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**COAHOMA COMMUNITY COLLEGE
AND AGRICULTURAL HIGH SCHOOL
FINANCIAL AUDIT REPORT
YEAR ENDED JUNE 30, 2013**

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
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INDEPENDENT AUDITORS' REPORT

To the President and Board of Trustees
Coahoma Community College and Agricultural High School
Clarksdale, Mississippi 38614

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 Coahoma Community College and Agricultural High School as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the college and high school's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Coahoma 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 upon 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 of 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 opinions.

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 and the aggregate discretely presented component unit of Coahoma Community College and Agricultural High School as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 19 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 this 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 applied 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 Coahoma Community College and Agricultural High School's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is presented fairly 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 reported dated February 20, 2014, on our consideration of Coahoma Community College and Agricultural High School'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 Coahoma Community College and Agricultural High School's internal control over financial reporting and compliance.

Tupelo, Mississippi
February 20, 2014

J E Vance & Company

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

This section of the Coahoma Community College and Agricultural High School's annual financial report represents our discussion and analysis of the financial performance of the college and high school during the fiscal year ended June 30, 2013. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of the college and high school's management.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

Coahoma Community College and Agricultural High School reports the following discretely presented component unit: Coahoma Community College Foundation, Inc. (the Foundation). The main purpose of the Foundation is to raise money to supplement the college and high school's resources.

The annual report consists of three basic financial statements that provide information on the college and high school as a whole: 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. These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

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

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 utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis For the Year Ended June 30, 2013

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

Financial and Enrollment Highlights

- Enrollment increased .2% from the prior year based on headcount.

| Year | Total Students Enrolled in Fall |
|-------------|--|
| 2003 | 1,794 |
| 2004 | 1,964 |
| 2005 | 1,946 |
| 2006 | 1,838 |
| 2007 | 2,216 |
| 2008 | 2,263 |
| 2009 | 2,621 |
| 2010 | 2,741 |
| 2011 | 2,301 |
| 2012 | 2,305 |

- Revenue from Tuition and Fees decreased 13.8% from the prior year.
- Revenue from federal and state grants decreased by 15.9% from the prior year.
- Revenue from state and county appropriations increased by 4.7% from the prior year.
- The value of the endowment fund increased by 13.7% from the prior year.

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

Condensed Statements of Net Position

| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
|----------------------------------|-----------------------------|-----------------------------|
| Assets | | |
| Current Assets | \$ 13,243,431 | \$ 15,347,478 |
| Noncurrent Assets: | | |
| Capital Assets, Net | 32,314,122 | 30,208,587 |
| Other Assets | <u>8,016,443</u> | <u>3,711,974</u> |
| Total Assets | <u>53,573,996</u> | <u>49,268,039</u> |
| Liabilities | | |
| Current Liabilities | 1,343,776 | 2,038,236 |
| Noncurrent Liabilities | <u>708,612</u> | <u>197,218</u> |
| Total Liabilities | <u>2,052,388</u> | <u>2,235,454</u> |
| Net Position | | |
| Net Investment in Capital Assets | 32,121,184 | 29,729,897 |
| Restricted: | | |
| Nonexpendable | 1,721,939 | 1,516,665 |
| Expendable | 781,888 | 521,051 |
| Capital projects | 1,200,000 | -0- |
| Unrestricted | <u>15,696,597</u> | <u>15,264,973</u> |
| Total Net Position | <u>\$ 51,521,608</u> | <u>\$ 47,032,586</u> |

Assets

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the college and high school's bank accounts. The total amount of cash and cash equivalents reported as current assets on the college and high school's financial statements was \$9,412,349 at June 30, 2013 compared to \$12,115,726 at June 30, 2012.

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

Accounts Receivable

Accounts receivable relate to several transactions including state and county appropriations and student tuition and fee billings. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowances for doubtful accounts. The college and high school's receivables totaled \$2,581,998 at June 30, 2013 compared to \$2,597,599 at June 30, 2012.

Inventories

The college and high school maintains inventories of resale merchandise as well as items of food purchased for the cafeteria. Books, student supplies, and institutional memorabilia make up the majority of the resale inventory. Inventories totaled \$347,024 at June 30, 2013 compared to \$293,662 at June 30, 2012.

Prepaid Expenses

Prepaid expenses include prepaid construction costs and prepaid insurance. Prepaid construction consists of amounts paid to the Mississippi Office of Buildings, Grounds and Real Property Management for the cost of a new female dormitory and various building repairs, which are expected to be completed during the 2013/2014 school year. Prepaid construction at June 30, 2013 was \$770,054 compared to June 30, 2012 was \$245,784. Prepaid insurance consists of advance premiums paid on the college and high school's various insurance policies. Prepaid insurance at June 30, 2013 was \$132,006 compared to \$94,707 at June 30, 2012.

Noncurrent Assets

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those funds that are held in the bank accounts, which are restricted for specific purposes. Restricted cash and cash equivalents primarily consist of federal funds and agency funds held for others. The amount of restricted cash and cash equivalents at June 30, 2013 was \$6,294,504 compared to \$2,195,309 at June 30, 2012.

Investments

Investments include certificates of deposit and marketable securities held and managed by investment managers. These investments are recorded at their fair market value. The fair market value at June 30, 2013 was \$1,721,939 compared to \$1,516,665 at June 30, 2012.

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

Capital Assets, Net

Capital assets, net consist of land, infrastructure, buildings, equipment, and historical library holdings. The amount reported is net of accumulated depreciation. Capital assets, net totaled \$32,314,122 at June 30, 2013, in comparison to \$30,208,587 at June 30, 2012.

Liabilities

Current Liabilities

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts due at June 30, 2013 for goods and services received before the end of the fiscal year. Accounts payable and accrued liabilities totaled \$822,739 at June 30, 2013, in comparison to \$1,354,793 at June 30, 2012.

Deferred Revenues

Deferred revenues represent tuition and fees received during the fiscal year but were not earned until the next fiscal year. There were no deferred revenues at June 30, 2013 compared to \$181,778 at June 30, 2012.

Long-Term Liabilities - Current Portion

Long-term liabilities – current portion represents the portion of principal payments for long-term debt that is due within one year. The current portion of bonds and notes due at June 30, 2013 was \$270,742, in comparison to \$285,753, due at June 30, 2012.

Other Current Liabilities

Other current liabilities consist of funds held for student organizations to be disbursed in future years. Other current liabilities at June 30, 2013 were \$250,295 compared to \$215,912 at June 30, 2012.

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

Noncurrent Liabilities

Deposits Refundable

Deposits refundable consist of student housing deposits to be refunded to students. Student housing deposits refundable at June 30, 2013 were \$3,280 compared to \$4,280 at June 30, 2012.

Long-Term Liabilities

Long-term liabilities primarily consist of long-term debt acquired by the institution for capital construction and repayments of funds to the U.S. Department of Education. Long-term liabilities totaled \$705,332 as of June 30, 2013, in comparison to \$192,938 June 30, 2012. The schedule of long-term debt is Coahoma Agricultural High School state aid capital improvement bonds, series 1998, \$156,000, and a note payable to the U.S. Department of Education, \$549,332.

Net Position

Net position represents the difference between the college and high school's assets and its liabilities. The college's net position increased by \$4,489,022 in the current year; the total net position at June 30, 2013 was \$51,521,608, compared to \$47,032,586 at June 30, 2012.

Net Investment in Capital Assets

Net investment in capital assets consists of the college's net position in vested in capital assets less the outstanding amount of capital related debt. Net position in invested in capital assets at June 30, 2013 was \$32,121,184 compared to \$29,729,897 at June 30, 2012.

Restricted Net Position

Restricted nonexpendable net position consists of endowment gifts with specific restrictions on spending the principal given. Restricted expendable net position consists of endowment gifts, gifts with specific restrictions, grants from third party agencies with expenditure restrictions, and amounts restricted for capital projects. Restricted net position at June 30, 2013 was \$3,703,827 of which \$1,721,939 was nonexpendable. Restricted net position at June 30, 2012 was \$2,037,716 of which \$1,516,665 was nonexpendable.

