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**COAHOMA COMMUNITY COLLEGE  
AND AGRICULTURAL HIGH SCHOOL**

**Audited Financial Statements  
For the Year Ended June 30, 2016**

# COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

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INDEPENDENT AUDITORS' REPORT



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**INDEPENDENT AUDITORS' REPORT**

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

**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 the Coahoma Community College and Agricultural High School as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the Coahoma Community College and Agricultural High School's basic financial statements as listed in the table of contents.

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

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

**Auditors' 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 auditors' 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 auditors consider 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 the Coahoma Community College and Agricultural High School, as of June 30, 2016, 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, the Schedule of the Proportionate Share of the Net Pension Liability, and the Schedule of Contributions on pages 4-16, 44 and 45, respectively 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coahoma Community College and Agricultural High School's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 report dated February 20, 2017, on our consideration of the Coahoma Community College and Agricultural High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coahoma Community College and Agricultural High School's internal control over financial reporting and compliance.

Okolona, Mississippi  
February 20, 2017

*Watkins Ward and Stafford, PLLC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS



COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

This section of the Coahoma Community College and Agricultural High School 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, 2016. 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 Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

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

The annual report consists of three basic financial statements that provide information on the college and high school and the Foundation 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, liabilities and deferred inflows. 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 positions 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.

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

### Financial and Enrollment Highlights

- Enrollment increased 7.1% from the prior year based on headcount.

Year	Total Students Enrolled in Fall
2006	1,838
2007	2,216
2008	2,263

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
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<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>2,189</b>

- Revenue from tuition and fees increased 5.5% from the prior year.
- Revenue from federal and state grants decreased by 3.8% from the prior year.
- Revenue from state and county appropriations increased by 2.2% from the prior year.
- The value of the endowment fund decreased by 1.7% from the prior year.

**Condensed Statement of Net Position**

GASB Statements No. 68 and 71 were implemented in the fiscal year ending June 30, 2015.

**Table 1**  
**Condensed Statement of Net Position**

	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>Percentage Change</b>
Current assets	\$ 13,715,021	\$ 14,616,452	(6.17) %
Capital assets, net	36,811,948	36,172,271	1.77 %
Other assets	3,229,568	3,166,345	2.00 %
<b>Total assets</b>	<b>53,756,537</b>	<b>53,955,068</b>	<b>(0.37) %</b>
<b>Deferred outflows of resources</b>	<b>5,224,885</b>	<b>2,278,791</b>	<b>129.28 %</b>
Current liabilities	1,187,196	1,384,032	(14.22) %
Noncurrent liabilities	80,893	93,979	(13.92) %
Net pension liability	29,370,253	23,062,521	27.35 %
<b>Total liabilities</b>	<b>30,638,342</b>	<b>24,540,532</b>	<b>24.85 %</b>
<b>Deferred inflows of resources</b>	<b>788,838</b>	<b>3,343,082</b>	<b>(76.40) %</b>
<b>Net position:</b>			
Net investment in capital assets	36,729,948	36,052,271	1.88 %
Restricted:			
Nonexpendable	2,041,641	2,073,337	(1.53) %
Expendable	1,034,657	886,048	16.77 %
Unrestricted	(12,252,004)	(10,661,411)	(14.92) %
<b>Total net position</b>	<b>\$ 27,554,242</b>	<b>\$ 28,350,245</b>	<b>(2.81) %</b>

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Management's Discussion and Analysis  
For the Year Ended June 30, 2016

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)		\$	(12,252,004)
Effect of net pension liability transactions			
Deferred outflows of resources	\$	(5,224,885)	
Net pension liability		29,370,253	
Deferred inflows of resources		788,838	24,934,206
Unrestricted net position			
exclusive of the net pension liability effect		\$	<u>12,682,202</u>

## **Assets**

### **Current Assets**

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

Cash and cash equivalents consist of cash in the college and high school's bank accounts. The total amount of cash and cash equivalents reported as current assets on the college and high school's financial statements was \$10,123,227 at June 30, 2016 compared to \$10,816,585 at June 30, 2015.

