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**COAHOMA COMMUNITY COLLEGE  
AND EARLY COLLEGE HIGH SCHOOL  
FINANCIAL AUDIT REPORT  
YEAR ENDED JUNE 30, 2018**

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
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**INDEPENDENT AUDITORS' REPORT**

To the President and Board of Trustees  
Coahoma Community College and Early College 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 Early College High School as of and for the year ended June 30, 2018, 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. We audited the financial statements of the Coahoma Community College Foundation, Inc. as of and for the year ended June 30, 2018, which represents 100 percent of the activities of the discretely presented component unit.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the 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 on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Early College High School as of June 30, 2018, 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 7 through 24, the Schedules of the Proportionate Share of Net Pension Liability and PERS Contributions on pages 68 and 69, the Schedules of the Proportionate Share of Net OPEB Liability and OPEB Contributions on pages 70 and 71, and the notes related to these schedules on pages 72 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by The Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

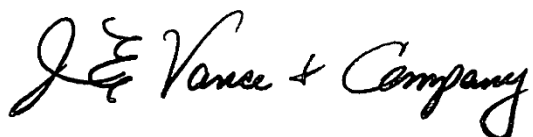
### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Coahoma Community College and Early College High School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The accompanying 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 accompanying schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our reported dated February 18, 2019, on our consideration of Coahoma Community College and Early College 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 Early College High School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "J. E. Vance + Company". The signature is written in dark ink and is positioned above the printed text of the firm's name.

Tupelo, Mississippi  
February 18, 2019



## **Coahoma Community College and Early College High School**

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Management's Discussion and Analysis  
For the Year Ended June 30, 2018

This section of the Coahoma Community College and Early College 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, 2018. 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 Early College 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, deferred outflows of resources, liabilities and deferred inflows of resources and net position. 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 Early College High School**

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Management's Discussion and Analysis  
For the Year Ended June 30, 2018

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 decreased 5.1% from the prior year based on headcount.

<b>Year</b>	<b>Total Students Enrolled in Fall</b>
<b>2008</b>	<b>2,263</b>
<b>2009</b>	<b>2,621</b>
<b>2010</b>	<b>2,741</b>
<b>2011</b>	<b>2,301</b>
<b>2012</b>	<b>2,305</b>
<b>2013</b>	<b>2,072</b>
<b>2014</b>	<b>2,044</b>
<b>2015</b>	<b>2,209</b>
<b>2016</b>	<b>2,189</b>
<b>2017</b>	<b>2,077</b>

- Gross revenue from tuition and fees increased 7.2% from the prior year.
- Revenue from federal, state and non-governmental grants decreased by 2.3% from the prior year.
- Revenue from state and county appropriations increased by 1.8% from the prior year.
- The value of the endowment fund increased by 11.0% from the prior year.

## Coahoma Community College and Early College High School

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### Condensed Statements of Net Position

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Increase (Decrease)</u>
Assets			
Current Assets	\$ 12,985,743	\$ 13,338,805	\$ (353,062)
Noncurrent Assets:			
Capital Assets, Net	36,084,766	36,645,088	(560,322)
Other Assets	<u>5,075,621</u>	<u>4,027,155</u>	<u>1,048,466</u>
Total Assets	<u>54,146,130</u>	<u>54,011,048</u>	<u>135,082</u>
Deferred Outflows			
Pensions	3,714,475	7,852,711	(4,138,236)
Other Post-Employment Benefits	<u>103,468</u>	<u>-0-</u>	<u>103,468</u>
Total Deferred Outflows	<u>3,817,943</u>	<u>7,852,711</u>	<u>(4,034,768)</u>
Liabilities			
Current Liabilities	1,316,731	1,202,573	114,158
Noncurrent Liabilities:			
Refundable Deposits	37,123	30,568	6,555
Net Pension Liability	33,246,788	35,724,994	(2,478,206)
Net OPEB Liability	<u>1,596,607</u>	<u>-0-</u>	<u>1,596,607</u>
Total Liabilities	<u>36,197,249</u>	<u>36,958,135</u>	<u>(760,886)</u>
Deferred Inflows			
Pensions	727,341	-0-	727,341
Other Post-Employment Benefits	<u>115,933</u>	<u>-0-</u>	<u>115,933</u>
Total Deferred Inflows	<u>843,274</u>	<u>-0-</u>	<u>843,274</u>
Net Position			
Net Investment in Capital Assets	36,084,766	36,603,088	(518,322)
Restricted:			
Nonexpendable Scholarships	2,630,465	2,372,828	257,637
Expendable Scholarships	100,000	1,063,881	(963,881)
Capital Projects	500,000	500,000	-0-
Unrestricted	<u>(18,391,681)</u>	<u>(15,634,173)</u>	<u>(2,757,508)</u>
Total Net Position	<u>\$ 20,923,550</u>	<u>\$ 24,905,624</u>	<u>\$ (3,982,074)</u>

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **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 in the college and high school's financial statements was \$8,556,988 at June 30, 2018, a decrease of \$1,456,263 from \$10,013,251 at June 30, 2017.

##### **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 \$3,632,758 at June 30, 2018, an increase of \$903,208 from \$2,729,550 at June 30, 2017.

##### **Inventories**

The college and high school maintain inventories of merchandise for resale in the bookstore 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 \$153,606 at June 30, 2018, an increase of \$26,078 from \$127,528 at June 30, 2017.

##### **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 the campus security fence which is expected to be completed during the 2018/2019 school year. Prepaid construction at June 30, 2018 was \$507,793, an increase of \$182,670 from \$325,123 at June 30, 2017. Prepaid insurance consists of advance premiums paid on the college and high school's various insurance policies. Prepaid insurance at June 30, 2018 was \$134,598, a decrease of \$8,755 from \$143,353 at June 30, 2017.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **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 was \$2,445,156 at June 30, 2018, an increase of \$790,829 from \$1,654,327 at June 30, 2017.

#### **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 was \$2,630,465 at June 30, 2018, an increase of \$257,637 from \$2,372,828 at June 30, 2017.

#### **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 \$36,084,766 at June 30, 2018, a decrease of \$560,322 from \$36,645,088 at June 30, 2017.

#### **Deferred Outflows**

Deferred outflows represent the amount of net position consumed by the college and high school's pension and other post-employment benefits plans that applies to future periods and will not be recognized as an outflow of resources (expense) until the applicable period. Deferred outflows for pensions were \$3,714,475 at June 30, 2018, a decrease of \$4,138,236 from \$7,852,711 at June 30, 2017. Deferred outflows for other post-employment benefits were \$93,544 for the college and \$9,924 for the high school for a combined total of \$103,468 at June 30, 2018, which is the first year that deferred outflows for other post-employment benefits were required to be reported. The decrease in deferred outflows for pensions is related to a significant decrease in the deferred outflows recognized in the performance of the State retirement system for the fiscal year ending June 30, 2017.

### **Liabilities**

#### **Current Liabilities**

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

Accounts payable and accrued liabilities represent amounts due at June 30, 2018 for goods and services received before the end of the fiscal year. Accounts payable and accrued liabilities totaled \$857,227 at June 30, 2018, an increase of \$ 23,755 from \$833,472 at June 30, 2017.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **Net Other Post-Employment Benefits Liability - Current Portion**

Net other post-employment benefits liability – current portion represents the portion of the net other post-employment benefits liability that is due within one year. The current portion of the net other post-employment benefits liability as of June 30, 2018 was \$61,172 for the college and \$9,924 for the high school for a combined total of \$71,096, which is the first year that net other post-employment benefit liabilities were required to be reported.

### **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. There was no current portion of bonds and notes due at June 30, 2018, a decrease of \$42,000 from \$42,000 due at June 30, 2017.

### **Other Current Liabilities**

Other current liabilities consist of funds held for student organizations to be disbursed in future years. Other current liabilities were \$388,408 at June 30, 2018, an increase of \$61,307 from \$327,101 at June 30, 2017.

### **Noncurrent Liabilities**

#### **Refundable Deposits**

Refundable deposits consist of student housing deposits to be refunded to students. Student housing deposits refundable were \$37,123 at June 30, 2018, an increase of \$6,555 from \$30,568 at June 30, 2017.

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

Long-term liabilities consist of the college and high school's share of the PERS net pension liability and the State's other post-employment benefits liability. The net pension liability was \$33,246,788 as of June 30, 2018, a decrease of \$2,478,206 from \$35,724,994 as of June 30, 2017. The net other post-employment benefits liability as of June 30, 2018 was \$1,373,734 for the college and \$222,873 for the high school for a combined total of \$1,596,607, which is the first year that net other post-employment benefit liabilities were required to be reported.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **Deferred Inflows**

Deferred inflows represent the amount of net position acquired by the college and high school's pension plan and other post-employment benefits that applies to future periods and will not be recognized as an inflow of resources (revenue) until the applicable period. Deferred inflows for pensions were \$727,341 at June 30, 2018; there were no deferred inflows for pensions at June 30, 2017. Deferred inflows for other post-employment benefits were \$115,933 at June 30, 2018, which is the first year that deferred inflows for other post-employment benefits were required to be reported. The increase in deferred inflows is related the increase in the deferred inflows recognized in the performance s of the State retirement system and the State's other post-employment benefits plans for the fiscal year ending June 30, 2017.