Unrestricted Net Position

Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the college and high school such as donors and grant agencies. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities. Unrestricted net position at June 30, 2013 was \$15,696,597 compared to \$15,264,973 at June 30, 2012.

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

Condensed Statements of Revenues, Expenses and Changes in Net Position

| | For the Year Ended: | |
|--|-----------------------------|-----------------------------|
| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
| Operating Revenues: | | |
| Tuition and Fees | \$ (1,483,449) | \$ (742,451) |
| Grants and Contracts | 19,651,978 | 22,655,864 |
| Sales and Services | 24,061 | 26,967 |
| Auxiliary Enterprises | 1,132,450 | 1,136,777 |
| Other Operating Revenues | <u>280,631</u> | <u>144,892</u> |
| Total Operating Revenues | 19,605,671 | 23,222,049 |
| Operating expenses | <u>30,630,579</u> | <u>34,300,505</u> |
| Operating loss | <u>(11,024,908)</u> | <u>(11,078,456)</u> |
| Nonoperating Revenues: | | |
| State Appropriations | 9,591,931 | 9,059,563 |
| County Appropriations | 2,670,263 | 2,655,780 |
| Investment Income, Net | 40,040 | 32,676 |
| Interest Expense on Capital Asset Related Debt | (22,411) | (35,027) |
| Other Nonoperating Revenues | <u>18,659</u> | <u>18,032</u> |
| Net Nonoperating Revenues | <u>12,298,482</u> | <u>11,731,024</u> |
| Income (Loss) Before Other Revenues | 1,273,574 | 652,568 |
| State Appropriations Restricted for Capital Projects | 2,765,176 | 1,879,712 |
| Other Additions (Deletions), Net | <u>450,272</u> | <u>(60,650)</u> |
| Total Other Revenues (Expenses) | <u>3,215,448</u> | <u>1,819,062</u> |
| Increase (Decrease) in Net Position | 4,489,022 | 2,471,630 |
| Net Position at Beginning of Year | <u>47,032,586</u> | 43,364,212 |
| Prior Period Adjustments | | <u>1,196,744</u> |
| Net Position at Beginning of Year, Restated | | 44,560,956 |
| Net Position at End of Year | <u>\$ 51,521,608</u> | <u>\$ 47,032,586</u> |

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis For the Year Ended June 30, 2013

Total operating loss for fiscal year 2013 was \$11,024,908, compared to \$11,078,456 for fiscal year 2012. Since state and county appropriations are not included within operating revenue per GASB No. 35, the college and high school shows a significant operating loss.

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

The college and high school strives to provide students with the opportunity to obtain quality education. Future enrollment at the college may be affected by a number of factors including any material increases in tuition and other mandatory charges stemming from any material decrease in appropriation funding from the State of Mississippi.

Total operating revenues for the fiscal year ending June 30, 2013 were \$19,605,671 compared to \$23,222,049 for the fiscal year ending June 30, 2012. Operating expenses, including depreciation of \$1,329,601, totaled \$30,630,579 for the fiscal year ending June 30, 2013. Operating expenses for the fiscal year ending June 30, 2012, including depreciation of \$1,287,195, totaled \$34,300,505.

Revenues

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes net of scholarship allowances. Tuition and fees before applying scholarship allowances for the fiscal year ending June 30, 2013 were \$5,527,261 compared to \$6,213,804 for the fiscal year ending June 30, 2012. Tuition and fees net of scholarship allowances totaled (\$1,483,449) for the fiscal year ending June 30, 2013, in comparison to (\$742,451) for the fiscal year ending June 30, 2012.

Grants and Contracts

This category 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. Nonexchange revenues are recorded when received or when eligibility criteria have been met.

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

The following table details the college and high school's grant and contract awards.

| | For the Year Ended: | |
|-------------------------------------|-----------------------------|-----------------------------|
| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
| Federal Sources: | | |
| Department of Education | \$ 14,500,507 | \$ 18,142,427 |
| State Sources: | | |
| Mississippi Community College Board | 2,153,435 | 2,144,174 |
| Mississippi Department of Education | 526,173 | 563,396 |
| Other Sources | <u>2,471,863</u> | <u>1,805,867</u> |
| Total All Sources | <u>\$ 19,651,978</u> | <u>\$ 22,655,864</u> |

Sales and Services

Sales and services consist of income from athletic activities that totaled \$24,061 for the fiscal year ending June 30, 2013 and \$26,967 for the fiscal year ending June 30, 2012.

Auxiliary Enterprises

Auxiliary enterprises consists of various enterprise entities that exist primarily to furnish goods and services to students, faculty, staff or the general public and charge a fee directly related to the cost of those goods or services. They are intended to be self supporting.

Auxiliary enterprises primarily include the college bookstore, college housing, and the cafeteria and snack bar. Total auxiliary service revenues totaled \$1,132,450 for the fiscal year ending June 30, 2013, compared to \$1,136,777 for the fiscal year ending June 30, 2012.

Operating Expenses

Operating expenses for the fiscal year ending June 30, 2013 totaling \$30,630,579 include salaries and benefits of \$16,345,485, supplies of \$5,298,474, services of \$3,479,857, scholarships and fellowships of \$2,978,295, depreciation of \$1,329,601, utilities and insurance of \$853,114, and travel of \$345,753. Operating expenses for the fiscal year ending June 30, 2012 totaling \$34,300,505 include salaries and benefits of \$15,988,304, scholarships and fellowships of \$7,150,855, supplies of \$4,985,677, services of \$3,822,397, depreciation of \$1,287,195, utilities and insurance of \$758,535, and travel of \$307,542.

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

| | For the Year Ended: | |
|--------------------------------------|-----------------------------|-----------------------------|
| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
| Expenses by Function: | | |
| Instruction | \$ 12,420,897 | \$ 11,662,284 |
| Academic Support | 2,579,245 | 2,314,383 |
| Student Services | 3,255,691 | 3,213,782 |
| Institutional Support | 3,663,258 | 3,653,924 |
| Operations and Maintenance of Plant | 2,295,912 | 3,069,560 |
| Student Financial Aid | 2,978,700 | 7,151,366 |
| Auxiliary Enterprises | 2,107,275 | 1,948,010 |
| Depreciation | <u>1,329,601</u> | <u>1,287,195</u> |
| Total Operating Expenses by Function | <u>\$ 30,630,579</u> | <u>\$ 34,300,505</u> |

Nonoperating Revenues (Expenses)

State Aid

The college and high school's largest source of nonoperating revenue is the State of Mississippi appropriations. The college and high school received \$9,591,931 for operations for the fiscal year ending June 30, 2013. An additional \$2,765,176 was received in state capital appropriations for the purchase, construction, renovation and repair of capital assets. For the fiscal year ending June 30, 2012, the college and high school received \$9,059,563 in state appropriations for operations and an additional \$1,879,712 in state capital appropriations also for the purchase, construction, renovation and repair of capital assets.

County Appropriations

The college receives revenue from the five counties in the district in which it resides. The high school also receives revenue from the county in which it resides. Funding received by the college and high school is used for salaries and benefits and for operational purposes. These appropriations are received as monthly payments, beginning in July of each year. A portion of the support received from the counties is specifically restricted for capital improvements and the reduction of debt. The college and high school received \$2,670,263 for the fiscal year ending June 30, 2013 compared to \$2,655,780 for the fiscal year ending June 30, 2012. These appropriations were fully recorded by the college and high school during the fiscal year.

Investment Income, Net

Investment income includes interest income from the college and high school's cash and investments held by an outside agency. Investment income for the year ending June 30, 2013 was \$40,040 compared to \$32,676 at June 30, 2012.

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

Other Nonoperating Revenues and Expenses

Other nonoperating revenue consists of \$18,659 received as insurance recoveries for the year ending June 30, 2013 compared to \$18,032 for the year ending June 30, 2012. Nonoperating expense consists of \$22,411 interest expense on capital debt for the year ending June 30, 2013 compared to \$35,027 for the year ending June 30, 2012.