#### **Accounts Receivable**

Accounts receivable relate to several transactions including state and county appropriations and student tuition and fee billings. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowances for doubtful accounts. The college and high school's receivables totaled \$2,444,676 at June 30, 2016 compared to \$2,285,049 at June 30, 2015.

#### **Inventories**

The college and high school maintains inventories of resale merchandise as well as items of food purchased for the cafeteria. Books, student supplies, and institutional memorabilia make up the majority of the resale inventory. Inventories totaled \$220,827 at June 30, 2016 compared to \$160,215 at June 30, 2015.

#### **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 expansion of the Allied Health Center and storm damage repairs to Miller Stadium, which are expected to be completed during the 2016-2017 school year. Prepaid construction at June 30, 2016 was \$783,709 compared to \$1,204,101 at June 30, 2015. Prepaid insurance consists of advance premiums paid on the college and high school's various insurance policies. Prepaid insurance at June 30, 2016 was \$142,582 compared to \$150,502 at June 30, 2015.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Management's Discussion and Analysis  
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**Noncurrent Assets**

**Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents are those funds that are held in the bank accounts and certificates of deposit, which are restricted for specific purposes. Restricted cash and cash equivalents primarily consist of federal funds and agency funds held for others. The amount of restricted cash and cash equivalents at June 30, 2016 was \$1,187,927 compared to \$1,093,008 at June 30, 2015.

**Investments**

Investments include certificates of deposit and marketable securities held and managed by investment managers. These investments are recorded at their fair market value. The fair market value at June 30, 2016 was \$2,041,641 compared to \$2,073,337 at June 30, 2015.

**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 \$36,811,948 at June 30, 2016, in comparison to \$36,172,271 at June 30, 2015.

**Deferred Outflows – Pensions**

Deferred outflows represent the amount of new position consumed by the college and high school's pension plan that applies to future periods and will not be recognized as an outflow of resources (expense) until the applicable period. Deferred outflows for pensions at June 30, 2016 were \$5,224,885 compared to \$2,278,791 at June 30, 2015.

**Liabilities**

**Current Liabilities**

**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities represent amounts due at June 30, 2016 for goods and services received before the end of the fiscal year. Accounts payable and accrued liabilities totaled \$862,548 at June 30, 2016, in comparison to \$853,401 at June 30, 2015.

**Long-Term Liabilities - Current Portion**

Long-term liabilities – current portion represents the portion of principal payments for long-term debt that is due within one year. The current portion of bonds and notes due at June 30, 2016 was \$40,000, in comparison to \$272,450, due at June 30, 2015.

**Other Current Liabilities**

Other current liabilities consist of funds held for student organizations to be disbursed in future years. Other current liabilities at June 30, 2016 were \$284,648 compared to \$258,181 at June 30, 2015.

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**Noncurrent Liabilities**

**Deposits Refundable**

Deposits refundable consist of student housing deposits to be refunded to students. Student housing deposits refundable at June 30, 2016 were \$38,893 compared to \$11,979 at June 30, 2015.

**Long-Term Liabilities**

Long-term liabilities consist of the long-term debt acquired by the institution for capital construction and the college and high school's share of the PERS net pension liability. Long-term debt totaled \$42,000 as of June 30, 2016 in comparison to \$82,000 as of June 30, 2015. The schedule of long-term debt is Coahoma Agricultural High School state aid capital improvement bonds, series 1998, \$42,000. Net pension liability was \$29,370,253 as of June 30, 2016 compared to \$23,062,521 at June 30, 2015.

**Deferred Inflows – Pensions**

Deferred inflows represent the amount of net position consumed by the college and high school's pension plan that applies to future periods and will not be recognized as an inflow of resources (revenue) until the applicable period. Deferred Inflows for pensions at June 30, 2016 were \$788,838 compared to \$3,343,082 at June 30, 2015.

**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 \$796,003 in the current year. Total net position at June 30, 2016 were \$27,554,242 compared to \$28,350,245 at June 30, 2015.

**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 at June 30, 2016 was \$36,729,948 compared to \$36,052,271 at June 30, 2015.