### **Net Position**

Net position represents the difference between the college and high school's assets and deferred outflows of resources and its liabilities and deferred inflows of resources. The college and high school's net position decreased by \$2,384,919 from normal operations in the current year. The college and high school's net position also decreased by \$1,597,155 due to the recording of a prior period adjustment made to record the first year's net other post-employment benefits liability. As a result, the total net position at June 30, 2018 was \$20,923,550, compared to \$24,905,624, at June 30, 2017.

### **Net Investment in Capital Assets**

Net investment in capital assets consists of the college's net position invested in capital assets less the outstanding amount of capital related debt. Net position invested in capital assets was \$36,084,766 at June 30, 2018, a decrease of \$518,322 from \$36,603,088 at June 30, 2017.

### **Restricted Net Position**

Restricted nonexpendable net position consists of endowment gifts with specific restrictions given on spending the principal. 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, 2018 was \$3,230,465 of which \$2,630,465 was nonexpendable. Restricted net position at June 30, 2017 was \$3,936,709 of which \$2,372,828 was nonexpendable. Restricted net position decreased by \$706,244 from June 30, 2107 to June 30, 2018. The nonexpendable portion increased \$257,637 from June 30, 2017 to June 30, 2018.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **Unrestricted Net Deficit**

Unrestricted net deficit 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 deficit was \$18,391,681 at June 30, 2018, a deficit increase of \$2,757,508 from the \$15,634,173 unrestricted net deficit at June 30, 2017. The change in the unrestricted net deficit is explained below:

### **Analysis of Unrestricted Net Position**

	<b><u>June 30, 2018</u></b>	<b><u>June 30, 2017</u></b>	<b><u>Increase (Decrease)</u></b>
Unrestricted Net Position,			
General and Auxiliary Funds	\$ 13,464,580	\$ 12,238,110	\$ 1,226,470
Net Deficit, Pensions Fund	(30,259,654)	(27,872,283)	(2,387,371)
Net Deficit, OPEB Fund	<u>(1,596,607)</u>	<u>-0-</u>	<u>(1,596,607)</u>
Total Unrestricted Net Deficit	\$ <u>(18,391,681)</u>	\$ <u>(15,634,173)</u>	\$ <u>(2,757,508)</u>

The change in the unrestricted net position of the general and auxiliary funds is related to the changes in pension and other post-employment benefits expense adjustments between June 30, 2017 and June 30, 2018. The change in the pension and other post-employment benefits funds are related to the performances of the State retirement system and the State other post-employment benefits plans for the fiscal year ending June 30, 2017.



## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b><u>June 30, 2018</u></b>	<b><u>June 30, 2017</u></b>	<b><u>(Decrease)</u></b>
Operating Revenues:			
Tuition and Fees, Net	\$ 12,911	\$ (281,242)	\$ 294,153
Grants and Contracts	16,668,596	17,056,300	(387,704)
Sales and Services	39,853	41,950	(2,097)
Auxiliary Enterprises, Net	1,100,189	1,181,330	(81,141)
Other Operating Revenues	<u>350,278</u>	<u>197,149</u>	<u>153,129</u>
Total Operating Revenues	18,171,827	18,195,487	(23,660)
Operating Expenses	<u>34,135,963</u>	<u>34,552,926</u>	<u>(416,963)</u>
Operating Loss	<u>(15,964,136)</u>	<u>(16,357,439)</u>	<u>393,303</u>
Nonoperating Revenues:			
State Appropriations	9,420,882	9,362,878	58,004
County Appropriations	3,046,699	2,889,647	157,052
Investment Income, Net	172,453	113,977	58,476
Interest Expense on Capital Asset Related Debt	<u>(1,050)</u>	<u>(4,100)</u>	<u>3,050</u>
Net Nonoperating Revenues	<u>12,638,984</u>	<u>12,362,402</u>	<u>276,582</u>
Income (Loss) Before Other Revenues	(3,325,152)	(3,995,037)	669,885
State Appropriations Restricted for Capital Projects	547,002	1,094,528	(547,526)
Other Additions and (Deletions)	<u>393,231</u>	<u>251,891</u>	<u>141,340</u>
Total Other Revenues	<u>940,233</u>	<u>1,346,419</u>	<u>(406,186)</u>
Increase (Decrease) in Net Position	(2,384,919)	(2,648,618)	263,699
Net Position at Beginning of Year, as Previously Reported	24,905,624	27,554,242	(2,648,618)
Prior Period Adjustment	<u>(1,597,155)</u>	<u>-0-</u>	<u>(1,597,155)</u>
Net Position at Beginning of Year, Restated	23,308,469	27,554,242	(4,245,773)
Net Position at End of Year	<u>\$ 20,923,550</u>	<u>\$ 24,905,624</u>	<u>\$ (3,982,074)</u>

## **Coahoma Community College and Early College High School**

### **Management's Discussion and Analysis For the Year Ended June 30, 2018**

Total operating loss for the year ending June 30, 2018 was \$15,964,136, a loss decrease of \$393,303 from \$16,357,439 for the year ending June 30, 2017. 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, 2018 were \$18,171,827, a decrease of \$23,660 from total operating revenues of \$18,195,487, for the fiscal year ending June 30, 2017. Operating expenses totaled \$34,135,963 for the fiscal year ending June 30, 2018. Operating expenses for the fiscal year ending June 30, 2017 totaled \$34,552,926. The total operating expenses for the year ending June 30, 2018 decreased \$416,963 from the total operating expenses for the year ending June 30, 2017.

### **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, 2018 were \$5,875,059, an increase of \$396,767 from \$5,478,292 for the fiscal year ending June 30, 2017. Tuition and fees net of scholarship allowances were \$12,911 for the fiscal year ending June 30, 2018, an increase of \$294,153 from (\$281,242) for the fiscal year ending June 30, 2017.

##### **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 Early College High School**

### **Management's Discussion and Analysis For the Year Ended June 30, 2018**

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

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b><u>June 30, 2018</u></b>	<b><u>June 30, 2017</u></b>	<b><u>(Decrease)</u></b>
Federal Sources:			
Department of Education	\$ 12,072,817	\$ 12,426,392	\$ (353,575)
Other Federal Sources	592,553	715,355	(122,802)
State Sources:			
Mississippi Community College Board	2,372,159	2,016,434	355,725
Mississippi Department of Education	748,293	1,051,414	(303,121)
Other Sources	<u>882,774</u>	<u>846,705</u>	<u>36,069</u>
Total All Sources	\$ <u>16,668,596</u>	\$ <u>17,056,300</u>	\$ <u>(387,704)</u>

### **Sales and Services**

Sales and services consist of income from athletic activities that totaled \$39,853 for the fiscal year ending June 30, 2018, a decrease of \$2,097 from \$41,950 for the fiscal year ending June 30, 2017.

### **Auxiliary Enterprises**

Auxiliary enterprises consist 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 \$1,100,189 for the fiscal year ending June 30, 2018, a decrease of \$81,141 from \$1,181,330 for the fiscal year ending June 30, 2017.

### **Operating Expenses**

As indicated previously, operating expenses for the fiscal year ending June 30, 2018 totaled \$34,135,963, a decrease of \$416,963 from the total of \$34,552,926 for the fiscal year ending June 30, 2017. The changes in components of operating expenses from the year ending June 30, 2017 to the year ending June 30, 2018 are shown on the next page.

