<u><u>4,978,452</u></u>	<u><u>(1,186,788)</u></u>

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2015

The major sources of funds in operating activities included funds received as cash payments by the college totaling \$12,716,558 along with grants and contracts totaling \$14,908,079. The major uses of funds were payments made to employees of \$20,479,089, to suppliers of \$9,428,697, and for student scholarships of \$10,095,695.

The largest inflow of cash for non-capital financing activities was the State appropriation of \$11,174,790 and local (county) appropriations of \$4,570,183.

Significant capital asset transactions

The college has engaged in several transactions regarding capital assets during the year. These transactions included:

• Ellis Hall renovations	\$	52,240
• Ellzey Hall renovations		331,518
• Energy conservation measures		83,444
• Construction of Early Childhood Development Center		1,304,868
• Construction of Pedestrian Corridor		89,755
• Construction fees for Female dormitory		66,783
• Construction of athletic pressbox		429,648
• Oswalt Nature Trail renovations		5,700
• Additional parking space (Simpson Center)		169,386
• Construction of additional baseball fencing		8,438
• Computer & technology purchases		59,955
• Purchase of four (4) transit vans		108,483
• Fitness & training equipment purchases		17,154
• Truck driving simulator purchase		57,500
• Purchase of two (2) lift trucks		27,875
• Lowboy trailer purchase		30,500
• Purchase of 50-ton ironworker unit		8,453
• Library books & reference databases		267,018
Total	\$	<u><u>3,118,718</u></u>

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2015

Factors impacting future periods

In general, the economic outlook for Mississippi projects slow growth between 2012 and 2017. The growth rate of output and employment in Mississippi during these years will gradually improve as the economy recovers. It is anticipated Mississippi will average an annual growth rate of around 2.7% during this period. The Mississippi Development Authority looks toward 2016 as the year the state will build upon the continued strength of both the state and national economy. It is further anticipated there will be an average of 1.3% employment growth between 2012 and 2017. It will not be until 2016 or beyond where Mississippi will potentially achieve the level of employment that was attained in 2000 and 2007. The Mississippi Development Authority has targeted seven industries in the state for growth which include advanced manufacturing, aerospace technology, agribusiness, automotive services, energy production, healthcare, and shipbuilding. There will also be an emphasis to continue promoting the tourism industry in the state to attract more visitors from around the world. Furthermore, the filmmaking industry has seen a positive resurgence, with a record-number sixteen (16) feature-length films produced in the state during 2014. Some of the film-making production is occurring 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 continue to still maintain pre-recession levels until sometime after 2017. This percentage of total employment in manufacturing is anticipated to continue its decline, despite the new manufacturing facilities built in Mississippi; the main reason cited for the continual decrease centers around more and more manufacturing jobs being outsourced to foreign countries. Though the overall outlook appears bleak, there are 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 fluctuated slightly the past two years but are expected to increase slightly in future periods. Though initial projections reflect expectations that sales tax collections will continue to move up in future periods, significant increases in total state appropriations to Mississippi community colleges are not expected. Recent dips in 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 requirements 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 reflect a different trend. In the South, the projected number of high school graduates will consistently increase with 9.4% more in 2020-2021 than 2008-2009. Along with the projected increases to high school graduates, other key demographic factors, such as non-traditional students and additional minorities entering the college mix, could have a major impact on community college programming. As a result, the college will need to re-evaluate traditional recruitment models in the coming years.

The projected rise in high school graduating classes in the South will hopefully assist in a resurgence and upward trend in enrollment levels at the college; the anticipated increase could help mitigate the decrease endured over the past few years in student numbers. Copiah-Lincoln Community College's 2015 enrollment level is currently at the levels that the college experienced in the 2006-2007 school year. By forecasting data, giving full consideration to the various aforementioned factors, it is expected that the enrollment will make gradual increases in the years to come. Coupled with the forecasts, efforts will be required to increase 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 providing access to higher education, career and technical programs, as well as workforce training opportunities, at a reasonable costs, while facing reductions to funding resources.