Statement of Cash Flows

Another way to assess the financial health of the and high school is by reviewing the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the college and high school during a period. The Statement of Cash Flows also helps users assess:

- The ability to generate future cash flows,
- The ability to meet obligations as they become due, and
- The need for external financing.

Condensed Statement of Cash Flows – Direct Method

| | For the year ended: | |
|--|-----------------------------|-----------------------------|
| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
| Cash and Cash Equivalents Provided (Used) by: | | |
| Operating activities | \$ (9,066,459) | \$ (7,192,744) |
| Noncapital financing activities | 11,869,331 | 11,048,089 |
| Capital financing activities | (1,437,379) | (1,579,439) |
| Investing activities | <u>30,325</u> | <u>32,676</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,395,818 | 2,308,582 |
| Cash and Cash Equivalents - Beginning of the Year | <u>14,311,035</u> | <u>12,002,453</u> |
| Cash and Cash Equivalents - End of the Year | <u>\$ 15,706,853</u> | <u>\$ 14,311,035</u> |

For the fiscal year ending June 30, 2013, the major sources of funds included in operating activities include grants and contracts of \$19,293,234, auxiliary enterprise revenues of \$1,409,311 and other receipts of \$280,631. The major uses of funds were payments of \$17,674,989 to employees, payments of \$8,874,660 to suppliers and payments of \$2,888,995 for scholarships. For the fiscal year ending June 30, 2012, major sources of funds included in operating activities include grants and contracts of \$23,992,012, auxiliary enterprise revenues of \$1,252,229 and other receipts of \$144,892. The major uses of funds were payments of \$15,373,029 to employees, payments of \$9,521,413 to suppliers and payments of \$7,035,317 for scholarships.

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis For the Year Ended June 30, 2013

The largest inflows of cash for the fiscal year ending June 30, 2013 in the noncapital financing activities group is state appropriations of \$9,183,968 and county appropriations of \$2,666,704 compared to \$8,373,449 and \$2,656,608, respectively for the fiscal year ending June 30, 2012.

Selected Financial Analyses

Current Ratio

| | 06/30/13 | 06/30/12 | 06/30/11 |
|---------------------|-----------------|-----------------|-----------------|
| Current Assets | 13,243,431 | 15,347,478 | 16,154,701 |
| Current Liabilities | 1,343,776 | 2,038,236 | 2,783,338 |
| Current Ratio | 9.86 | 7.53 | 5.80 |

Operational Income Excluding Depreciation

| | 06/30/13 | 06/30/12 | 06/30/11 |
|---|-----------------|-----------------|-----------------|
| Operating Revenues | 19,605,671 | 23,222,049 | 26,788,512 |
| Nonoperating Revenues | 12,298,482 | 11,731,024 | 10,305,462 |
| Less: Operating Expenses | (30,630,579) | (34,300,505) | (34,734,024) |
| Operational Income Including Depreciation | 1,273,574 | 652,568 | 2,359,950 |
| Depreciation Expense | 1,329,601 | 1,287,195 | 1,168,963 |
| Operational Income Excluding Depreciation | 2,603,175 | 1,939,763 | 3,528,913 |

Cash Flows Before Capital Items

| | 06/30/13 | 06/30/12 | 06/30/11 |
|--|-----------------|-----------------|-----------------|
| Net Cash Used by Operations | (9,066,459) | (7,192,744) | (5,897,263) |
| Net Cash Provided by Non Capital Financing | 11,869,331 | 11,048,089 | 10,242,442 |
| Cash Flows Before Capital Items | 2,802,872 | 3,855,345 | 4,345,179 |

Unrestricted Net Position Excluding Property, Plant and Equipment and Debt

| | 06/30/13 | 06/30/12 | 06/30/11 |
|---|-----------------|-----------------|-----------------|
| Unrestricted Net Position | 47,817,781 | 44,994,869 | 39,794,577 |
| Less: Property, Plant & Equipment | (32,314,122) | (30,208,587) | (28,267,281) |
| Add: Plant Related Debt | 192,938 | 478,691 | 753,215 |
| Unrestricted Net Position Excluding Property, Plant and Equipment and Debt | 15,696,597 | 15,264,973 | 12,280,511 |

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

Selected Financial Analyses (Continued)

Change in Unrestricted Net Position Excluding Property, Plant and Equipment and Debt

| Revenues | 06/30/13 | 06/30/12 | 06/30/11 |
|---|-------------------|-------------------|-------------------|
| Net Tuition | (1,483,449) | (742,451) | (930,286) |
| Federal Grants and Contracts | 16,475,179 | 19,941,541 | 22,850,466 |
| State Grants and Contracts | 2,011,737 | 2,046,854 | 1,830,402 |
| Nongovernmental Grants and Contracts | 1,165,062 | 667,469 | 994,487 |
| Sales and Services | 24,061 | 26,967 | 26,340 |
| Auxiliary Enterprises | 1,132,450 | 1,136,777 | 1,062,509 |
| Other Operating Revenues | 280,631 | 144,892 | 954,595 |
| State Appropriations | 9,591,931 | 9,059,563 | 7,865,288 |
| County Appropriations | 2,670,263 | 2,655,780 | 2,465,052 |
| Capital Appropriations | 2,765,176 | 1,879,712 | 121,726 |
| Investment Income | 40,040 | 32,676 | 26,940 |
| Other Nonoperating Revenues | 18,659 | 18,032 | -0- |
| Other Additions | 450,272 | -0- | 205,460 |
| Total Revenues | 35,142,012 | 36,867,812 | 37,472,979 |
| Expenses | | | |
| Instruction | 12,420,897 | 11,662,284 | 11,666,826 |
| Academic Support | 2,579,245 | 2,314,383 | 3,015,896 |
| Student Services | 3,255,691 | 3,213,782 | 2,968,741 |
| Institutional Support | 3,663,258 | 3,653,924 | 3,890,628 |
| Operation of Plant | 2,295,912 | 3,069,560 | 3,432,644 |
| Student Aid | 2,978,700 | 7,151,366 | 6,583,114 |
| Auxiliary Enterprises | 2,107,275 | 1,948,010 | 2,007,212 |
| Depreciation | 1,329,601 | 1,287,195 | 1,168,963 |
| Interest Expense on Capital Debt | 22,411 | 35,027 | 51,818 |
| Other Deletions | -0- | 60,651 | -0- |
| Add: Capital Additions Net of Debt | 210,238 | 3,189,051 | 3,031,943 |
| Add: Reduction of Capital Debt | 285,754 | 274,524 | 261,006 |
| Less: Depreciation | (1,329,601) | (1,287,195) | (1,168,963) |
| Total Expenses | 29,819,381 | 36,572,562 | 36,909,828 |
| Change in Unrestricted Net Position Excluding Property, Plant and Equipment and Debt | 5,322,631 | 295,250 | 563,151 |

Coahoma Community College and Agricultural High School

Management's Discussion and Analysis
For the Year Ended June 30, 2013

Significant Capital Asset Transactions

In fiscal year 2009/2010 the college contracted for the construction of a new female dormitory at an estimated cost of \$3,889,348 funded primarily by the Mississippi Office of Buildings, Grounds and Real Property Management.

In fiscal year 2011/2012 the college contracted for replacement roofing on selected campus buildings, installation of an energy management system and renovation of the B. F. McLaurin Vocational-Technical Center at a total estimated cost of \$2,686,821 funded primarily by the Mississippi Office of Buildings, Grounds and Real Property Management and grant reimbursements.

The above projects are expected to be completed in the 2013/2014 fiscal year.

In May 2013 the Coahoma County Board of Supervisors donated an 8,900 square foot building, located on Ohio Avenue in Clarksdale, to Coahoma Community College. Once building renovations are completed, the building will house expansion of the college's Allied Health Programs. The fair market value of the donated property on the date of its donation was \$309,000. Building renovations are expected to be completed during the 2014/2015 fiscal year. However, the estimated cost of renovations had not yet been determined at June 30, 2013.