## **Coahoma Community College and Early College High School**

### **Management's Discussion and Analysis For the Year Ended June 30, 2018**

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b><u>June 30, 2018</u></b>	<b><u>June 30, 2017</u></b>	<b><u>(Decrease)</u></b>
<b>Operating Expenses by Function:</b>			
Instruction	\$ 12,977,921	\$ 13,162,321	\$ (184,400)
Academic Support	3,321,025	3,259,466	61,559
Student Services	4,039,061	4,268,110	(229,049)
Institutional Support	3,657,674	3,382,861	274,813
Operations and Maintenance of Plant	3,703,842	3,532,167	171,675
Student Financial Aid	2,363,631	2,602,862	(239,231)
Auxiliary Enterprises	2,111,633	2,371,895	(260,262)
Depreciation	<u>1,961,176</u>	<u>1,973,244</u>	<u>(12,068)</u>
<b>Total Operating Expenses by Function</b>	<b>\$ <u>34,135,963</u></b>	<b>\$ <u>34,552,926</u></b>	<b>\$ <u>(416,963)</u></b>

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b><u>June 30, 2018</u></b>	<b><u>June 30, 2017</u></b>	<b><u>(Decrease)</u></b>
<b>Operating Expenses by Object:</b>			
Salaries and Wages	\$ 13,105,747	\$ 13,132,027	\$ (26,280)
Fringe Benefits	6,571,769	7,061,605	(489,836)
Contractual Services	4,910,974	5,090,775	(179,801)
Commodities	3,854,368	3,310,016	544,352
Scholarships and Fellowships	2,363,631	2,602,645	(239,014)
Travel	298,189	325,916	(27,727)
Utilities and Insurance	1,070,109	1,056,698	13,411
Depreciation	<u>1,961,176</u>	<u>1,973,244</u>	<u>(12,068)</u>
<b>Total Operating Expenses by Object</b>	<b>\$ <u>34,135,963</u></b>	<b>\$ <u>34,552,926</u></b>	<b>\$ <u>(416,963)</u></b>

### **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 \$9,420,882 for operations for the fiscal year ending June 30, 2018, an increase of \$58,004 from \$9,362,878 for the fiscal year ending June 30, 2017. An additional \$547,002 was received in state capital appropriations for the purchase, construction, renovation and repair of capital assets for the year ending June 30, 2018, a decrease of \$547,526 from \$1,094,528 in state capital appropriations received for the year ending June 30, 2017.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **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 \$3,046,699 for the fiscal year ending June 30, 2018, an increase of \$157,052 from \$2,889,647 for the fiscal year ending June 30, 2017. 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 investments held by an outside agency. Investment income was \$172,453 for the year ending June 30, 2018, an increase of \$58,476 from \$113,977 for the year ending June 30, 2017.

### **Other Nonoperating Revenues and Expenses**

There were no other nonoperating revenues for the years ending June 30, 2018 and June 30, 2017. Nonoperating expense consists of \$1,050 interest expense on capital debt for the year ending June 30, 2018, a decrease of \$3,050 from interest expense of \$4,100 for the year ending June 30, 2017.

### **Statement of Cash Flows**

Another way to assess the financial health of the college 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.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **Condensed Statement of Cash Flows – Direct Method**

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>(Decrease)</b>
Cash and Cash Equivalents Provided (Used) by:			
Operating Activities	\$ (12,042,190)	\$ (11,705,988)	\$ (336,202)
Noncapital Financing Activities	12,541,512	12,576,992	(35,480)
Capital Financing Activities	(1,079,572)	(297,370)	(782,202)
Investing Activities	(85,184)	(217,210)	132,026
Net Increase (Decrease) in Cash and Cash Equivalents	(665,434)	356,424	(1,021,858)
Cash and Cash Equivalents - Beginning of the Year	11,667,578	11,311,154	356,424
Cash and Cash Equivalents - End of the Year	<u>\$ 11,002,144</u>	<u>\$ 11,667,578</u>	<u>\$ (665,434)</u>

The following table shows the changes in the major sources and uses of cash for the years ending June 30, 2018 and 2017.

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>(Decrease)</b>
Sources:			
Operating Sources:			
Grants and Contracts	\$ 16,091,723	\$ 17,067,433	\$ (975,710)
Auxiliary Enterprises	1,100,189	1,181,330	(81,141)
Other Receipts	411,584	239,602	171,982
Noncapital Financing Sources:			
State Appropriations	9,416,093	9,417,321	(1,228)
County Appropriations	2,732,188	2,907,780	(175,592)
Capital Financing Sources:			
Capital Grants	547,002	1,094,528	(547,526)
Uses:			
Operating Uses:			
Payments to Employees	(17,147,013)	(17,332,037)	185,024
Payments to Suppliers	(9,080,015)	(8,938,675)	(141,340)
Payments for Utilities and Insurance	(1,061,354)	(1,057,470)	(3,884)
Payments for Scholarships	(2,363,631)	(2,602,645)	239,014
Noncapital Financing Uses:			
Other Nonoperating Revenues (Expenses)	393,231	251,891	141,340
Capital Financing Uses:			
Acquisition and Construction of Assets	\$ (1,583,524)	\$ (1,347,798)	\$ (235,726)

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **Selected Financial Analyses**

#### **Current Ratio**

	<b>06/30/18</b>	<b>06/30/17</b>	<b>06/30/16</b>
Current Assets	\$ 12,985,743	\$ 13,338,805	\$ 13,715,021
Current Liabilities	\$ 1,316,731	\$ 1,202,573	\$ 1,187,196
Current Ratio	9.86	11.09	11.55

#### **Operational Income Excluding Depreciation**

	<b>06/30/18</b>	<b>06/30/17</b>	<b>06/30/16</b>
Operating Revenues	\$ 18,171,827	\$ 18,195,487	\$ 19,013,120
Nonoperating Revenues	12,638,984	12,362,402	12,500,515
Less: Operating Expenses	(34,135,963)	(34,552,926)	(33,607,405)
Operational Income Including Depreciation	(3,325,152)	(3,995,037)	(2,093,770)
Depreciation Expense	1,961,176	1,973,244	1,888,112
Operational Income Excluding Depreciation	<u>\$ (1,363,976)</u>	<u>\$ (2,021,793)</u>	<u>\$ (205,658)</u>

#### **Cash Flows Before Capital Items**

	<b>06/30/18</b>	<b>06/30/17</b>	<b>06/30/16</b>
Net Cash Used by Operations	\$ (12,042,190)	\$ (11,705,988)	\$ (12,142,053)
Net Cash Provided by Non Capital Financing	12,541,512	12,576,992	12,132,190
Cash Flows Before Capital Items	<u>\$ 499,322</u>	<u>\$ 871,004</u>	<u>\$ (9,863)</u>

#### **Unrestricted Net Position Excluding Property, Plant and Equipment and Debt**

	<b>06/30/18</b>	<b>06/30/17</b>	<b>06/30/16</b>
Unrestricted Net Position	\$ 17,693,085	\$ 20,968,915	\$ 24,477,944
Less: Property, Plant & Equipment	(36,084,766)	(36,603,088)	(36,729,948)
Add: Plant Related Debt	-0-	42,000	82,000
Unrestricted Net Position Excluding Property, Plant and Equipment and Debt	<u>\$ (18,391,681)</u>	<u>\$ (15,592,173)</u>	<u>\$ (12,170,004)</u>

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **Selected Financial Analyses (Continued)**

<b>Revenues</b>	<b>06/30/18</b>	<b>06/30/17</b>	<b>06/30/16</b>
Net Tuition	\$ 12,911	\$ (281,242)	\$ (201,585)
Federal Grants and Contracts	13,914,540	14,439,935	15,418,511
State Grants and Contracts	2,083,739	2,139,726	1,867,483
Nongovernmental Grants and Contracts	670,317	476,639	317,683
Sales and Services	39,853	41,950	42,478
Auxiliary Enterprises	1,100,189	1,181,330	1,384,506
Other Operating Revenues	350,278	197,149	184,044
State Appropriations	9,420,882	9,362,878	9,480,823
County Appropriations	3,046,699	2,889,647	2,902,394
Capital Appropriations	547,002	1,094,528	1,407,828
Investment Income	172,453	113,977	124,276
Other Additions	393,231	251,891	-0-
Total Revenues	\$ 31,752,094	\$ 31,908,408	\$ 32,928,441
<b>Expenses</b>			
Instruction	\$ 12,977,921	\$ 13,162,321	\$ 12,277,949
Academic Support	3,321,025	3,259,466	3,058,513
Student Services	4,039,061	4,268,110	3,938,718
Institutional Support	3,657,674	3,382,861	3,719,660
Operation of Plant	3,703,842	3,532,167	3,430,756
Student Aid	2,363,631	2,602,862	2,908,988
Auxiliary Enterprises	2,111,633	2,371,895	2,384,709
Depreciation	1,961,176	1,973,244	1,888,112
Interest Expense on Capital Debt	1,050	4,100	6,978
Other Deletions	-0-	-0-	110,061
Add: Capital Additions Net of Debt	1,583,524	1,347,798	2,107,397
Add: Reduction of Capital Debt	42,000	40,000	38,000
Less: Depreciation	(1,961,176)	(1,973,244)	(1,888,112)
Total Expenses	\$ 33,801,361	\$ 33,971,580	\$ 33,981,729
Change in Unrestricted Net Position Excluding Property, Plant and Equipment and Debt	\$ (2,049,267)	\$ (2,063,172)	\$ (1,053,288)



## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

### **Significant Capital Asset Transactions**

During the 2013/2014 school year, the college contracted for expansion of its Allied Health Center at a total estimated cost of \$2,845,595 funded primarily by the Mississippi Office of Buildings, Grounds and Real Property Management. The expansion of the Allied Health Center has been completed at a cost of \$1,723,948 and is currently in use. However, the project is being held in construction in progress pending closure of the project on the Mississippi Office of Buildings, Grounds and Real Property Management's records, which is expected to occur in the 2018/2019 school year.