FINANCIAL STATEMENTS

COPIAH-LINCOLN COMMUNITY COLLEGE

Statement of Net Position

June 30, 2015

Assets

Current assets:

Cash and cash equivalents	\$	3,791,664
Investments		71,739
Accounts receivable (net of allowance of \$5,271,933)		2,600,970
Inventories		451,917
Prepaid expenses		371,366
Total Current Assets		<u>7,287,656</u>

Non-current assets:

Capital assets, net of accumulated depreciation		<u>43,335,438</u>
Total Non-current Assets		<u>43,335,438</u>

Total Assets		<u>50,623,094</u>
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Deferred Outflows of Resources

Deferred outflows related to pensions		<u>2,738,018</u>
Total Deferred Outflows of Resources		<u>2,738,018</u>

Liabilities

Current Liabilities:

Accounts payable and accrued liabilities		258,029
Unearned revenues		164,363
Other current liabilities		324,298
Long-term liabilities-current portion		1,021,912
Accrued leave liability-current		231,269
Total Current Liabilities		<u>1,999,871</u>

Non-current liabilities:

Long-term liabilities		5,934,085
Net pension liability		29,038,870
Total Non-current Liabilities		<u>34,972,955</u>

Total Liabilities		<u>36,972,826</u>
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Deferred Inflows of Resources

Deferred inflows related to pensions		<u>4,328,472</u>
Total Deferred Inflows of Resources		<u>4,328,472</u>

Net Position

Net Investment in capital assets		36,379,441
Restricted:		
Capital projects		3,571,468
Debt service		604,425
Unrestricted		(28,495,520)
Total Net Position	\$	<u>12,059,814</u>

Copiah-Lincoln Community College Foundation, Inc.

Statement of Financial Position

June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Assets				
Cash	\$ 1,790	4,832	20,068	26,690
Investments	518,732	1,400,320	5,815,846	7,734,898
Total Assets	<u>520,522</u>	<u>1,405,152</u>	<u>5,835,914</u>	<u>7,761,588</u>
Liabilities				
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets				
Unrestricted	520,522	-	-	520,522
Temporarily Restricted	-	1,405,152	-	1,405,152
Permanently Restricted	-	-	5,835,914	5,835,914
Total Net Assets	<u>520,522</u>	<u>1,405,152</u>	<u>5,835,914</u>	<u>7,761,588</u>
Total Liabilities & Net Assets	<u>\$ 520,522</u>	<u>1,405,152</u>	<u>5,835,914</u>	<u>7,761,588</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, 2015

Operating Revenues:		
Tuition and fees (net of scholarship allowances of \$4,938,128)	\$	2,559,138
Federal grants and contract		10,190,219
State grants and contracts		3,757,593
Local grants and contracts		475,754
Sales and services of educational departments		484,513
Auxiliary enterprises (net of scholarship allowance of \$1,852,064)		3,322,228
Other operating revenues		14,069
Total Operating Revenues		<u>20,803,514</u>
Operating Expenses:		
Salaries and wages		15,438,670
Fringe benefits		4,679,257
Travel		510,039
Contractual services		4,417,908
Utilities		1,122,022
Scholarships and fellowships		3,260,503
Commodities		3,888,767
Depreciation expense		1,653,825
Total Operating Expenses		<u>34,970,991</u>
Operating Loss		<u>(14,167,477)</u>
Non-operating Revenues(Expenses)		
State appropriations		11,174,790
Local appropriations		4,570,183
Gain on sale of assets		150
Other revenues		279,184
Interest income		8,403
Interest expense		(328,973)
Other expenses		(339,623)
Total Net Non-operating Revenue		<u>15,364,114</u>
 Change in Net Position		 <u>1,196,637</u>
Net Position:		
Net Position-Beginning of Year		42,371,535
Prior Period Adjustments		(31,508,358)
Net Position-as restated		<u>10,863,177</u>
Net Position-End of Year	\$	<u><u>12,059,814</u></u>

Copiah-Lincoln Community College Foundation, Inc.