Factors Impacting Future Periods

There are a number of issues of importance community college-wide that directly impacted the fiscal year 2012/2013 financial situation. The level of state support, compensation increases, student tuition and fee increases, insurance and energy cost increases impact the college's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs.

The need to continue to address priority needs and requirements for deferred maintenance, new technology, repairs, and new construction projects is a large challenge facing the college and high school in the years to come.

Various committees, partnerships and individuals are assessing the college and high school's performance toward identified goals and avenues to achieve greater efficiencies and reduce expenditures in an effort to assist in meeting future challenges.

FINANCIAL STATEMENTS

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current assets:

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 9,412,349 |
| Accounts receivable, net | 2,581,998 |
| Inventories | 347,024 |
| Prepaid expenses | <u>902,060</u> |
| Total current assets | <u>13,243,431</u> |

Noncurrent assets:

| | |
|---|----------------------|
| Restricted cash and cash equivalents | 6,294,504 |
| Investments | 1,721,939 |
| Capital assets, net of accumulated depreciation | <u>32,314,122</u> |
| Total noncurrent assets | <u>40,330,565</u> |
| Total assets | <u>\$ 53,573,996</u> |

LIABILITIES

Current liabilities:

| | |
|--|------------------|
| Accounts payable and accrued liabilities | \$ 822,739 |
| Long-term liabilities - current portion | 270,742 |
| Other current liabilities | <u>250,295</u> |
| Total current liabilities | <u>1,343,776</u> |

Noncurrent liabilities:

| | |
|------------------------------|------------------|
| Deposits refundable | 3,280 |
| Long-term liabilities | <u>705,332</u> |
| Total noncurrent liabilities | <u>708,612</u> |
| Total liabilities | <u>2,052,388</u> |

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

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2013

NET POSITION

| | |
|------------------------------------|----------------------|
| Net investment in capital assets | 32,121,184 |
| Restricted for: | |
| Nonexpendable: | |
| Scholarships and fellowships | 1,721,939 |
| Expendable: | |
| Scholarships and fellowships | 781,888 |
| Capital projects | 1,200,000 |
| Unrestricted: | <u>15,696,597</u> |
| Total net position | <u>51,521,608</u> |
| Total liabilities and net position | <u>\$ 53,573,996</u> |

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

COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Totals</u> |
|--------------------------------|---------------------|-----------------------------------|-----------------------------------|------------------|
| Assets: | | | | |
| Cash | \$ 64,331 | \$ -0- | \$ -0- | \$ 64,331 |
| Total Assets | <u>\$ 64,331</u> | <u>-0-</u> | <u>-0-</u> | <u>64,331</u> |
| Liabilities: | | | | |
| | \$ -0- | -0- | -0- | \$ -0- |
| Total Liabilities | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| Net Assets: | | | | |
| Unrestricted | 64,331 | -0- | -0- | 64,331 |
| Temporarily Restricted | -0- | -0- | -0- | -0- |
| Permanently Restricted | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| Total Net Assets | <u>64,331</u> | <u>-0-</u> | <u>-0-</u> | <u>64,331</u> |
| Total Liabilities & Net Assets | <u>\$ 64,331</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 64,331</u> |

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

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Operating revenues:

| | |
|---|-------------------|
| Tuition and fees (net of scholarship allowances of \$7,010,710) | \$ (1,483,449) |
| Federal grants and contracts | 16,475,179 |
| State grants and contracts | 2,011,737 |
| Nongovernmental grants and contracts | 1,165,062 |
| Sales and services | 24,061 |
| Auxiliary enterprises: | |
| Student housing (net of scholarship allowances of \$453,829) | (96,029) |
| Food services (net of scholarship allowances of \$671,066) | (141,495) |
| Bookstore | 1,331,647 |
| Other auxiliary revenues | 38,327 |
| Other operating revenues | <u>280,631</u> |
| Total operating revenues | <u>19,605,671</u> |

Operating expenses

| | |
|------------------------------|---------------------|
| Salaries and wages | 12,550,157 |
| Fringe benefits | 3,795,328 |
| Contractual services | 3,479,857 |
| Commodities | 5,298,474 |
| Travel | 345,753 |
| Utilities and insurance | 853,114 |
| Scholarships and fellowships | 2,978,295 |
| Depreciation expense | <u>1,329,601</u> |
| Total operating expenses | <u>30,630,579</u> |
| Operating loss | <u>(11,024,908)</u> |

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

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

| | |
|--|----------------------|
| Nonoperating revenues (expenses) | |
| State appropriations | 9,591,931 |
| County appropriations | 2,670,263 |
| Investment income | 40,040 |
| Interest expense on capital asset-related debt | (22,411) |
| Other nonoperating revenues (expenses) | <u>18,659</u> |
| Total nonoperating revenues (expenses) | <u>12,298,482</u> |
| Income before other revenues, expenses, gains and losses | <u>1,273,574</u> |
| State appropriations restricted for capital projects | 2,765,176 |
| Other additions, net | <u>450,272</u> |
| Change in net position | 4,489,022 |
| Net position: | |
| Net position - beginning of year | <u>47,032,586</u> |
| Net position - end of year | <u>\$ 51,521,608</u> |

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

COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 21013

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Totals</u> |
|---|---------------------|-----------------------------------|-----------------------------------|------------------|
| Revenues, Gains and Support | | | | |
| Contributions | \$ 102,471 | -0- | -0- | \$ 102,471 |
| Investment Income | <u>37</u> | <u>-0-</u> | <u>-0-</u> | <u>37</u> |
| Total Revenues, Gains and Support | <u>102,508</u> | <u>-0-</u> | <u>-0-</u> | <u>102,508</u> |
| Expenses | | | | |
| Program Services | | | | |
| General College Support | 22,736 | -0- | -0- | 22,736 |
| Special Events | 800 | -0- | -0- | 800 |
| Student Retention | 5,768 | -0- | | 5,768 |
| Supporting Services | | | | |
| Fund Raising | 41,396 | -0- | | 41,396 |
| General and Administrative | <u>1,041</u> | <u>-0-</u> | <u>-0-</u> | <u>1,041</u> |
| Total Expenses | <u>71,741</u> | <u>-0-</u> | <u>-0-</u> | <u>71,741</u> |
| Increase in Net Assets Before Other Sources & Uses | 30,767 | -0- | -0- | 30,767 |
| Other Sources & Uses | | | | |
| Transfers from Other Funds | 15,000 | -0- | -0- | 15,000 |
| Transfers to Other Funds | <u>(18,676)</u> | <u>-0-</u> | <u>-0-</u> | <u>(18,676)</u> |
| Total Other Sources & Uses | (3,676) | -0- | -0- | (3,676) |
| Increase in Net Assets | 27,091 | -0- | -0- | 27,091 |
| Net Assets at the Beginning of the Year | <u>37,240</u> | <u>-0-</u> | <u>-0-</u> | <u>37,240</u> |
| Net Assets at the End of the Year | <u>\$ 64,331</u> | <u>-0-</u> | <u>-0-</u> | <u>\$ 64,331</u> |

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

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

Cash flows from operating activities:

| | |
|---|--------------------|
| Tuition and fees | \$ 218,062 |
| Grants and contracts | 19,293,234 |
| Payments to suppliers | (8,874,660) |
| Payments to employees for salaries and benefits | (17,674,989) |
| Payments for utilities | (853,114) |
| Payments for scholarships and fellowships | (2,888,995) |
| Athletics | 24,061 |
| Auxiliary enterprise charges: | |
| Student housing | 15,870 |
| Food services | 30,503 |
| Bookstore | 1,331,647 |
| Other auxiliary enterprises | 31,291 |
| Other receipts | <u>280,631</u> |
| Net cash used by operating activities | <u>(9,066,459)</u> |

Cash flows from noncapital financing activities:

| | |
|--|-------------------|
| State appropriations | 9,183,968 |
| County appropriations | 2,666,704 |
| Other nonoperating revenues | <u>18,659</u> |
| Net cash provided by noncapital financing activities | <u>11,869,331</u> |