During the 2014/2015 school year, the college contracted for a Campus Radio Station at a total estimated cost of \$150,000 funded by the college. This project is currently on hold with current accumulated costs held in construction in progress.

During the 2014/2015 school year, the college also contracted for a Campus Security Fence at an estimated cost of \$1,192,549, which initially was to be funded by the college. However, additional funding was subsequently provided by the Mississippi Office of Buildings, Grounds and Real Property Management. The Campus Security Fence is expected to be completed in the 2018/2019 school year with current accumulated costs held in construction in progress.

During the 2016/2017 school year, the college contracted for renovation of the Carter Music Hall at an estimated cost of \$299,682. The Carter Music Hall renovation was completed in the 2017/2018 school year.

During the 2016/2017 school year, the Mississippi Office of Buildings, Grounds and Real Property Management approved funding for renovation student services building at an estimated cost of \$500,000 funded primarily by the Mississippi Office of Buildings, Grounds and Real Property Management. Preliminary work on this project is expected to begin during the 2018/2019 school year.

During the 2017/2018 school year the college contracted for renovation of the Martin Center at a cost of \$369,000 funded by the Mississippi Office of Buildings, Grounds and Real Property Management. The Martin Center renovation is expected to be completed in the 2018/2019 school year with current accumulated costs held in construction in progress.

During the 2017/2018 school year the college conducted preliminary analysis for new weight room. This project is currently on hold with current accumulated costs held in construction in progress.

### **Factors Impacting Future Periods**

There are a number of issues of importance college and high school wide that directly impacted the fiscal year 2017/2018 financial situation. The level of federal, state and private support, compensation increases, student tuition and fee increases, insurance and energy cost increases impact the college and high school'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 EARLY COLLEGE HIGH SCHOOL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 8,556,988
Accounts receivable, net	3,632,758
Inventories	153,606
Prepaid expenses	<u>642,391</u>
Total current assets	<u>12,985,743</u>

Noncurrent assets:

Restricted cash and cash equivalents	2,445,156
Investments	2,630,465
Capital assets, net of accumulated depreciation	<u>36,084,766</u>
Total noncurrent assets	<u>41,160,387</u>
Total assets	<u><u>54,146,130</u></u>

**DEFERRED OUTFLOWS**

Pensions	3,714,475
Other post-employment benefits	<u>103,468</u>
Total deferred outflows	<u><u>3,817,943</u></u>

**LIABILITIES**

Current liabilities:

Accounts payable and accrued liabilities	857,227
Net other post-employment benefits liability, current portion	71,096
Other current liabilities	<u>388,408</u>
Total current liabilities	<u>1,316,731</u>

Noncurrent liabilities:

Deposits refundable	37,123
Net pension liability	33,246,788
Net other post-employment benefits liability	<u>1,596,607</u>
Total noncurrent liabilities	<u>34,880,518</u>
Total liabilities	<u><u>\$ 36,197,249</u></u>

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

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2018**

DEFERRED INFLOWS

Pensions	\$ 727,341
Other post-employment benefits	115,933
Total deferred inflows	<u>843,274</u>

NET POSITION

Net investment in capital assets	36,084,766
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Restricted for:

Nonexpendable:	
Scholarships and fellowships	2,630,465
Expendable:	
Scholarships and fellowships	100,000
Capital projects	500,000

Unrestricted	<u>(18,391,681)</u>
Total net position	<u>\$ 20,923,550</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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Assets:				
Cash	\$ 140,798	-0-	-0-	\$ 140,798
Total assets	<u>140,798</u>	<u>-0-</u>	<u>-0-</u>	<u>140,798</u>
Liabilities:				
	-0-	-0-	-0-	-0-
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Assets:				
Unrestricted	140,798	-0-	-0-	140,798
Temporarily restricted	-0-	-0-	-0-	-0-
Permanently restricted	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total net assets	<u>140,798</u>	<u>-0-</u>	<u>-0-</u>	<u>140,798</u>
Total liabilities and net assets	<u>\$ 140,798</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ 140,798</u>

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

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018**

Operating revenues:

Tuition and fees (net of scholarship allowances of \$5,862,148)	\$ 12,911
Federal grants and contracts	13,914,540
State grants and contracts	2,083,739
Nongovernmental grants and contracts	670,317
Sales and services	39,853
Auxiliary enterprises:	
Student housing (net of scholarship allowances of \$579,574)	1,276
Food services (net of scholarship allowances of \$873,726)	1,924
Bookstore	1,074,490
Other auxiliary revenues	22,499
Other operating revenues	<u>350,278</u>
Total operating revenues	18,171,827

Operating expenses:

Salaries and wages	13,105,747
Fringe benefits	6,571,769
Contractual services	4,910,974
Commodities	3,854,368
Travel	298,189
Utilities and insurance	1,070,109
Scholarships and fellowships	2,363,631
Depreciation expense	<u>1,961,176</u>
Total operating expenses	<u>34,135,963</u>
Operating loss	\$ <u>(15,964,136)</u>

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

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

Nonoperating revenues (expenses)	
State appropriations	\$ 9,420,882
County appropriations	3,046,699
Investment income	172,453
Interest expense on capital asset-related debt	<u>(1,050)</u>
Total nonoperating revenues (expenses)	<u>12,638,984</u>
Loss before other revenues, expenses, gains and losses	<u>(3,325,152)</u>
State appropriations restricted for capital projects	547,002
Other additions	<u>393,231</u>
Change in net position	(2,384,919)
Net position:	
Net position - beginning of year, as previously reported	24,905,624
Prior period adjustment	<u>(1,597,155)</u>
Net position - beginning of year, restated	23,308,469
Net position - end of year	<u>\$ 20,923,550</u>

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



**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Revenues, gains and support				
Contributions	\$ 88,936	-0-	-0-	\$ 88,936
Investment income	47	-0-	-0-	47
Total revenues, gains and support	<u>88,983</u>	<u>-0-</u>	<u>-0-</u>	<u>88,983</u>
Expenses				
Program services				
College support	30,257	-0-	-0-	30,257
Supporting services				
Fund raising	36,088	-0-	-0-	36,088
General and administrative	1,995	-0-	-0-	1,995
Total expenses	<u>68,340</u>	<u>-0-</u>	<u>-0-</u>	<u>68,340</u>
Increase in net assets before other sources and uses	20,643	-0-	-0-	20,643
Other sources and uses				
Transfers from other funds	3,500	-0-	-0-	3,500
Transfers to other funds	(3,500)	-0-	-0-	(3,500)
Total other sources and uses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Increase in net assets	20,643	-0-	-0-	20,643
Net assets at beginning of the year, as previously reported	112,564	-	-	112,564
Prior period adjustment	7,591	-0-	-0-	7,591
Net assets at beginning of year, restated	<u>120,155</u>	<u>-0-</u>	<u>-0-</u>	<u>120,155</u>
Net assets at end of the year	<u>\$ 140,798</u>	<u>-0-</u>	<u>-0-</u>	<u>\$140,798</u>

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

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Cash flows from operating activities:	
Tuition and fees	\$ (33,526)
Grants and contracts	16,091,723
Payments to suppliers	(9,080,015)
Payments to employees for salaries and benefits	(17,147,013)
Payments for utilities	(1,061,354)
Payments for scholarships and fellowships	(2,363,631)
Athletics	39,853
Auxiliary enterprise charges:	
Student housing	1,276
Food services	1,924
Bookstore	1,074,490
Other auxiliary enterprises	22,499
Other receipts	<u>411,584</u>
Net cash used by operating activities	<u>(12,042,190)</u>
Cash flows from noncapital financing activities:	
State appropriations	9,416,093
County appropriations	2,732,188
Other nonoperating revenues (expenses)	<u>393,231</u>
Net cash provided by noncapital financing activities	<u>12,541,512</u>
Cash flows from capital and related financing activities:	
Cash paid for acquisition and construction of capital assets	(1,583,524)
Capital grants and contracts received	547,002
Principal paid on capital debt and leases	(42,000)
Interest paid on capital debt and leases	<u>(1,050)</u>
Net cash used by capital and related financing activities	<u>(1,079,572)</u>
Cash flows from investing activities:	
Interest received on investments	172,453
Purchases of investments	<u>(257,637)</u>
Net cash used by investing activities	<u>(85,184)</u>
Net decrease in cash and cash equivalents	<u>(665,434)</u>
Cash and cash equivalents - beginning of the year	<u>11,667,578</u>
Cash and cash equivalents - end of the year	\$ <u>11,002,144</u>

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

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	\$ <u>(15,964,136)</u>
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	1,961,176
GASB No. 68 pension expense adjustment	2,387,370
GASB No. 75 other post-employment benefits expense adjustment	83,014
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable, net	(583,908)
Inventories	(26,078)
Prepaid expenses	8,755
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	23,755
Refundable deposits	6,555
Other liabilities	<u>61,307</u>
Total adjustments	<u>3,921,946</u>
Net cash used by operating activities	\$ <u><u>(12,042,190)</u></u>

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

**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Cash flows from operating activities:

Increase in net assets	\$ 20,643
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:	<u>-0-</u>
Net cash provided by operating activities	<u>20,643</u>

Cash flows from investing activities:

-0-

Cash flows from financing activities:

-0-

Net increase in cash	20,643
Cash balance at the beginning of the year, restated	<u>120,155</u>
Cash balance at the end of the year	<u>\$ 140,798</u>

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

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 Early College High School is found in Section 37-27-1, Miss. Code Ann. (1972).