**Restricted Net Position**

Restricted nonexpendable net position consists of endowment gifts with specific restrictions on spending the principal given. Restricted expendable net position consists of endowment gifts, gifts with specific restrictions, grants from third party agencies with expenditure restrictions, and amounts restricted for capital projects. Restricted net position at June 30, 2016 was \$3,076,298 of which \$2,041,641 was nonexpendable. Restricted net position at June 30, 2015 was \$2,959,385 of which \$2,073,337 was nonexpendable.

**Unrestricted Net Position (Deficit)**

Unrestricted net position (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 at June 30, 2016 was \$12,252,004 compared to \$10,661,411 at June 30, 2015.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Management's Discussion and Analysis  
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**Condensed Statement of Revenues, Expenses and Changes in Net Position**

GASB Statements No. 68 and 71 were implemented in the fiscal year ending June 30, 2015.

**Table 2**  
**Changes in Net Position**

	Year Ended June 30, 2016	Year Ended June 30, 2015	Percentage Change
Operating Revenues:			
Tuition and Fees	\$ (201,585)	\$ (1,158,698)	82.60 %
Grants and Contracts	17,603,677	18,386,975	(4.26) %
Sales and Services	42,478	40,273	5.48 %
Auxiliary Enterprises	1,384,506	974,597	42.06 %
Other Operating Revenues	184,044	162,596	13.19 %
<b>Total Operating Revenues</b>	<b>19,013,120</b>	<b>18,405,743</b>	<b>3.30 %</b>
Operating Expenses	<b>33,607,405</b>	<b>31,423,824</b>	<b>6.95 %</b>
<b>Operating Loss</b>	<b>(14,594,285)</b>	<b>(13,018,081)</b>	<b>12.11 %</b>
Nonoperating Revenues:			
State Appropriations	9,480,823	9,264,011	2.34 %
County Appropriations	2,902,394	2,848,819	1.88 %
Investment Income, Net	124,276	123,991	0.23 %
Interest Expense on Capital Asset Related Debt	(6,978)	(11,847)	41.10 %
Other Nonoperating Revenues	-	62,034	(100.00) %
<b>Net Nonoperating Revenues</b>	<b>12,500,515</b>	<b>12,287,008</b>	<b>1.74 %</b>
Income (Loss) Before Other Revenues	(2,093,770)	(731,073)	186.40 %
State Appropriations Restricted for Capital Projects	1,407,828	557,040	(152.73) %
Other Additions and (Deletions)	(110,061)	(39,962)	175.41 %
<b>Total Other Revenues</b>	<b>1,297,767</b>	<b>517,078</b>	<b>150.98 %</b>
<b>Increase (Decrease) in net position</b>	<b>(796,003)</b>	<b>(213,995)</b>	<b>271.97 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>28,350,245</b>	<b>53,074,330</b>	<b>(46.58) %</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>(24,510,090)</b>	<b>100.00 %</b>
<b>Net Position, July 1, as restated</b>	<b>28,350,245</b>	<b>28,564,240</b>	<b>(0.75) %</b>
<b>Net Position, June 30</b>	<b>\$ 27,554,242</b>	<b>\$ 28,350,245</b>	<b>(2.81) %</b>

Total operating loss for fiscal year 2016 was \$14,594,285, compared to \$13,018,081 for fiscal year 2015. 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.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL

Management's Discussion and Analysis

For the Year Ended June 30, 2016

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 fiscal year 2016 were \$19,013,120 compared to \$18,405,743 for fiscal year 2015. Operating expenses, including depreciation of \$1,888,112 totaled \$33,607,405 for fiscal year 2016. Operating expenses for fiscal year 2015, including depreciation of \$1,814,843, totaled \$31,423,824.

**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 fiscal year 2016 were \$5,179,464 compared to \$4,910,375 for fiscal year 2015. Tuition and fees net of scholarship allowances totaled (\$201,585) for fiscal year 2016, in comparison to (\$1,158,698) for fiscal year 2015.