Statement of Activities

For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Support				
Contributions	\$ 115,574	133,885	151,222	400,681
Investment Income	11,356	32,131	141,064	184,551
Net Assets Released from Restrictions	-	-	-	-
Total Revenues, Gains and Support	<u>126,930</u>	<u>166,016</u>	<u>292,286</u>	<u>585,232</u>
Expenses				
Program Services				
Scholarships	-	57,910	176,846	234,756
Payments Directly to the College	8,770	22,496	22,907	54,173
Special Events	16,301	-	15,226	31,527
Athletic Expenses	7,922	6,033	-	13,955
Alumni Operations	7,378	-	-	7,378
Other Expenses				
Management and General	12,421	-	-	12,421
Total Expenses	<u>52,792</u>	<u>86,439</u>	<u>214,979</u>	<u>354,210</u>
Change in Net Assets before Transfers	<u>74,138</u>	<u>79,577</u>	<u>77,307</u>	<u>231,022</u>
Transfers				
Transfers from Other Funds	-	4,536	37,430	41,966
Transfers to Other Funds	(21,086)	(15,744)	(5,136)	(41,966)
Total Transfers	<u>(21,086)</u>	<u>(11,208)</u>	<u>32,294</u>	<u>-</u>
Change in Net Assets	<u>53,052</u>	<u>68,369</u>	<u>109,601</u>	<u>231,022</u>
Net Assets at Beginning of Year	<u>467,470</u>	<u>1,336,783</u>	<u>5,726,313</u>	<u>7,530,566</u>
Net Assets at End of Year	<u>\$ 520,522</u>	<u>1,405,152</u>	<u>5,835,914</u>	<u>7,761,588</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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tuition and fees	\$ 7,542,266
Cash received from grants and contracts	14,423,566
Cash received from sales and services	484,513
Cash received from auxiliary enterprises	5,174,292
Cash payments to employees	(20,479,089)
Cash payments for goods and services	(9,428,697)
Cash payments for scholarships and fellowships	(10,095,695)
Other operating cash receipts (payments)	(495,970)
Net Cash Provided (Used) in Operating Activities	<u>(12,874,814)</u>
CASH FLOWS FROM NON-CAPTITAL FINANCING ACTIVITIES	
Other proceeds (payments)	279,184
State appropriations	11,174,790
Local appropriations	4,570,183
Federal loan receipts	2,005,214
Federal loan payments	(2,005,214)
Net Cash Provided (Used) in Non-capital Financing Activities	<u>16,024,157</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal and interest payments	(1,454,007)
Acquisition or construction of capital assets	(2,890,677)
Proceeds from sale of capital assets	150
Net Cash Provided by Capital and Related Financing Activities	<u>(4,344,534)</u>
INVESTING ACTIVITIES	
Interest & dividends on investments	8,403
Net Cash Provided By Investing Activities	<u>8,403</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,186,788)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,978,452</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,791,664</u>

COPIAH-LINCOLN COMMUNITY COLLEGE

Statement of Cash Flows

For the Year Ended June 30, 2015

Reconciliation of Operating Expenses to Net Cash

Provided by (Used in) Operating Activities:	
Operating loss	\$ <u>(14,167,477)</u>
Adjustments to reconcile operating loss to net cash provided (used in) operating activities:	
Depreciation	1,653,825
Other receipts (payments)	(1,256,259)
Changes in assets and liabilities:	
(Increase) decrease in receivables	515,639
(Increase) decrease in inventories	269,721
(Increase) decrease in prepaid expenses	(109,609)
(Increase) decrease in other assets	370,635
Increase (decrease) in accounts payables	(155,415)
Increase (decrease) in unearned revenue	(53,388)
Increase (decrease) in other payables	111,276
Increase (decrease) in compensated absences	<u>(53,762)</u>
Total adjustments	<u>1,292,663</u>
Net Cash Provided (Used) in Operating Activities	\$ <u><u>(12,874,814)</u></u>

Copiah-Lincoln Community College Foundation, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2015

Cash Flows From Operating Activities:

Increase in net assets	\$ 231,022
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Net unrealized (gains) losses on investments	(55,530)
Increase (decrease) in:	
Contributions restricted for permanent investment	<u>(151,222)</u>
Net cash provided by operating activities	<u>24,270</u>

Cash Flows From Investing Activities:

Purchases of Investments	(1,689,685)
Sales of Investments	<u>1,531,398</u>
Net cash used by investing activities	<u>(158,287)</u>

Cash Flows From Financing Activities:

Contributions restricted for permanent investment	<u>151,222</u>
Net Increase (Decrease) in Cash	<u>17,205</u>
Beginning of Year	<u>9,485</u>
End of Year	<u>\$ 26,690</u>

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

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Notes to the Financial Statements

For the year ended
June 30, 2015

Copiah-Lincoln Community College

Notes to the financial statements

For the Year Ended June 30, 2015

Note (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, 2015, the Foundation distributed \$85,130 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 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 receivable

Accounts receivable 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 receivable are recorded net of an allowance for doubtful accounts.