Coahoma Community College and Early College 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 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. Similarly, the Coahoma Early College High School works with the Mississippi Department of Education, which coordinates the efforts of all kindergarten through 12<sup>th</sup> grade schools as they serve the taxpayers of the State of Mississippi.

Coahoma Community College and Early College 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, 2018, the Foundation distributed \$30,257 directly to the college.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 Colleges and Universities*, issued in June and November, 1999, respectively. Coahoma Community College and Early College 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 cash on hand, demand deposits and short-term investments with an original maturity of three months or less to be cash equivalents. For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

**Accounts Receivable, Net**

Accounts receivable consists of tuition and fees charged to students, state and county appropriations, and amounts due from federal, state and nongovernmental grants and contracts. Accounts receivable are recorded net of an allowance for doubtful accounts.

**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. Donated commodities are received from the USDA and are valued at USDA cost.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**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.

**Capital Assets, Net of Accumulated Depreciation**

Capital assets are recorded at cost at the date of acquisition, or, if donated, at acquisition 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 for all assets, excluding land, using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 6 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.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Unearned Revenues**

Unearned revenues consist of 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 Early College 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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until the applicable period. Deferred outflows related to pensions were \$3,714,475 and deferred outflows related to other post-employment benefits were \$103,468 for the year ending June 30, 2018.

In addition to liabilities, the Statement of Net Position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until the applicable period. Deferred inflows related to pensions were \$727,341 and deferred inflows related to other post-employment benefits were \$115,933 for the year ending June 30, 2018.

See Note 13 for further details.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Post-Employment Benefits Other than Pensions**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. Fiduciary net position was zero as of the measurement date of June 30, 2017. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**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.

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 deficit balance of \$18,391,681 at June 30, 2018 included \$153,606 reserved for inventories.

**Classification of Revenues**

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

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Classification of Revenues (Continued)**

*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.

**State Appropriations**

Coahoma Community College and Early College 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 basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 2: Cash and Cash Equivalents and Investments**

Cash and Cash Equivalents:

Policies:

Coahoma Community College and Early College 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 Depositary Insurance Corporation (FDIC).

As of June 30, 2018, the total carrying value of the college and high school's deposits with financial institutions reported in all of its funds was \$11,002,144.

*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. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. 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, 2018, none of the college and high school's bank balance of \$11,703,794 was exposed to custodial credit risk.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

Investments:

Investment policies as set forth by board policy and by Section 37-101-15, Miss. Code Ann. (1972), which 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, 2018, Coahoma Community College and Early College 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	\$ 12,937	Not Rated
Money Market Funds	< 1	10,508	Not Rated
Mutual Funds	< 1	<u>2,607,020</u>	Not Rated
Total Investments		<u>\$ 2,630,465</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 Early College 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 Early College High School does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

*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 Early College High School does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2018, none of the \$2,630,465 investment balance was exposed to custodial credit risk since the investment companies held all investments in the name of the college and high school.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

*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 Early College High School does not have a formal investment policy that addresses concentration of credit risk. As of June 30, 2018, 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, 2018:

		Balance 06/30/18
Student tuition	\$ 4,276,919	
Less: Allowance for doubtful accounts	<u>(3,640,778)</u>	
Net student tuition		636,141
Federal, state, and private grants and contracts		2,251,678
State appropriations		86,468
County appropriations		351,756
Other receivables		<u>306,715</u>
Total accounts receivable		\$ 3,632,758

**Note 4: Inventories**

Inventories at June 30, 2018 consist of the following:

<u>Inventory</u>	<u>Amount</u>
College Bookstore	\$ 148,914
High School Cafeteria	<u>4,692</u>
Total Inventory	<u>\$ 153,606</u>

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 5:   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	\$   507,793
Prepaid insurance premiums	<u>134,598</u>
Total Prepaid Expenses	\$ <u>642,391</u>

**Note 6:   Capital Assets**

A summary of the college and high school's changes in capital assets for the year ended June 30, 2018, is shown on the next page.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 6: Capital Assets (Continued)**

	Balance 07/01/17	Additions	Deletions	Adjustments	Balance 06/30/18
Nondepreciable capital assets					
Land	\$ 305,558	\$	\$	\$	\$ 305,558
Construction in progress	<u>1,380,088</u>	<u>910,143</u>	<u>(414,830)</u>		<u>1,875,401</u>
Total cost of nondepreciable capital assets	<u>1,685,646</u>	<u>910,143</u>	<u>(414,830)</u>	<u>-</u>	<u>2,180,959</u>
Depreciable capital assets					
Improvements					
other than buildings	8,799,264	208,320			9,007,584
Buildings	45,064,294	328,568			45,392,862
Equipment	7,384,696	398,936	(370,478)		7,413,154
Library books	<u>1,060,987</u>	<u>5,625</u>			<u>1,066,612</u>
Total depreciable capital assets	<u>62,309,241</u>	<u>941,449</u>	<u>(370,478)</u>	<u>-0-</u>	<u>62,880,212</u>
Less accumulated depreciation for:					
Improvements other than buildings	1,998,737	330,365			2,329,102
Buildings	18,325,494	1,108,466			19,433,960
Equipment	5,991,470	511,516	(334,570)		6,168,416
Library books	<u>1,034,098</u>	<u>10,829</u>			<u>1,044,927</u>
Total accumulated depreciation	<u>27,349,799</u>	<u>1,961,176</u>	<u>(334,570)</u>	<u>-</u>	<u>28,976,405</u>
Total depreciable capital assets - net	<u>34,959,442</u>	<u>(1,019,727)</u>	<u>(35,908)</u>	<u>-</u>	<u>33,903,807</u>
Total capital assets, net	\$ <u>36,645,088</u>	\$ <u>(109,584)</u>	\$ <u>(450,738)</u>	\$ <u>-</u>	\$ <u>36,084,766</u>

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 6: Capital Assets (Continued)**

Construction in Progress consists of the following projects:

<u>Project</u>	<u>Accumulated Cost</u>
Allied Health Expansion	\$ 1,723,948
Martin Center Renovation	9,787
Radio Station	78,252
Security Fence	55,414
Weight Room	<u>8,000</u>
Total Construction in Progress	\$ <u>1,875,401</u>

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:

<u>Classification</u>	<u>Estimated Useful Lives</u>	<u>Salvage Value</u>	<u>Capitalization Threshold</u>
Buildings	40 Years	20%	\$50,000
Improvements Other Than Buildings	20 Years	20%	\$25,000
Equipment	3 to 15 Years	1% to 10%	\$5,000
Library Books	10 Years	0%	\$0

**Note 7: Construction Commitments and Financing**

During the 2013/2014 year the college contracted for expansion of its Allied Health Center. During the 2014/2015 year the college contracted for construction of a campus radio station and a campus security fence. During the 2017/2018 year the college contracted for renovation of the Martin Center and approval was given to seek a contract for renovation of the Student Services Building. These projects are expected to be completed in the 2018/2019 year. As of June 30, 2018, the estimated costs to complete these projects and the sources of anticipated funding are presented on the next page.



**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 7: Construction Commitments and Financing (Continued)**

<u>Project to Complete</u>	<u>Total Costs</u>	<u>State Sources</u>	<u>Institutional Resources</u>
Allied Health Expansion	\$ 1,869,607	\$ 1,869,607	\$ -0-
Martin Center Renovation	369,000	369,000	-0-
Campus Radio Station	150,000	137,000	13,000
Security Fence	1,192,549	687,810	504,739
Student Services Building	792,000	792,000	-0-
Totals	\$ <u>4,373,156</u>	\$ <u>3,855,417</u>	\$ <u>517,739</u>

The Allied Health Expansion is complete and is pending removal from construction in progress after the project is closed in the Mississippi Office of Buildings, Grounds and Real Property Management's records.