Cash flows from capital and related financing activities:

| | |
|--|--------------------|
| Cash paid for acquisition and construction of capital assets | (3,894,391) |
| Capital grants and contracts received | 2,765,176 |
| Principal paid on capital debt and leases | (285,753) |
| Interest paid on capital debt and leases | <u>(22,411)</u> |
| Net cash used by capital and related financing activities | <u>(1,437,379)</u> |

Cash flows from investing activities:

| | |
|---|------------------|
| Proceeds from sales and maturities of investments | 511,926 |
| Interest received on investments | 40,040 |
| Purchases of investments | <u>(521,641)</u> |
| Net cash provided by investing activities | <u>30,325</u> |

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

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

| | |
|---|------------------------------|
| Net increase in cash and cash equivalents | <u>1,395,818</u> |
| Cash and cash equivalents - beginning of the year | <u>14,311,035</u> |
| Cash and cash equivalents - end of the year | \$ <u><u>15,706,853</u></u> |
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | \$ <u>(11,024,908)</u> |
| Adjustments to reconcile net loss to net cash used by operating activities: | |
| Depreciation expense | 1,329,601 |
| Other | 1,917,995 |
| Changes in assets and liabilities: | |
| (Increase) decrease in assets: | |
| Accounts receivable, net | 15,601 |
| Inventories | (53,363) |
| Prepaid expenses | (561,569) |
| Increase (decrease) in liabilities: | |
| Accounts payable and accrued liabilities | (555,325) |
| Deferred revenues | (181,778) |
| Deposits refundable | (1,000) |
| Other liabilities | <u>48,287</u> |
| Total adjustments | <u>1,958,449</u> |
| Net cash used by operating activities | \$ <u><u>(9,066,459)</u></u> |
| Noncash Transactions | |
| Donation of capital assets | \$ <u><u>309,000</u></u> |

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

COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2013

Cash Flows From Operating Activities:

Increase in Net Assets \$ 27,091

Adjustments to reconcile increase (decrease) in net assets
to net cash provided by (used in) operating activities:

-0-

Net Cash Provided by Operating Activities

27,091

Cash Flows From Investing Activities:

-0-

Cash Flows From Financing Activities:

-0-

Net Increase (Decrease) in Cash

27,091

Cash Balance at the Beginning of the Year

37,240

Cash Balance at the End of the Year

\$ 64,331

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

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Coahoma Community College was founded in 1949 and is one of Mississippi's 15 public community colleges. The legal authority for the establishment of Coahoma Community College is found in Section 37-29-551, Miss. Code Ann. (1972). The legal authority for the establishment of Coahoma Agricultural High School is found in Section 37-27-1, Miss. Code Ann. (1972).

Coahoma Community College and Agricultural High School is governed by a 14-member board of trustees, selected by the board of supervisors of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica Counties who support the district through locally assessed ad valorem tax millage. One trustee 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 fills the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5-year term. In addition, Coahoma Community College and Agricultural High School works jointly with the Mississippi Community College Board, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

Coahoma Community College and Agricultural High School reports the following discretely presented component unit: Coahoma Community College Foundation, Inc. (the 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 Coahoma Community 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 that the Foundation holds and invests is restricted to the activities of the college by its donors.

During the year ended June 30, 2013, the Foundation distributed \$28,504 directly to the college.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

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. Coahoma Community College and Agricultural High School now follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the college and high school's financial activities.

Basis of Accounting

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

Cash Equivalents

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

Accounts Receivable, Net

Accounts receivable consist of tuition and fees charged to students, state and county appropriations, amounts due from federal, state and nongovernmental grants and contracts and amounts due to the college and high school from its employees. Accounts receivable are recorded net of an allowance for doubtful accounts.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories

Inventories consist of bookstore merchandise 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 on the average cost basis.

Restricted Cash and Cash Equivalents

Cash and cash equivalents that are internally or externally restricted for specific purposes are classified as restricted cash and cash equivalents on the Statement of Net Position.

Prepaid Expenses

Prepaid expenses include payments made to various agencies and reflect construction and insurance costs applicable to a subsequent accounting period.

Investments

Investments are generally subject to the restrictions of donor gift instruments. They include true endowment funds, which are funds received from a donor with the restrictions that only the income is to be utilized; term endowment funds, which are funds for which the donor has stipulated that the principal may be expended after a stated period or on the occurrence of a certain event; and quasi endowment funds, which are funds established by the governing board to function like an endowment fund but may be totally expended at any time at the discretion of the governing board.

The institution accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of Other Additions and Deletions on the Statement of Revenues, Expenses and Changes in Net Position.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1: Summary of Significant Accounting Policies (Continued)

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 are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 5 for additional details concerning useful lives, salvage values, and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.

Deferred Revenues

Deferred revenues include amounts received for tuition and fees prior to the end of the fiscal year but relate to the subsequent accounting period.

Compensated Absences

Coahoma Community College and Agricultural High School does not provide for the accumulation of annual leave or major medical leave beyond one year. Therefore, no accrual for compensated absences has been recorded in the financial statements.

Classification of Revenues

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, such as state appropriations, county appropriations and investment income.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1: Summary of Significant Accounting Policies (Continued)

State Appropriations

Coahoma Community College and Agricultural High School receives funds from the State of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the state of Mississippi. Beginning with the 2004 fiscal year, a new funding formula was phased in over a 5-year period which shifted 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 considerations given only to high cost programs.

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 funds provided to students as awarded by third parties, 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-wide 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.

Net Position

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, reports equity as "Net Position" rather than "Net Assets." Net position is classified in three categories:

Net investment in capital assets is the portion of net position that consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of borrowings used to finance the purchase or construction of those assets.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors.

Unrestricted net position is the remaining net position less remaining noncapital liabilities which are not restricted – expendable.

The unrestricted net position balance of \$15,696,597 at June 30, 2013 includes \$347,024 reserved for inventories, and \$15,349,573 remaining for other purposes.

Note 2: Cash and Cash Equivalents and Investments

Cash and Cash Equivalents:

Policies:

Coahoma Community College and Agricultural High School follows the practice of aggregating the cash assets of its various funds to maximize cash management efficiency and returns.

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

As of June 30, 2013, the total carrying value of the college and high school's deposits with financial institutions reported in all of its funds was \$15,706,853.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Note 2: Cash and Cash Equivalents and Investments (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is defined as risk that, in the event of the failure of a financial institution, the college and high school will not be able to recover deposits or collateral securities that are in the possession of an outside party. The college and high school does not have a formal deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the college and high school. Deposits above FDIC coverage are collateralized by the pledging institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the college and high school. As of June 30, 2013, none of the college and high school's bank balance of \$16,653,726 was exposed to custodial credit risk.

Investments:

Investment policies as set forth by board policy and by Section 37-101-15, Miss. Code Ann. (1972), authorizes the college and high school to invest in equity securities, bonds and other securities. Investments are reported at fair (market) value.

As of June 30, 2013, Coahoma Community College and Agricultural High School held the following investments:

| <u>Investment Type</u> | <u>Maturity (Years)</u> | <u>Fair Value</u> | <u>Rating</u> |
|-------------------------|-----------------------------|-----------------------|---------------|
| Certificates of Deposit | < 1 to 2 | \$ 12,886 | Not Rated |
| Money Market Funds | < 1 | 33 | Not Rated |
| Mutual Funds | < 1 | 1,709,020 | Not Rated |
| Total Investments | | \$ <u>1,721,939</u> | |

Interest Rate Risk – Interest rate risk is the risk that the college and high school may face should interest rate variances affect the fair value of its investments. Coahoma Community College and Agricultural High School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The credit risk ratings listed above are based upon the standards set by Standard and Poor's or Moody's rating services. Coahoma Community College and Agricultural High School does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 2: Cash and Cash Equivalents and Investments (Continued)

Custodial Credit Risk – Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the college and high school will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Coahoma Community College and Agricultural High School does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2013, none of the \$1,721,939 investment balance was exposed to custodial credit risk since the investment companies held all investments in the name of the college and high school.