Copiah-Lincoln Community College

Notes to the financial statements

For the Year Ended June 30, 2015

G. Student notes receivable

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 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. Deferred outflows / inflows of resources

In addition to reflecting assets, the statement of financial position will at times report a separate section for deferred outflows of resources. The separate presentation on the financial statement (deferred outflows of resources) represents a utilization of net position that applies to future periods; as such the deferred outflow of resources will not be recognized as an expense or expenditure until such time.

Also, in addition to reflecting liabilities, the statement of financial position will at times report a separate section for deferred inflows of resources. The separate presentation on the financial statement (deferred inflows of resources) represents an acquisition of net position that applies to future periods; as such the deferred inflow of resources will not be recognized as revenue until such time.

Deferred outflows of resources and deferred inflows of resources presented in the financial statements pertain to the pension plan as further described in Note (11).

L. 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, 2015 was \$231,269.

Copiah-Lincoln Community College

Notes to the financial statements
For the Year Ended June 30, 2015

M. Classification of revenues

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

- 1) *Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as: (a) student tuition, net of scholarship discounts & allowances, (b) sales and services of auxiliary enterprises, net of scholarship discounts & allowances, and (c) most federal, state & local grants and contracts;
- 2) *Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating 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.

N. 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.

O. 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.

P. 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 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 for specific purposes and funds held in federal loan programs.
- 3) Unrestricted net position are amounts that remained available for spending for other purposes, after adjustments required by GASB 68 and 71 for deferred outflows and inflows related to pensions. See Note (11) for more information.

Copiah-Lincoln Community College

Notes to the financial statements
For the Year Ended June 30, 2015

Q. 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.

R. New pronouncements

In June 2012, the GASB issued GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense. For defined benefit pensions, note disclosure and required supplementary information requirements about pensions also are addressed. This Statement is effective for fiscal years beginning after June 15, 2014.

Note (2): Cash & 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, 2015 the College had \$3,791,664 in cash and cash equivalents.

The collateral for deposits in financial institution of public entities is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and governed by Section 27-105-5, MS Code Ann. (1972). Under the program, the funds of the college 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, 2015, none of the bank balances of the college totaling \$4,890,810 was exposed to custodial credit risk.

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, 2015, the college had the following investments:

<u>Investment type</u>	<u>Rating</u>	<u>Maturity (in years)</u>	<u>Fair value</u>
Certificate of deposit	N/A	Less than 1 year	\$ 71,739

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), MS 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.

Copiah-Lincoln Community College

Notes to the financial statements For the Year Ended June 30, 2015

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, 2015, the college did not have any investments to which this would apply.

Note (3): Accounts receivable

Accounts receivable consisted of the following at June 30, 2015:

Tuition (students)	\$	6,215,901
Local appropriations		219,167
State sources		101,233
Federal sources		767,700
Other receivables		<u>568,902</u>
Total accounts receivable		7,872,903
LESS: Allowance for doubtful accounts		<u>(5,271,933)</u>
Net accounts receivable	\$	<u><u>2,600,970</u></u>

Note (4): Capital assets

A summary of changes in capital assets for the year ended June 30, 2015, is presented as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Completed construction</u>	<u>Ending balance</u>
<i>Non-depreciable capital assets:</i>					
Land	\$ 755,732				755,732
Construction-in-progress	<u>2,336,318</u>	<u>2,358,256</u>		<u>(1,735,632)</u>	<u>2,958,942</u>
Total non-depreciable capital assets	<u><u>3,092,050</u></u>	<u><u>2,358,256</u></u>	<u><u>0</u></u>	<u><u>(1,735,632)</u></u>	<u><u>3,714,674</u></u>
<i>Depreciable capital assets:</i>					
Buildings	50,307,656			1,100,886	51,408,542
Structures & improvements	8,971,503	249,179		634,746	9,855,428
Equipment	6,214,435	309,919	(33,940)		6,490,414
Library books & media	1,408,046	13,018	(129,278)		1,291,786
<i>Total</i>	<u>66,901,640</u>	<u>572,116</u>	<u>(163,218)</u>	<u>1,735,632</u>	<u>69,046,170</u>
<i>LESS: Accumulated depreciation</i>					
Buildings	17,581,585	930,732			18,512,317
Structures & improvements	4,162,879	336,825			4,499,704
Equipment	4,901,700	342,591	(31,846)		5,212,445
Library books & media	1,286,541	43,677	(129,278)		1,200,940
<i>Total</i>	<u>27,932,705</u>	<u>1,653,825</u>	<u>(161,124)</u>	<u>0</u>	<u>29,425,406</u>
Total depreciable capital assets (net)	<u><u>38,968,935</u></u>	<u><u>(1,081,709)</u></u>	<u><u>(2,094)</u></u>	<u><u>1,735,632</u></u>	<u><u>39,620,764</u></u>
Capital assets (net)	<u><u>\$ 42,060,985</u></u>	<u><u>1,276,547</u></u>	<u><u>(2,094)</u></u>	<u><u>0</u></u>	<u><u>43,335,438</u></u>