**Note 8: Accounts Payable and Accrued Liabilities**

All accounts payable and accrued liabilities are considered current liabilities by the college and high school. Accounts payable and accrued liabilities at June 30, 2018 consist of the following:

<u>Component</u>	<u>Amount</u>
Employee salaries and benefits	\$ 340,235
Payments to suppliers and contractors	<u>516,992</u>
Total accounts payable and accrued liabilities	\$ <u>857,227</u>

**Note 9: Noncurrent Liabilities**

Noncurrent liabilities of the college and high school consist of refundable deposits, the net pension liability, and the net other post-employment benefits liability, all of which are expected to be liquidated at least one year from June 30, 2018.

Refundable deposits consist of dormitory room deposits, which are refundable to students upon vacating the dormitory room. The net pension and other post-employment benefits liabilities represent the college and high school's proportionate shares of the State's net pension plan liability and the State's other post-employment benefit plan liability. The schedule of outstanding refundable deposits, the net pension liability and the net other post-employment benefits liability included in the noncurrent liabilities balance at June 30, 2018 is shown on the next page.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 9: Noncurrent Liabilities (Continued)**

Description	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Refundable deposits	\$ 30,568	\$ 6,555	\$ -0-	\$ 37,123
Net pension liability	35,724,994	-0-	(2,478,206)	33,246,788
Net other post-employment benefits liability	-0-	1,596,607	-0-	1,596,607
Total noncurrent liabilities	<u>\$ 35,755,562</u>	<u>\$ 1,603,162</u>	<u>\$ (2,478,206)</u>	<u>\$ 34,880,518</u>

**Note 10: 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.

Fiscal Year Ending June 30:	Amount
2019	\$ 21,455
2020	13,028
2021	7,550
2022	<u>4,211</u>
Total minimum payments required	<u>\$ 46,244</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, 2018, was \$36,068.

**Note 11: Pension Plan**

**General Information About the Pension Plan**

**Plan Description** – Coahoma Community College and Early College 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. Plan provisions and the Board of Trustees’ authority to determine contribution rates established by Miss. Code Ann. Section 25-11-1 et seq. (1972, as amended) and may be amended only by the 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 or by calling (601) 359-3589 or 1-800-444-PERS.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 11: Pension Plan (Continued)**

**Benefits Provided** – Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entities participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011) plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that a member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual allowance for each full year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**Contributions** – PERS members are required to contribute 9.0% of their annual covered salary, and the college and high school are required to contribute at an actuarial determined rate. The employer's contribution rate as of June 30, 2018, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The college and high school's contributions to PERS for the years ending June 30, 2018, 2017, and 2016, were \$1,925,445, \$1,902,427, and \$2,012,389, respectively, which equaled the required contributions for each year.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 11: Pension Plan (Continued)**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, the college and high school reported a liability of \$33,246,788 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The college and high school's portion of the net pension liability was based on a projection of the college and high school's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, as actuarially determined. The college and high school's proportionate share used to calculate the June 30, 2018 net pension liability was .2 percent, which was based on a measurement date of June 30, 2017. There was no change from its proportionate share used to calculate the June 30, 2017 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended June 30, 2018, the college and high school recognized pension expense of \$4,312,816. At June 30, 2018, the college and high school reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 471,353	\$ 242,592
Net difference between expected and actual earnings on pension plan investments		428,096
Changes of assumptions	703,700	56,653
Changes in proportion and differences between college and high school contributions and proportionate share of contributions	613,977	-0-
College and high school contributions subsequent to the measurement date	<u>1,925,445</u>	<u>-0-</u>
Total	<u>\$ 3,714,475</u>	<u>\$ 727,341</u>

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 11: Pension Plan (Continued)**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The \$1,925,445 reported as deferred outflows of resources related to pensions resulting from the college and high school contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

Year ended June 30:

2019	\$	972,965
2020		699,955
2021		30,976
2022		(642,207)
2023		-0-
Thereafter		-0-
Total	\$	1,061,689

**Actuarial Assumptions** – The total pension liability was determined by an actuarial evaluation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.25 to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table with Scale BB to 2022, with male rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period of July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 11: Pension Plan (Continued)**

**Actuarial Assumptions (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	<u>1.00</u>	-0- %
Total	<u><u>100.00 %</u></u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 11: Pension Plan (Continued)**

**Sensitivity of the College and High School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the college and high school's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the college and high school's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one (1) percentage-point lower (6.75 percent) or one (1) percentage-point higher (8.75 percent) than the current rate (7.75 percent):

	1% Decrease 6.75%	Current Discount Rate (7.75%)	1% Increase 8.75%
College and high school's proportionate share of net pension liability	\$ 43,605,382	\$ 33,246,788	\$ 24,646,904

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**Note 12: Other Post-Employment Benefits**

**General Information About the OPEB Plan**

**Plan Description** – State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. A trust was created June 28, 2018 for the OPEB Plan and, while no trust was in place for the June 30, 2017 plan year-end, for purposes of comparability for future periods, terminology used herein is based on the plan being a cost-sharing multiple-employer defined benefit OPEB plan. The plan does not issue a stand-alone financial report.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 12: Other Post-Employment Benefits (Continued)**

**Benefits Provided** – The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

**Contributions** – The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the college were \$61,172 and contributions from the high school were \$9,924 for a combined total of \$71,096 for the year ended June 30, 2018.



**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 12: Other Post-Employment Benefits (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB (Continued)**

At June 30, 2018, the college reported a liability of \$1,434,906 and the high school reported a liability of \$232,797 for a total combined total liability of \$1,667,703 for the college and high school's proportionate shares of the net OPEB liability. The net OPEB liability was measured at June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the college and high school's portion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2017, the college's proportion was .18 percent and the high school's proportion was .03 percent for a combined total of .21 percent. There was no significant change in the college or high school's proportionate share from the measurement date of June 30, 2016.

For the year ended June 30, 2018, the college recognized OPEB expense of \$76,900 and the high school recognized OPEB expense of \$6,114 for a combined total OPEB expense of \$83,014. At June 30, 2018 the college and high school reported the deferred outflows of resources and deferred inflows of resources related to OPEB from the sources shown on the following page:

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 12: Other Post-Employment Benefits (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
College	\$ -0-	\$ -0-
High School	-0-	-0-
Net difference between expected and actual earnings on OPEB plan investments		
College	-0-	-0-
High School	-0-	-0-
Changes of assumptions		
College	-0-	73,065
High School	-0-	11,854
Changes in proportion and differences between college and high school contributions and proportionate share of contributions		
College	32,372	-0-
High School	-0-	31,014
College and high school contributions subsequent to the measurement date		
College	61,172	-0-
High School	9,924	-0-
Total	\$ <u>103,468</u>	\$ <u>115,933</u>

The \$61,172, reported by the college and the \$9,924 reported by the high school as deferred outflows of resources related to OPEB resulting from the college and high school contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as shown on the following page:

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 12: Other Post-Employment Benefits (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB (Continued)**

Year ended June 30:

	College	High School	Total
2019	\$ (7,139)	\$ (7,521)	\$ (14,660)
2020	(7,139)	(7,521)	(14,660)
2021	(7,139)	(7,521)	(14,660)
2022	(7,139)	(7,521)	(14,660)
2023	(7,139)	(7,521)	(14,660)
Thereafter	<u>(4,998)</u>	<u>(5,263)</u>	<u>(10,261)</u>
Total	<u>\$ (40,693)</u>	<u>\$ (42,868)</u>	<u>\$ (83,561)</u>

**Actuarial Assumptions** – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment Expense, including inflation	NA
Municipal Bond Index Rate	
Measurement Date	3.56 percent
Prior Measurement Date	3.01 percent
Year FNP is projected to be depleted	
Measurement Date	2017
Prior Measurement Date	2016
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.56 percent
Prior Measurement Date	3.01 percent

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 12: Other Post-Employment Benefits (Continued)**

**Actuarial Assumptions (Continued)**

Health Care Cost Trends

Medicare Supplement Claims	7.75 percent for 2017 decreasing to an
Pre-Medicare	ultimate rate of 5.00 percent by 2023

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

The demographic actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated April 18, 2017.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The plan had no assets as of the measurement date of 2017.

**Discount Rate** – The discount rate used to measure the OPEB liability at June 30, 2017 was 3.56 percent. Since the Prior Measurement Date, the discount rate has changed from 3.01% to 3.56%.

Since no trust was set up as of June 30, 2017, there was no projection of cash flows for the Plan and the Plan was projected to be depleted in 2017.