Concentration of Credit Risk – Disclosure 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. Coahoma Community College and Agricultural High School does not have a formal investment policy that addresses concentration of credit risk. As of June 30, 2013, the college and high school did not have any investments requiring disclosure in accordance with the disclosure requirements described above.

Note 3: Accounts Receivable

Accounts receivable consisted of the following at June 30, 2013:

| | Balance 06/30/13 |
|--|----------------------------|
| Student tuition | \$ 2,953,374 |
| Federal, state, and private grants and contracts | 1,815,880 |
| State appropriations | 285,128 |
| County appropriations | <u>37,984</u> |
| Total accounts receivable | 5,092,366 |
| Less: Allowance for doubtful accounts | <u>(2,510,368)</u> |
| Net accounts receivable | <u><u>\$ 2,581,998</u></u> |

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Note 4: Prepaid Expenses

Prepaid expenses consist of prepaid construction and prepaid insurance. Prepaid construction consists of amounts paid to the Mississippi Office of Buildings, Grounds and Real Property management for various construction, renovation and repair projects on the college campus. Prepaid insurance consists of advance premiums paid to various agencies for the college and high school's various insurance policies. The allocation of these prepaid expenses is as follows:

| <u>Prepaid Expense</u> | <u>Amount</u> |
|----------------------------|-------------------|
| Prepaid construction costs | \$ 770,054 |
| Prepaid insurance premiums | <u>132,006</u> |
| Total Prepaid Expenses | <u>\$ 902,060</u> |

Note 5: Capital Assets

A summary of the college and high school's changes in capital assets for the year ended June 30, 2013, is presented on the next page:

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Note 5: Capital Assets (Continued)

| | Balance 07/01/12 | Additions | Deletions | Adjustments | Balance 06/30/13 |
|---|---------------------|--------------|--------------|-------------|---------------------|
| Nondepreciable capital assets | | | | | |
| Land | \$ 305,558 | \$ | \$ | \$ | \$ 305,558 |
| Construction in progress | 1,187,183 | 2,910,369 | (944,933) | 6,159 | 3,158,778 |
| Total cost of nondepreciable capital assets | 1,492,741 | 2,910,369 | (944,933) | 6,159 | 3,464,336 |
| Depreciable capital assets | | | | | |
| Improvements | | | | | |
| other than buildings | 3,102,464 | | | | 3,102,464 |
| Buildings | 38,880,163 | 1,253,933 | | | 40,134,096 |
| Equipment | 4,665,513 | 198,986 | | | 4,864,499 |
| Library books | 1,040,028 | 11,251 | | | 1,051,279 |
| Total depreciable capital assets | 47,688,168 | 1,464,170 | | | 49,152,338 |
| Less accumulated depreciation for: | | | | | |
| Improvements other than buildings | 851,084 | 121,498 | | | 972,582 |
| Buildings | 13,573,003 | 914,958 | | 629 | 14,488,590 |
| Equipment | 3,567,768 | 268,361 | | | 3,836,129 |
| Library books | 980,467 | 24,784 | | | 1,005,251 |
| Total accumulated depreciation | 18,972,322 | 1,329,601 | | 629 | 20,302,552 |
| Total depreciable capital assets - net | 28,715,846 | 134,569 | | (629) | 28,849,786 |
| Total capital assets, net | \$ 30,208,587 | \$ 3,044,938 | \$ (944,933) | \$ 5,530 | \$ 32,314,122 |

Amounts in the adjustments column are the amounts required to adjust the final cost and accumulated depreciation of the new administration building capitalized in the prior year to their actual values.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 5: Capital Assets (Continued)

Depreciation is computed on a straight-line basis with the exception of the library books category, which is computed using a composite method. The following useful lives, salvage values, and capitalization thresholds are used to compute depreciation:

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

Note 6: Long-term Liabilities

Long-term liabilities of the college and high school consist of notes and bonds payable and certain other liabilities that are expected to be liquidated at least one year from June 30, 2013.

Information regarding original issue amounts, interest rates, and maturity dates for bonds and notes included in the long-term liabilities balance at June 30, 2013, is listed in the schedule on the following page. A schedule detailing the annual requirements necessary to amortize the outstanding debt is provided on the second page following.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Note 6: Long-term Liabilities (Continued)

| Description and Purpose | Original Issue | Annual Interest Rate | Maturity | Balance 07/01/12 | Additions | Deletions | Balance 06/30/13 | Current Portion |
|---|-------------------|-------------------------|----------|---------------------|------------|------------|---------------------|--------------------|
| Bonded debt: | | | | | | | | |
| Coahoma County Agricultural High School, State aid capital improvement bonds, series 1998 | \$ 541,000 | 5.00% | 2018 | \$ 224,000 | \$ -0- | \$ 33,000 | \$ 191,000 | \$ 35,000 |
| Total bonded debt | | | | 224,000 | -0- | 33,000 | 191,000 | 35,000 |
| Notes payable: | | | | | | | | |
| Education facilities notes, series 1998 | \$ 2,500,000 | 4.625%-6.10% | 2013 | 230,000 | -0- | 230,000 | -0- | -0- |
| Department of Environmental Quality State Revolving Fund Loan Program | \$ 318,144 | 4.00% | 2014 | 24,691 | -0- | 22,753 | 1,938 | 1,938 |
| Department of Education note 2014019 | \$ 783,136 | 1.00% | 2016 | -0- | 783,136 | -0- | 783,136 | 233,804 |
| Total notes payable | | | | 254,691 | 783,136 | 252,753 | 785,074 | 235,742 |
| Other long-term liabilities: | | | | | | | | |
| Deposits refundable | | | | 4,280 | -0- | 1,000 | 3,280 | -0- |
| Total other long-term liabilities | | | | 4,280 | -0- | 1,000 | 3,280 | -0- |
| Total | | | | \$ 482,971 | \$ 783,136 | \$ 286,753 | 979,354 | \$ 270,742 |
| Due within one year | | | | | | | 270,742 | |
| Total long-term liabilities | | | | | | | \$ 708,612 | |

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Note 6: Long-term Liabilities (Continued)

The annual debt service requirements to amortize outstanding long-term liabilities as of June 30, 2013 are as follows:

| <u>Fiscal Year</u> <u>Ending June 30:</u> | <u>Bonded</u> <u>Debt</u> | <u>Notes</u> <u>Payable</u> | <u>Interest</u> | <u>Total</u> |
|--|------------------------------|--------------------------------|------------------|---------------------|
| 2014 | 35,000 | 235,742 | 9,556 | 280,298 |
| 2015 | 36,000 | 313,904 | 7,800 | 357,704 |
| 2016 | 38,000 | 235,428 | 6,000 | 279,428 |
| 2017 | 40,000 | | 4,100 | 44,100 |
| 2018 | 42,000 | | 2,100 | 44,100 |
| Totals | <u>\$ 191,000</u> | <u>\$ 785,074</u> | <u>\$ 29,556</u> | <u>\$ 1,005,630</u> |

Note 7: Operating Leases

Leased property under operating leases is composed of photocopiers. The following is a schedule by years of the future minimum rental payments required under those operating leases.

| <u>Fiscal Year Ending June 30:</u> | <u>Amount</u> |
|------------------------------------|-------------------|
| 2014 | 80,197 |
| 2015 | 61,586 |
| 2016 | 46,618 |
| 2017 | 30,858 |
| 2018 | 7,360 |
| Total minimum payments required | <u>\$ 226,619</u> |

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the fiscal year ended June 30, 2013, was \$85,192.