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, 2015

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

Capital asset	Estimated useful life	Salvage value	Capitalization threshold
Buildings	40 years	20%	\$50,000
Structures & improvements	20 years	20%	\$25,000
Equipment	3 - 15 years	1% - 10%	\$5,000
Library books & media	10 years	0%	\$0

Commitments under construction contracts at June 30, 2015, are summarized as follows:

Project	Funds spent as of June 30, 2015	Remaining commitment
Ellzey Hall (Bureau)	\$ 1,309,328	771,356
Early Childhood Development Center (Bureau)	1,412,715	724,444
Women's dormitory (Bureau)	88,307	4,911,693
Pedestrian corridor (MDOT)	148,591	1,134,422
Totals	\$ 2,958,941	7,541,915

Construction projects included above are funded through capital funds of the college, funds from the Bureau of Building, Grounds, and Real Property Management, and funding from the Mississippi Department of Transportation.

Note (5): Long-term liabilities

Long-term liabilities of the college consist of notes and bonds payable, capital lease obligations, and certain other liabilities that are expected to be liquidated at least one year from June 30, 2015. 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 the schedule of long-term liabilities, information regarding original issue amounts, interest rates and maturity dates for bonds, notes, and capital leases included in the long-term liabilities is provided.

	Beginning balance	Additions	Reductions	Ending balance	Amounts due within 1 year
Education Facilities Bond (2009)	\$ 3,175,000		(230,000)	2,945,000	240,000
Education Facilities Bond (2011)	1,650,000		(315,000)	1,335,000	325,000
General Obligation note (2010)	479,630		(82,222)	397,408	82,222
Dorm construction	385,000		(125,000)	260,000	130,000
Capital lease (equipment)	162,808		(68,940)	93,868	70,190
Energy Management Lease	2,085,046		(160,325)	1,924,721	174,500
Master lease (Series 2011A)	143,548		(143,548)	0	0
Accrued compensated leave	285,031		(53,762)	231,269	
Totals	\$ 8,366,063	0	(1,178,797)	7,187,266	1,021,912

Copiah-Lincoln Community College

Notes to the financial statements For the Year Ended June 30, 2015

Description	Interest rate	Maturity date	Amount issued	Outstanding balance
Bonded debt:				
Education Facilities Bond (2009)	2% - 2.5%	2019	\$ 4,000,000	2,945,000
Education Facilities Bond (2011)	3.2% - 4.5%	2025	2,270,000	1,335,000
General Obligation note (2010)	0%	2020	740,000	397,408
<i>Totals</i>			\$ 7,010,000	4,677,408
Revenue bond:				
Dorm construction	3%	2017	\$ 2,554,000	260,000
<i>Totals</i>			\$ 2,554,000	260,000
Capital leases:				
Capital lease (equipment)	4.73%	2017	\$ 275,000	93,868
Energy Management Lease	3.25%	2023	2,814,170	1,924,721
<i>Totals</i>			\$ 3,089,170	2,018,589
Other long-term liabilities:				
Accrued compensated leave				231,269
<i>Totals</i>				231,269

Long-term debt will mature as follows:

For the fiscal year ending:	Gen'l. OB bonds	Revenue bonds	Capital leases	Interest expense	Totals
2016	\$ 647,222	130,000	244,690	220,482	1,242,394
2017	657,222	130,000	213,184	190,609	1,191,015
2018	677,222		205,385	162,716	1,045,323
2019	707,222		222,182	135,696	1,065,100
2020	353,520		289,439	112,072	755,031
2021 - 2025	1,635,000		843,709	209,710	2,688,419
<i>Totals</i>	\$ 4,677,408	260,000	2,018,589	1,031,285	7,987,282

Note (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:

For the fiscal year ending:	
2016	\$ 82,438
2017	70,639
2018	69,138
2019	14,578
2020	9,618
Total minimum payments required	\$ 246,411

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, 2015, was \$148,595.