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 12: Other Post-Employment Benefits (Continued)**

**Sensitivity of the College and High School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** – The following presents the college and high school's proportionate share of the net OPEB liability, as well as what the college and high school's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

	1% Decrease 2.56%	Current Discount Rate (3.56%)	1% Increase 4.56%
Net OPEB Liability College	\$ 1,472,801	\$ 1,434,906	\$ 1,406,686
Net OPEB Liability High School	238,945	232,797	228,218
Totals	\$ 1,711,746	\$ 1,667,703	\$ 1,634,904

**Sensitivity of the College and High School's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following presents the college and high school's proportionate share of the net OPEB liability, as well as what the college and high school's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates - Current	1% Increase
Net OPEB Liability College	\$ 1,325,232	\$ 1,434,906	\$ 1,560,111
Net OPEB Liability High School	215,003	232,797	253,110
Totals	\$ 1,540,235	\$ 1,667,703	\$ 1,813,221

**OPEB Plan Fiduciary Net Position** – The fiduciary net position for the OPEB plan was zero as of June 30, 2017, the measurement date. Therefore, no separately issued financials were prepared. Detailed information about the OPEB plan's fiduciary net position for June 30, 2018 and going forward will be available in separately issued financial reports available on the Mississippi Department of Finance and Administration's website.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 13: Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$18,391,681) includes the effect of deferring the recognition of the net difference between expected and actual experience relating to the defined benefit pension plan. The \$228,761 net balance of the deferred outflow and inflow of resources at June 30, 2018 will be recognized as expense and decrease unrestricted net position over the next two years and will be recognized as income and increase unrestricted net position in the remaining one year.

Unrestricted net position also includes the effect of deferring the recognition of the net difference between expected and actual earnings on the defined benefit pension plan investments. The \$428,096 balance of the net deferred inflow of resources will be recognized as income and increase the unrestricted net position over the remaining four years.

Unrestricted net position also includes the effect of deferring the recognition of the changes in actuarial assumptions utilized in developing the net pension and OPEB liabilities. The \$647,047 net balance of the deferred outflow of resources at June 30, 2018 for the defined benefit pension plan will be recognized as expense and decrease unrestricted net position over the remaining two years. The college's \$73,065 balance and high school's \$11,854 balance of the net deferred inflow of resources will be recognized as income and increase the unrestricted net position over the remaining six years.

Unrestricted net position also includes the effect of deferring the recognition of the changes in the college and high school's proportionate share of contributions utilized in developing the net pension and OPEB liabilities. The \$613,977 balance of the net deferred outflow of resources for the defined benefit pension plan at June 30, 2018 will be recognized as expense and decrease unrestricted net position over the remaining three years. The \$1,358 net balance of the deferred outflow of resources for the college and high school's OPEB plan at June 30, 2018 will be recognized as expense and decrease unrestricted net position over the remaining six years.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 14: Natural Classifications with Functional Classifications**

The following table lists the institution's operating expenses by natural and functional classifications as of June 30, 2018:

Functional Classification	Year Ended June 30, 2018								
	Natural Classification								
	Salaries & Wages	Fringe Benefits	Contractual Services	Commodities	Travel	Utilities & Insurance	Scholarships & Fellowships	Depreciation	Total
Instruction	\$ 7,302,461	\$ 3,631,666	\$ 763,987	\$ 1,126,121	\$ 153,686	\$ -0-	\$ -0-	\$ -0-	\$ 12,977,921
Academic Support	899,623	473,869	1,552,636	354,446	40,451	-0-	-0-	-0-	3,321,025
Student Services	2,157,802	997,485	211,962	607,842	63,970	-0-	-0-	-0-	4,039,061
Institutional Support	1,513,472	760,253	966,390	379,914	37,645	-0-	-0-	-0-	3,657,674
Operation of Plant	971,278	555,162	544,900	560,840	1,553	1,070,109	-0-	-0-	3,703,842
Student Aid	-0-	-0-	-0-	-0-	-0-	-0-	2,363,631	-0-	2,363,631
Auxiliary Enterprises	261,111	153,334	871,099	825,205	884	-0-	-0-	-0-	2,111,633
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,961,176	1,961,176
Total Operating Expenses	\$ <u>13,105,747</u>	\$ <u>6,571,769</u>	\$ <u>4,910,974</u>	\$ <u>3,854,368</u>	\$ <u>298,189</u>	\$ <u>1,070,109</u>	\$ <u>2,363,631</u>	\$ <u>1,961,176</u>	\$ <u>34,135,963</u>

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 15: Prior Period Adjustment**

The college and high school recorded a prior period adjustment due to the college and high school's adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in the fiscal year ending June 30, 2018. GASB Statement No. 75 required the college and high school to record this prior period adjustment to establish the college and high school's proportionate share of its net OPEB liability and the associated OPEB expense, deferred outflows and deferred inflows as of the June 30, 2017 measurement date, as follows:

Description	Amount
Net OPEB adjustments at 06/30/17 measurement date - college	\$ 1,337,527
Net OPEB adjustments at 06/30/17 measurement date - high school	<u>259,628</u>
Total net OPEB adjustments at 06/30/17 measurement date	\$ <u>1,597,155</u>

**Note 16: Concentrations**

Coahoma Community College and Early College High School receives 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 17: Contingencies**

Federal, State and Private Grants – Coahoma Community College and Early College High School receives federal and state and private 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 a grantor audit may become a liability of the college and high school.



**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 18: Risk Management**

Coahoma Community College and Early College 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.

**Note 19: 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 Early College High School evaluated the activity of the college and high school through February 18, 2019 (the date the financial statements were available to be issued), and has indicated that two former employees of the college were indicted after year-end for misappropriation of state assets.

**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**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, 2018**

**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, 2018**

**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, 2018 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, 2018**

**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, 2018, all \$140,798 of the Foundation's cash deposits were fully insured by the FDIC.

**Note 3: Prior Period Adjustment**

The Foundation recorded a prior period adjustment in the current year due to the omission of one of its bank accounts in its prior year financial statements. The prior period adjustment was made to include the ending bank account balance for the omitted account in the current year's beginning cash and net asset balances. The effects of the prior period adjustment are shown below:

Net assets 06/30/17, as originally reported	\$ 112,564
Omitted cash balance 06/30/17	<u>7,591</u>
Net assets 06/30/17, restated	<u>\$ 120,155</u>

**Note 4: 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 18, 2019 (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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Proportionate Share of Net Pension  
Liability for the Last Ten Fiscal Years\***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportion of net pension liability	0.20%	0.20%	0.19%	0.19%
Proportionate share of net pension liability	\$33,246,788	\$35,724,994	\$29,370,253	\$23,062,521
Covered payroll	\$12,078,887	\$12,777,086	\$12,184,363	\$11,531,399
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	275.25%	279.60%	241.05%	200.00%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

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

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30<sup>th</sup> of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. However, GASB Statement No. 68 was implemented for the fiscal year ending June 30, 2015 and, until the full ten-year trend is compiled, the information is only presented for the years in which the information is available.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of PERS Contributions  
for the Last Ten Fiscal Years**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$ 1,925,445	\$ 1,902,427	\$ 2,012,389	\$ 1,919,023
Contributions in relation to the contractually required contribution	<u>\$ (1,925,445)</u>	<u>\$ (1,902,427)</u>	<u>\$ (2,012,389)</u>	<u>\$ (1,919,023)</u>
Contribution deficiency (excess)	-0-	-0-	-0-	-0-
Covered payroll	\$ 12,225,028	\$ 12,078,887	\$ 12,777,086	\$ 12,184,363
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. However, GASB Statement No. 68 was implemented for the fiscal year ending June 30, 2015, and, until the full ten-year trend is compiled, the information is only presented for the years in which the information is available.



**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Proportionate Share of Net OPEB  
Liability for the Last Ten Fiscal Years**

	<u><b>2018</b></u>
Proportion of net OPEB liability	0.21%
Proportionate share of net OPEB liability	\$ 1,667,703
Covered-employee payroll	\$ 9,434,723
Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	17.68%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

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

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30<sup>th</sup> of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. However, GASB Statement No. 75 was implemented for the fiscal year ending June 30, 2018, and, until the full ten-year trend is compiled, the information is only presented for the years in which the information is available.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of OPEB Contributions  
for the Last Ten Fiscal Years\***

	<b>2018</b>
Contractually required contributions	\$ 71,096
Contributions in relation to the contractually required contribution	<u>\$ (71,096)</u>
Contribution deficiency (excess)	-0-
Covered-employee payroll	\$ 9,434,723
Contributions as a percentage of covered-employee payroll	0.75%

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

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. However, GASB Statement No. 75 was implemented for the fiscal year ending June 30, 2018, and, until the full ten-year trend is compiled, the information is only presented for the years in which the information is available.

## **COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **Pension Schedules**

#### **Note 1: Changes of Benefit Terms**

There are no changes of benefit terms to report.

#### **Note 2: Changes of Assumptions**

- 2017
  - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
  - The inflation assumption was reduced from 3.75% to 3.25%.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- 2016
  - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 2015
  - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
  - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
  - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
  - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

**Pension Schedules (Continued)**

**Note 3: Changes in Benefit Provisions**

- 2016
  - Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

**Note 4: Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2015 valuation for the June 30, 2017 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset evaluation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

**OPEB Schedules**

**Note 1: Changes of Benefit Terms**

There are no changes of benefit terms to report.