Note 8: Natural Classifications with Functional Classifications

The table on the following page lists the institution's operating expenses by natural and functional classifications as of June 30, 2013:

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Note 8: Natural Classifications with Functional Classifications (Continued)

| Functional Classification | Year Ended June 30, 2013 | | | | | | | |
|---------------------------|--------------------------|--------------------|-------------------------|--------------|------------|--------------------------|-------------------------------|---------------|
| | Natural Classification | | | | | | | |
| | Salaries & Wages | Fringe Benefits | Contractual Services | Commodities | Travel | Utilities & Insurance | Scholarships & Fellowships | Total |
| Instruction | \$ 6,971,189 | \$ 2,039,848 | \$ 893,394 | \$ 2,316,937 | \$ 199,529 | \$ -0- | \$ -0- | \$ 12,420,897 |
| Academic Support | 1,107,418 | 348,346 | 524,021 | 561,704 | 37,756 | -0- | -0- | 2,579,245 |
| Student Services | 1,960,683 | 530,431 | 409,699 | 301,581 | 53,297 | -0- | -0- | 3,255,691 |
| Institutional Support | 1,527,619 | 478,727 | 1,257,771 | 348,701 | 50,440 | -0- | -0- | 3,663,258 |
| Operation of Plant | 809,095 | 334,662 | (253,225) | 549,907 | 2,359 | 853,114 | -0- | 2,295,912 |
| Student Aid | -0- | -0- | 405 | -0- | -0- | -0- | 2,978,295 | 2,978,700 |
| Auxiliary Enterprises | 174,153 | 63,314 | 647,792 | 1,219,644 | 2,372 | -0- | -0- | 2,107,275 |
| Depreciation | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 1,329,601 |
| Total Operating Expenses | \$ 12,550,157 | \$ 3,795,328 | \$ 3,479,857 | \$ 5,298,474 | \$ 345,753 | \$ 853,114 | \$ 2,978,295 | \$ 30,630,579 |

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 9: Construction Commitments and Financing

During the 2009/2010 school year, the college contracted for the construction of a new female dormitory. During the 2011/2012 school year, the college contracted for replacement roofing on selected campus buildings, installation of an energy management system and renovation of the B. F. McLaurin Vocational-Technical Center. As of June 30, 2013 the estimated costs to complete these projects and the sources of anticipated funding are presented below:

| <u>Project</u> | <u>Total Costs to Complete</u> | <u>State Sources</u> | <u>Other Sources</u> |
|---------------------------|------------------------------------|--------------------------|--------------------------|
| Female Dormitory | \$ 3,889,348 | \$ 3,226,386 | \$ 662,962 |
| Campus Roofing Projects | 494,865 | 494,865 | -0- |
| Energy Management System | 1,200,000 | 650,000 | 550,000 |
| B. F. McLaurin Renovation | 991,956 | 421,276 | 570,680 |
| Totals | <u>\$ 6,576,169</u> | <u>\$ 4,792,527</u> | <u>\$ 1,783,642</u> |

On May 15, 2013 the Coahoma County Board of Supervisors transferred property valued at \$309,000 to Coahoma Community College for use in its Allied Health Programs. The property was in the beginning stages of the process of renovating it for its intended use at June 30, 2013. Accordingly, the total estimated cost of its renovation had not yet been determined at June 30, 2013.

Note 10: Pension Plan

Plan Description. Coahoma Community College and Agricultural High School contributes to 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 State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 10: Pension Plan (Continued)

Funding Policy. PERS members are required to contribute 9% of their annual covered salary and the institution is required to contribute at an actuarially determined rate. The institution's rate for the fiscal year ending June 30, 2013 was 14.26% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The institution's contributions to PERS for the years ending June 30, 2013, 2012, and 2011, were \$1,709,838, \$1,434,293, and \$1,363,226, respectively, which equaled the required contributions for each year.

Note 11: Insurance Recoveries

Coahoma Community College and Agricultural High School received insurance recoveries in the amount of \$18,659 during the year, which represents the amount refunded upon completion of the insurance carrier's worker's compensation audit. This amount is included as a component of Other Nonoperating Revenues in the Statement of Revenues, Expenses and Changes in Net Position.

Note 12: Concentrations

Coahoma Community College and Agricultural High School receive a significant portion of its revenues from federal and state funding programs and grants. Future funding of these programs is necessary for the college and high school to continue the current level of its programs and courses offered.

Note 13: Contingencies

Federal Grants – Coahoma Community College and Agricultural High School has received federal grants for specific purposes that are subject to audit by grantor agencies. Entitlements to those resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the college and high school.

Note 14: Risk Management

Coahoma Community College and Agricultural High School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The college and high school carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the three past fiscal years.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 15: U. S. Department of Education Assessment

The U. S. Department of Education's School Participation Team – Atlanta conducted a program review of the college's financial programs for the 2010/2011 and 2011/2012 award years and issued their program review report on September 7, 2012. On October 28, 2013 the Department of Education issued their final program review determination. The final determination requires the college to return \$776,643 to the Department of Education. The Department of Education's repayment agreement with the college requires the college to make a 20% down payment in the amount of \$155,328.60 upon signing the agreement, followed by 24 payments in the amount of \$26,158.63, including interest, commencing on April 1, 2014.

Note 16: Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Coahoma Community College and Agricultural High School evaluated the activity of the college and high school through February 20, 2014 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.

COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Coahoma Community College Foundation, Inc. (The Foundation) is a legally separate, tax-exempt nonprofit organization founded in 1981 to promote, establish, maintain and disperse Foundation funds to support the mission and objectives of Coahoma Community College, its students, alumni and staff. The Foundation acts primarily as a fund raising and public relations organization to supplement the resources available to Coahoma Community College in support of its programs.

The Foundation is exempt from corporate income taxes granted by the Internal Revenue Service (IRS) under Section 501(c) (3) of the Internal Revenue Code. The State of Mississippi income tax laws recognize the Foundation as a tax-exempt organization for Mississippi income tax purposes.

The accounting policies of Coahoma Community College Foundation, Inc. conform to the accounting principles generally accepted in the United States of America applicable to nonprofit organizations. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Foundation have been prepared using the accrual basis of accounting. The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Under ASC 958, the Foundation is required to report the information regarding its financial position and activities according to three classifications of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

Unrestricted Net Assets

Unrestricted net assets are not subject to any donor-imposed restrictions. Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is limited by explicit donor restrictions. Expirations of temporary restrictions on net assets, that is, the donor-imposed restriction having been accomplished and/or the specified 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 the donor-imposed 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 scholarships, capital projects or athletic programs.

Permanently Restricted Net Assets

Permanently restricted net assets include gifts required by donors to be permanently retained. Income and capital gains may or not be used depending upon the restrictions imposed by the donor.

Contributions

Contributions received by the Foundation are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, that is when the designated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents are considered to be all unrestricted highly liquid investments with maturities of three months or less at the time of their acquisition.

Fair Value of Financial Instruments

The carrying amount for cash and cash equivalents at June 30, 2013 are their fair values.

Fund Raising

The Foundation conducts fund raising activities throughout the year. Revenue related to fund raising activities is included under revenues in the Statement of Activities and is listed as contributions.

The expenses related to fund raising activities is included under supporting services in the Statement of Activities and are for expenses incurred in inducing individuals to make contributions to the Foundation for which the contributor will receive no direct economic benefit.

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 among the appropriate programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Note 2: Concentrations of Credit Risks

Financial instruments which potentially subject the Foundation to concentrations of credit risk consists of cash. The Foundation places its cash in creditworthy, high quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) provides up to \$250,000 coverage on deposits at each financial institution. At June 30, 2013 all \$64,331 of the Foundation's cash deposits were fully insured by the FDIC.

Note 3: Subsequent Events

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of Coahoma Community College Foundation, Inc. has evaluated the activity of the Foundation through February 20, 2014 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.