Note (7): Pension plan

A. Plan description

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.

Copiah-Lincoln Community College

Notes to the financial statements

For the Year Ended June 30, 2015

B. Benefits provided

PERS membership is a condition of employment granted to qualifying employees of the State of Mississippi, state universities, community and junior colleges, along with teachers and other employees of public school districts. Participating members of PERS who are vested and retire at or after age 60 or those with 30 years of credible service regardless of their age are entitled to an annual retirement allowance. (NOTE: the maximum years of credible service is only 25 years for qualifying members of PERS whose membership began before July 1, 2011.) The annual allowance is payable monthly in equal installments for the life of the retiree. The monthly payments are based on 2% of the average compensation for each year of credible service up to and including 30 years of service (25 years for some, as noted above). Depending on varying factors, the annual allowance may be increased depending on the age of the retiree and/or other factors associated with credible service years. Average annual compensation is the average of the four highest compensation amounts of credible service years. Benefits vest upon completion of eight years of membership service (NOTE: for PERS members whose membership began before July 1, 2007, only four years of membership is required to vest). PERS also provides certain death and disability benefits. A cost-of-living adjustment (COLA) payment is made to eligible retirees and beneficiaries as well.

C. Contributions

PERS members are required to contribute 9% of their annual covered salary and the college is required to contribute at an actuarially determined rate. The rate was 15.75% of annual covered payroll at June 30, 2015. The contribution requirement of PERS members are established by and may be amended only by the Mississippi State Legislature. The contributions by the college to PERS for the years ending June 30, 2015, 2014 and 2013 were \$2,285,020, \$2,302,721, and \$2,094,273, respectively, which was equal to the required contributions for each year.

D. Pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions

At June 30, 2015 the college reported a liability of \$29,038,870 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, utilizing the actuarial valuation as of that date to determine the amount. The proportion of the net pension liability attributable to the college was based on a projection of the long-term share of the contribution by the college to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the proportion attributable to the college was 0.239236%.

For the year ended June 30, 2015, the college recognized pension expense of \$1,923,858. The following schedule reflects the deferred outflows of resources and deferred inflows of resources related to pensions reported by the college:

Description	Deferred outflow of resources	Deferred inflow of resources
Differences between expected and actual experience	\$ 452,998	
Net difference between projected and actual earnings on pension plan investments		4,328,472
College contributions subsequent to the measurement date	2,285,020	
Totals	\$ 2,738,018	4,328,472

\$2,285,020 reported as deferred outflows of resources related to pensions, which resulted from college contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the fiscal year ended June 30, 2016.

Copiah-Lincoln Community College

Notes to the financial statements
For the Year Ended June 30, 2015

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the fiscal year ending:</u>		
2016	\$	(932,233)
2017		(932,233)
2018		(958,659)
2019		(1,052,349)
Total	\$	<u><u>(3,875,474)</u></u>

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- | | |
|------------------------------|---------------------------------------------------------|
| 1) Inflation | 3.5% |
| 2) Salary increases | 4.25% - 19.5%, including inflation |
| 3) Investment rate of return | 8%, net of pension plan investment, including inflation |

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward two years for male participants.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on the pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
US Broad	34%	5.20%
International markets	19%	5.00%
Emerging markets equity	8%	5.45%
Fixed income	20%	0.25%
Real assets	10%	4.00%
Private equity	8%	6.15%
Cash	1%	-0.50%
Total	<u><u>100%</u></u>	

Discount rate. The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate. Further the assumption was made that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan. As such, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Copiah-Lincoln Community College

Notes to the financial statements
For the Year Ended June 30, 2015

Sensitivity of the proportionate share of the net pension liability to the college with respect to changes in the discount rate. The following information represents the proportionate share of the net pension liability to the college calculated using the discount rate of 8%, along with a comparison of the proportionate share of the net pension liability to the college if the amount were calculated using a 1% lower discount rate (7%) as well as utilizing a 1% higher discount rate (9%):

Description	1% decrease	Current discount rate	1% increase
	7%	8%	9%
College proportionate share of net pension liability	\$ 39,588,639	29,038,870	20,238,794

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial statement.