**Note 2: Changes of Assumptions**

- 2017
  - The discount rate was changed from 3.01% for the prior measurement date to 3.56% for the current measurement date.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

**OPEB Schedules (Continued)**

**Note 3: Changes in Benefit Provisions**

There are no changes of benefit provisions to report.

**Note 4: Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent valuation date. The following actuarial methods and assumptions (from June 30, 2016 actuarial valuation) were used to determine contribution rates reported in the schedule for the year ending June 30, 2017:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset evaluation method	Market Value of Assets
Price inflation	3.00 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	7.75 percent
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	5.00 percent
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2022
Long-term investment rate of return,	
Net of pension plan investment	
Expense, including price inflation	3.56 percent

## **SUPPLEMENTARY INFORMATION**

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity/Grant Identifying Number	Federal CFDA Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Pass-Through Programs From:			
Mississippi Department of Education - National School Lunch Program	V000018220	10.555	\$ <u>201,974</u>
Total Child Nutrition Cluster			201,974
SNAP Cluster:			
Pass-Through Programs From:			
Mississippi Community College Board - State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	FY 2016-41	10.561	<u>45,066</u>
Total SNAP Cluster			45,066
Total U.S. Department of Agriculture			<u>247,040</u>
<u>U.S. Department of Justice</u>			
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	2016-WA-AX-0031	16.525	<u>67,644</u>
Total U.S. Department of Justice			<u>67,644</u>
<u>U.S. Department of Labor</u>			
WIA Cluster:			
Pass-Through Programs From:			
Delta Workforce Development Area - WIOA Youth Activities	17/501-102	17.259	144,829
Mississippi Department of Employment Security - Various WIOA/WIA Programs	None	17.XXX	<u>46,354</u>
Total WIA Cluster			191,183
Other U.S. Department of Labor Programs:			
Pass-Through Programs From:			
Mississippi Community College Board - Apprenticeship USA Grants	None	17.285	<u>18,623</u>
Total Other U.S. Department of Labor Programs			<u>18,623</u>
Total U.S. Department of Labor			\$ <u>209,806</u>

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity/Grant Identifying Number	Federal CFDA Number	Federal Expenditures
<u>National Aeronautics and Space Administration</u>			
Pass-Through Programs From:			
University of Mississippi - Education	18-07-001	43.008	\$ <u>6,553</u>
Total National Aeronautics and Space Administration			<u>6,553</u>
<u>National Endowment for the Arts</u>			
Pass-Through Programs From:			
Mississippi Arts Commission - Promotion of the Arts - Partnership Agreements	18-229-CD/PG	45.025	<u>4,320</u>
Total National Endowment for the Arts			<u>4,320</u>
<u>U.S. Department of Education</u>			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	P007A172232	84.007	164,216
Federal Work-Study Program (FWS)	P033A172232	84.033	266,027
Federal Pell Grant Program (PELL)	P063P171698	84.063	<u>8,002,474</u>
Total Student Financial Aid Cluster			<u>8,432,717</u>
Special Education Cluster (IDEA):			
Pass-Through Programs From:			
Mississippi Department of Education - Special Education - Grants to States	H07A170108	84.027	<u>58,640</u>
Total Special Education Cluster (IDEA):			<u>58,640</u>
TRIO Cluster:			
TRIO - Talent Search	P044A160645-17	84.044	<u>240,700</u>
Total TRIO Cluster			<u>240,700</u>
School Improvement Grants Cluster:			
Pass-Through Programs From:			
Mississippi Department of Education - School Improvement Grants	SF171421	84.377	<u>29,646</u>
Total School Improvement Grants Cluster			<u>29,646</u>
Other U.S. Department of Education Programs:			
Higher Education - Institutional Aid	P031B170045 & P031B150048-17	84.031	\$ 3,399,400



**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity/Grant Identifying Number	Federal CFDA Number	Federal Expenditures
Other U.S. Department of Education Programs (Continued):			
Pass-Through Programs From:			
Mississippi Community College Board - Adult Education - Basic Grants to States	ABE 2017/2018	84.002	\$ 237,321
Mississippi Department of Education - Title I Grants to Local Education Agencies	ES010A170024	84.010	145,539
Mississippi Department of Education - Career and Technical Education - Basic Grants to States	V048A170024	84.048	296,623
Mississippi Department of Education - Special Education Technical Assistance and Dissemination to Improve Services and Results for Children for Disabilities	None	84.326	504
Mississippi Department of Education - Supporting Effective Instruction - State Grants	ES367A170023	84.367	13,866
Mississippi Department of Education - Student Support and Academic Enrichment Program	ES424A170025	84.424	9,000
Total Other U.S. Department of Education Programs			4,102,253
Total U.S. Department of Education			12,863,956
<u>U.S. Department of Health and Human Services</u>			
TANF Cluster:			
Pass-Through Programs From:			
Mississippi Community College Board - Temporary Assistance for Needy Families (TANF)	None	93.558	286
Total TANF Cluster			286
CCDF Cluster:			
Pass-Through Programs From:			
Mississippi Community College Board - Child Care and Development Block Grant	None	93.575	181,144
Total CCDF Cluster			181,144
Other U.S. Department of Health and Human Services Programs:			
Pass-Through Programs From:			
Mississippi Department of Human Services - Social Services Block Grant	6012898/6012899/ 6012986/6012988	93.667	246,962
Total Other U.S. Department of Health and Human Services Programs			246,962
Total U.S. Department of Health and Human Services			\$ 428,392

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity/Grant Identifying Number	Federal CFDA Number	Federal Expenditures
<u>Corporation for National and Community Service</u>			
AmeriCorps	None	94.006	\$ 12,657
Total Corporation for National Community Service			<u>12,657</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>13,840,368</u></b>

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

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Coahoma Community College and Early College High School under programs of the federal and state governments for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Coahoma Community College and Early College High School, it is not intended to and does not present the financial position, changes in net position, or cash flows of Coahoma Community College and Early College High School.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Entire program costs, including the college and high school's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

**Note 3: Indirect Cost Rate**

The college and high school have not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

## **REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

**J. E. VANCE & COMPANY, P.A.**  
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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 Early College 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 Early College High School as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Coahoma Community College and Early College High School's basic financial statements, and have issued our report thereon dated February 18, 2019. 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 Early College 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coahoma Community College and Early College High School's internal control. Accordingly, we do not express an opinion on the effectiveness of Coahoma Community College and Early College 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 by those charged with governance.

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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 Early College 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.

A handwritten signature in black ink that reads "J & E Vance + Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi  
February 18, 2019

**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 THE UNIFORM GUIDANCE**

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

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

We have audited Coahoma Community College and Early College High School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coahoma Community College and Early College High School's major federal programs for the year ended June 30, 2018. Coahoma Community College and Early College 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Coahoma Community College and Early College 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Early College 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 Early College High School's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Coahoma Community College and Early College 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, 2018.

### **Report on Internal Control Over Compliance**

Management of Coahoma Community College and Early College 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 Early College 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 the Uniform Guidance, 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 Early College 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 based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "J.E. Vance + Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi  
February 18, 2019



**J. E. VANCE & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

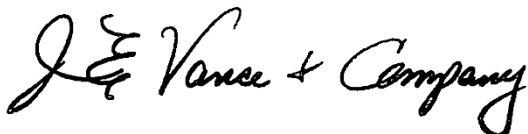
To the President and Board of Trustees  
Coahoma Community College and Early College High School  
Clarksdale, Mississippi 38614

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Coahoma Community College and Early College High School as of and for the year ended June 30, 2018, which collectively comprise Coahoma Community College and Early College High School's basic financial statements and have issued our report thereon dated February 18, 2019. 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, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Tupelo, Mississippi  
February 18, 2019

MEMBER OF PCPS THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS ALLIANCE FOR CPA FIRMS

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Section 1: Summary of Auditor's Results**

Financial Statements:

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued on the financial statements:                              | Unmodified    |
| 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:                         | Unmodified  |
| 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 2 CFR 200.516(a)?                            | 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 EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

c. Social Services Block Grant  
CFDA 93.667

- |   |           |
|---|-----------|
| 8. The dollar threshold used to distinguish between Type A and Type B programs:   | \$750,000 |
| 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 in accordance with 2 CFR 200.511(b)? | 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 under *Government Auditing Standards*.

**Section 3: Federal Award Findings and Questioned Costs**

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

**AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**



## COAHOMA COMMUNITY COLLEGE

AND EARLY COLLEGE 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, 2017

As required by §200.511 (b) of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Coahoma Community College and Early College High School has prepared and submits the following summary schedule of prior audit findings as of June 30, 2017:

<u>Finding</u>	<u>Status</u>
2017-001	Corrective Action Was Taken – Fully Corrected