SUPPLEMENTAL INFORMATION

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

| <u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u> | <u>Catalog of Federal Domestic Assistance Number</u> | <u>Federal Expenditures</u> |
|---|--|---------------------------------|
| U.S. Department of Agriculture | | |
| Child Nutrition Cluster: | | |
| Pass-through Programs From: | | |
| Mississippi Department of Education - National School Lunch Program | 10.555 | \$ <u>112,973</u> |
| Total Child Nutrition Cluster | | <u>112,973</u> |
| Total U.S. Department of Agriculture | | <u>112,973</u> |
| U.S. Department of Labor | | |
| WIA Cluster: | | |
| Pass-through Programs From: | | |
| Delta Workforce Investment Area - WIA Youth Activities | 17.259 | 123,847 |
| Mississippi Department of Employment Security - Various WIA Programs | 17.XXX | <u>43,041</u> |
| Total WIA Cluster | | <u>166,888</u> |
| Total U.S. Department of Labor | | <u>166,888</u> |
| <u>National Aeronautics and Space Administration</u> | | |
| Pass-through Programs From: | | |
| University of Mississippi - Aerospace Education Services Program | 43.001 | <u>5,000</u> |
| Total National Aeronautics and Space Administration | | <u>5,000</u> |
| <u>National Endowment for the Arts</u> | | |
| Pass-through Programs From: | | |
| Mississippi Arts Commission - Promotion of the Arts - Partnership Agreements | 45.025 | <u>3,500</u> |
| Total National Endowment for the Arts | | <u>3,500</u> |

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

| <u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u> | <u>Catalog of Federal Domestic Assistance Number</u> | <u>Federal Expenditures</u> |
|--|--|---------------------------------|
| National Endowment for the Humanities | | |
| Pass-through Programs From: | | |
| Mississippi Humanities Council - Promotion of the Humanities - Federal/State Partnership | 45.129 | <u>3,000</u> |
| Total National Endowment for the Humanities | | <u>3,000</u> |
| <u>U.S. Department of Education</u> | | |
| Student Financial Aid Cluster: | | |
| Federal Supplemental Educational Opportunity Grants (FSEOG) | 84.007 | 255,661 |
| Federal Work-Study Program (FWS) | 84.033 | 293,462 |
| Federal Pell Grant Program (PELL) | 84.063 | <u>9,882,682</u> |
| Total Student Financial Aid Cluster | | <u>10,431,805</u> |
| TRIO Cluster: | | |
| TRIO - Talent Search | 84.044 | 214,660 |
| TRIO - Upward Bound | 84.047 | <u>464</u> |
| Total TRIO Cluster | | <u>215,124</u> |
| Other Department of Education Programs: | | |
| Higher Education - Institutional Aid | 84.031 | 3,829,950 |
| Rural Education | 84.358 | 2,714 |
| Pass-through Programs From: | | |
| Mississippi Community College Board - Adult Education - Basic Grants to States | 84.002 | 136,838 |
| Mississippi Department of Education - Title I Grants to Local Educational Agencies | 84.010 | 122,727 |
| Mississippi Department of Education - Special Education - Grants to States | 84.027 | 32,574 |
| Mississippi Department of Education - Career and Technical Education - Basic Grants to States | 84.048 | 322,498 |
| Mississippi Department of Education - Improving Teacher Quality State Grants | 84.367 | 25,832 |

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

| <u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u> | <u>Catalog of Federal Domestic Assistance Number</u> | <u>Federal Expenditures</u> |
|--|--|---------------------------------|
| Other Department of Education Programs (Continued): | | |
| Pass-through Programs From: | | |
| Mississippi Department of Education - School Improvement Grants | 84.377 | 117,964 |
| Mississippi Community College Board - Statewide Data Systems, Recovery Act | 84.384 | 12,000 |
| Total U.S. Department of Education | | <u>15,250,026</u> |
| U. S. Department of Health and Human Services | | |
| Pass-through Programs From: | | |
| Mississippi Department of Human Services - Temporary Assistance for Needy Families (TANF) | 93.558 | 164,726 |
| Mississippi Department of Human Services - Social Services Block Grant | 93.667 | 71,612 |
| Total U. S. Department of Health and Human Services | | <u>236,338</u> |
| Total Expenditures of Federal Awards | | <u><u>15,777,725</u></u> |

Notes to Schedule of Expenditures of Federal Awards:

This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the general purpose financial statements.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

J.E. VANCE & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the President and Board of Trustees
Coahoma Community College and Agricultural High School
Clarksdale, Mississippi 38614

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 Coahoma Community College and Agricultural High School as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Coahoma Community College and Agricultural High School's basic financial statements, and have issued our report thereon dated February 20, 2014. The financial statements of Coahoma 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 Coahoma Community College and Agricultural High School'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 Coahoma Community College and Agricultural High School's internal control. Accordingly, we do not express an opinion on the effectiveness of Coahoma Community College and Agricultural High School'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 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 with 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 might be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coahoma Community College and Agricultural High School's financial statements are free of 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 of 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.

Tupelo, Mississippi
February 20, 2014

J. E. Vance & Company

J.E. VANCE & COMPANY, P.A.

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

To the President and Board of Trustees
Coahoma Community College and Agricultural High School
Clarksdale, Mississippi 38614

Report on Compliance for Each Major Federal Program

We have audited Coahoma Community College and Agricultural High School's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Coahoma Community College and Agricultural High School's major federal programs for the year ended June 30, 2013. Coahoma Community College and Agricultural High School's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Coahoma Community College and Agricultural High School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Coahoma Community College and Agricultural High School 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 Coahoma Community College and Agricultural High School'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 Coahoma Community College and Agricultural High School'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 as 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 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 on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Tupelo, Mississippi
February 20, 2014

J. E. Vance & Company

J.E. VANCE & COMPANY, P.A.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the President and Board of Trustees
Coahoma Community College and Agricultural High School
Clarksdale, Mississippi 38614

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Coahoma Community College and Agricultural High School as of and for the year ended June 30, 2013, which collectively comprise Coahoma Community College and Agricultural High School's basic financial statements and have issued our report thereon dated February 20, 2014. 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.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, 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 procedures performed to test compliance with certain 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 and high school's board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tupelo, Mississippi
February 20, 2014



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 2. Material Noncompliance relating to the financial statements? | No |
| 3. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- | | |
|--|---|
| 4. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 5. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |
| 6. Any audit finding(s) reported as required by Section ____ .510(a) of OMB Circular A-133? | No |
| 7. Federal programs identified as major programs: | |
| a. Student Financial Assistance Cluster: | |
| CFDA 84.007 | Federal Supplemental Educational Opportunity Grants |
| CFDA 84.033 | Federal Work-Study Program |
| CFDA 84.063 | Federal Pell Grant Program |
| b. Higher Education – Institutional Aid | |
| CFDA 84.031 | |

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

- | | |
|--|-----------|
| 8. The dollar threshold used to distinguish between Type A and Type B programs: | \$473,332 |
| 9. Auditee qualified as low-risk auditee? | No |
| 10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ .315(b) of OMB Circular A-133? | Yes |

Section 2: Financial Statement Findings

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 3: Federal Award Findings and Questioned Costs

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

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

3240 Friars Point Road
Clarksdale, Mississippi 38614-9799
662-627-2571



Summary Schedule of Prior Audit Findings For the Year Ending June 30, 2012

As required by Section __.315 (b) of OMB Circular A-133, Community College has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2012:

| <u>Finding</u> | <u>Status</u> |
|----------------|---------------|
|----------------|---------------|

| | |
|-------|--------------------------|
| 12-01 | Corrective Action Taken: |
|-------|--------------------------|

Supervisors are mandated to submit timesheets by the 20th of each month to ensure timely payment of students within a 30-day period. If the supervisor is not in compliance with this mandate, the supervisor will be removed from the FWS (Federal Work Study Program). The student worker has also been given the responsibility, in contractual form, for ensuring that their timesheet is submitted and processed by the supervisor by the 20th day of each month. A written Federal Work Study policy citing the same has been implemented for the new program year.

| | |
|-------|--------------------------|
| 12-02 | Corrective Action Taken: |
|-------|--------------------------|

The college has initiated procedures that require verification if a student's eligibility to receive their Pell grant payment for each semester. The procedures are monitored and tracked on a per semester basis. Based on the college's satisfactory academic progress appeal policy, if the student's appeal is successful, the student must satisfy the indicators of an academic plan devised by the Academic Counseling Center, with the assistance of faculty and Student Affairs and Supports Services, in an effort to initiate an early intervention of the threat of a student not meeting academic standards satisfactorily. The measures indicated provide streamlined fiscal control to prevent awarding and disbursement of Pell payments to students that are ineligible to receive those funds.