Note (8): Functional classification of Operating Expenses

Functional classification	Salaries & wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships	Commodities	Depreciation	Totals
Instruction	\$ 8,878,062	1,432,642	221,055	784,091	0	720,574	364,270	0	12,400,694
Academic support	617,139	104,689	2,837	333,902	0	0	17,012	0	1,075,579
Student services	1,719,918	426,501	190,301	451,153	0	2,539,929	358,047	0	5,685,849
Institutional support	2,230,726	387,756	93,113	1,163,130	0	0	187,312	0	4,062,037
Operation of plant	969,339	269,966	60	1,376,225	1,053,923	0	324,213	0	3,993,726
Auxiliary enterprises	1,023,486	133,845	2,673	309,407	68,099	0	2,637,913	0	4,175,423
Pension expense	0	1,923,858	0	0	0	0	0	0	1,923,858
Depreciation	0	0	0	0	0	0	0	1,653,825	1,653,825
Totals	\$ 15,438,670	4,679,257	510,039	4,417,908	1,122,022	3,260,503	3,888,767	1,653,825	34,970,991

Note (9): Prior period adjustment

Adjustments were made to implement the provisions of GASB No. 68 and 71 associated with pensions for prior years and to properly reflect receivable balances for federal awards from prior periods. Details associated with the prior period adjustments are as follows:

Explanation:	Amount
Net pension liability (June 30, 2014)	\$ (33,292,907)
Deferred outflows (contributions made during 2014)	2,302,421
Prior period adjustment (related to pensions)	(30,990,486)
Student receivables	(377,051)
Federal award receivables (PELL, Direct loans, & SEOG)	(402,180)
Accrued liabilities	261,359
Total prior period adjustment	\$ (31,508,358)

Copiah-Lincoln Community College

Notes to the financial statements

For the Year Ended June 30, 2015

Note (10): Subsequent events

Events that occur after the Statement of net position date but before the financial statements are 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 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.

Note (11): Effects of deferred amounts on Net Position

The unrestricted net position amount of (\$28,495,520) includes the effect of deferring the recognition of expenses resulting from a deferred outflow of resources related to pensions. The balance of the deferred outflow of resources (totaling \$2,738,018) at June 30, 2015 will be recognized as an expense over the next three years which will accordingly decrease the unrestricted net position of the college during the same period.

The unrestricted net position amount of (\$28,495,520) also includes the effect of deferring the recognition of expenses resulting from a deferred inflow of resources related to pensions. The balance of the deferred inflow of resources (totaling \$4,328,472) at June 30, 2015 will be recognized as revenue over the next four years which will accordingly increase the unrestricted net position of the college during the same period.

Notes to the Financial Statements
Copiah-Lincoln Community College Foundation, Inc.
For the Year Ended June 30, 2015

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2015

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 (net assets) 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 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, 2015

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, 2015

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, 2015.

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, 2015

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, 2015 consist of the following:

Description	Market	Cost
U.S. Government Obligations	\$ 649,835	\$ 649,688
Corporate Bonds	352,036	311,302
Municipal Bonds	4,201,167	3,851,501
Mutual Funds - Equity		
Dodge and Cox Stock Fund	208,749	133,817
Federated Kaufmann Large Cap Fund	49,095	50,000
Federated Strategic Value Div. Fund - Inst.	882,975	749,419
Fidelity Advisor New Insights Fund	39,059	39,526
Oppenheimer Main St. Mid Cap Fund A	120,890	50,000
MFS Investors Growth Stock Fund	34,333	35,000
Ridgeworth Mid Cap Value Equity Fund	229,028	158,675
Total Mutual Funds - Equity	1,564,129	1,216,437
Mutual Funds - Fixed Income		
Federated SH Int Muni Instl Fund	198,872	200,000
Federated Short Term Income Fund	87,129	87,500
Prudential Short Term Corporate Bond Fund	141,896	143,333
Ridgeworth Inst US Gov't Securities Bond Fund	199,571	200,000
Total Mutual Funds - Fixed Income	627,468	630,833
Exchange Traded Funds - Equity		
iShares Select Dividend EFT	72,069	74,886
Vanguard Mid Cap Growth Index Fund	36,767	37,591
Vanguard Reit ETF	182,318	199,839

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements For the Year Ended June 30, 2015

Vanguard Large Cap ETF	<u>36,695</u>	<u>37,552</u>
Total Exchange Traded Funds - Equity	<u>327,849</u>	<u>349,868</u>
Exchange Traded Funds - Fixed Income		
Vanguard Short Term Corporate Bond	<u>12,414</u>	<u>12,396</u>
Total Investments	<u>\$ 7,734,898</u>	<u>\$ 7,022,025</u>

Investment Income for the year ended June 30, 2015 was calculated as follows:

Interest and Dividends	\$ 394,405
Realized Gains and Losses	(55,530)
Unrealized Gains and Losses	<u>(127,163)</u>
Subtotal	211,712
Less Investment Fees	<u>(27,161)</u>
Net Investment Income	<u>\$ 184,551</u>

REQUIRED SUPPLEMENTARY INFORMATION

Copiah-Lincoln Community College

Schedule of the College's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	<u>2015</u>
District's proportion of the net pension liability (asset) \$	29,038,870
District's proportionate share of the net pension liability (asset)	0.239236%
District's covered - employee payroll	14,618,546
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	198.64%
Plan fiduciary net position as a percentage of the total pension liability	67.21%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

Copiah-Lincoln Community College
 Schedule of College's Contributions
 PERS
 Last 10 Fiscal Years*

Contractually required contribution	\$ <u>2015</u> 2,285,020
Contributions in relation to the contractually required contribution	2,285,020
Contribution deficiency (excess)	\$ <u><u>-</u></u>
District's covered - employee payroll	14,508,063
Contributions as a percentage of covered - employee payroll	15.75%

The notes to the required supplementary information are an integral part of this schedule.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

Copiah-Lincoln Community College

Notes to the Required Supplementary Information
For the Year Ended June 30, 2015

Pension Schedules

(1) Changes of benefit terms

None.

(2) Changes of assumptions

None.

SUPPLEMENTARY INFORMATION

COPIAH-LINCOLN COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
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	\$ 34,048
Total Passed Through Program		<u>34,048</u>
Total U.S. Department of Agriculture		<u>34,048</u>
<u>U.S. Department of Labor</u>		
Passed through programs from:		
Senior Service America, Inc. Senior Community Service Employment Program	17.235	<u>507,376</u>
Central Mississippi Planning and Development District WIA Cluster		
WIA Adult Program	17.258	44,482
WIA Youth Activities	17.259	17,109
WIA Dislocated Workers	17.260	28,926
Total WIA Cluster		<u>90,517</u>
Southwest Mississippi Planning and Development District Senior Community Service Employment Program	17.235	<u>26,397</u>
Bossier Parish Community College Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	288,974
Total Passed Through Programs		<u>913,264</u>
Total U.S. Department of Labor		<u>913,264</u>
<u>U.S. Department of Education</u>		
Student Financial Aid-Cluster		
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	85,837
Federal Family Education Loans	84.032	2,005,214
Federal Work-Study Programs (FWS)	84.033	86,174
Federal Pell Grant Program	84.063	8,433,627
Total Student Financial Aid Cluster		<u>10,610,852</u>
Total U.S. Department of Education		<u>10,610,852</u>
<u>U.S. Department of Education</u>		
TRIO Student Support Services	84.042	<u>233,655</u>
Pass through program from:		
Mississippi Community College Board Adult Education - Basic Grants to States	84.002A	<u>166,194</u>
Mississippi Department of Education Career and Technical Education - Basic Grants to States	84.048A	213,360
Tech-Prep Education	84.243	18,776
Total Passed Through Programs		<u>398,330</u>
Total U.S. Department of Education		<u>11,242,837</u>
Total Expenditures of Federal Awards		\$ <u>12,190,149</u>

Copiah - Lincoln Community College

Notes to the Supplementary Information
For the Year Ended June 30, 2015

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 Family Education Loan (CFDA #84.032) are presented as federal expenditures. Neither the funds advanced to students, nor the outstanding loan balance is included in the financial statements since the loans are made and subsequently collected by private lending institutions and/or the federal government.

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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, 2015, 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 March 18, 2016. 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 material weaknesses. However, material weaknesses may exist that have not been identified.

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

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
March 18, 2016

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 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, 2015. The Copiah-Lincoln Community College's major federal program is 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 Copiah-Lincoln Community College's major federal program 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
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 program for the year ended June 30, 2015.

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 types 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
March 18, 2016

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, 2015, and have issued our report thereon dated March 18, 2016. 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
March 18, 2016

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, 2015

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 Family Education Loans
CFDA # 84.032
 - Federal Work-Study Programs (FWS)
CFDA # 84.033
 - Federal Pell Grant Program
CFDA # 84.063
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.