**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.

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

	<b><u>For the Year Ended:</u></b>	
	<b><u>June 30, 2016</u></b>	<b><u>June 30, 2015</u></b>
Federal Sources:		
Department of Education	\$ 12,470,824	\$ 13,242,278
Other Federal Sources	1,435,817	1,092,946
State Sources:		
Mississippi Community College Board	1,890,602	1,939,512
Mississippi Department of Education	1,413,086	1,418,399
Other Sources	<u>393,348</u>	<u>693,840</u>
Total All Sources	<u><u>17,603,677</u></u>	<u><u>18,386,975</u></u>

**Sales and Services**

Sales and services consist of income from athletic activities that totaled \$42,478 for fiscal year 2016 and \$40,273 for fiscal year 2015.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Management's Discussion and Analysis  
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**Auxiliary Enterprises**

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

Auxiliary enterprises primarily include the college bookstore, college housing, and the cafeteria and snack bar. Total auxiliary service revenues totaled \$1,384,506 for fiscal year 2016, compared to \$974,597 for fiscal year 2015.

**Operating Expenses**

Operating expenses for fiscal year 2016 totaling \$33,607,405, include salaries and benefits of \$18,147,703, contractual services of \$5,376,472, commodities of \$3,922,412, scholarships and fellowships of \$2,908,862, depreciation of \$1,888,112, utilities and insurance of \$1,011,916, and travel of \$351,928. Operating expenses for fiscal year 2015 totaling \$31,423,824, include salaries and benefits of \$16,508,303, contractual services of \$5,620,668, commodities of \$3,356,460, scholarships and fellowships of \$2,686,753, depreciation of \$1,814,943, utilities and insurance of \$1,081,368, and travel of \$355,329.

	<b>For the Year Ended:</b>	
	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Operating Expenses by Function:		
Instruction	\$ 12,277,949	\$ 11,505,863
Academic Support	3,058,513	1,972,735
Student Services	3,938,718	3,585,270
Institutional Support	3,719,660	4,052,839
Operations and Maintenance of Plant	3,430,756	3,635,995
Student Financial Aid	2,908,988	2,688,959
Auxiliary Enterprises	2,384,709	2,167,220
Depreciation	1,888,112	1,814,943
Total Operating Expenses by Function	<b>\$ 33,607,405</b>	<b>\$ 31,423,824</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 \$9,480,823 for operations for the 2016 fiscal year. An additional \$1,407,828 was received in state capital appropriations for the purchase, construction, renovation and repair of fixed assets. For the 2015 fiscal year, the college and high school received \$9,264,011 in state appropriations for operations and an additional \$557,040 in state capital appropriations also for the purchase, construction, renovation and repair of fixed assets.



COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

**County Appropriations**

The college receives revenue from the five counties in the district in which it resides. The high school also receives revenue from the county in which it resides. Funding received by the college and high school is used for salaries and benefits and for operational purposes. These appropriations are received as monthly payments, beginning in July of each year. A portion of the support received from the counties is specifically restricted for capital improvements and the reduction of debt. The college and high school received \$2,902,394 for fiscal year 2016 compared to \$2,848,819 for fiscal year 2015. These appropriations were fully recorded by the college and high school during the fiscal year.

**Investment Income, Net**

Investment income includes interest income from the college and high school's cash and investments held by an outside agency. Investment income for the year ending June 30, 2016 was \$124,276 compared to \$123,991 at June 30, 2015.

**Other Nonoperating Revenues and Expenses**

Other nonoperating revenue consists of insurance recoveries. No amounts for insurance recoveries were received for the year ending June 30, 2016 compared to \$62,034 received in the year ending June 30, 2015. Nonoperating expense consists of \$6,978 interest expense on capital debt for the year ending June 30, 2016 compared to \$11,847 for the year ending June 30, 2015.

**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.

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

	<b>For the Year Ended:</b>	
	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (12,142,053)	\$ (11,057,031)
Noncapital Financing Activities	12,132,190	11,835,446
Capital Financing Activities	(744,548)	(3,699,881)
Investing Activities	155,972	130,391
Net Increase (Decrease) in Cash and Cash Equivalents	(598,439)	(2,791,075)
Cash and Cash Equivalents - Beginning of the Year	11,909,593	14,700,668
Cash and Cash Equivalents - End of the Year	<u>11,311,154</u>	<u>11,909,593</u>

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL**

**Management's Discussion and Analysis**

**For the Year Ended June 30, 2016**

For the fiscal year ending June 30, 2016, the major sources of funds included in operating activities include grants and contracts of \$17,350,561, auxiliary enterprise revenues of \$1,384,505 and other receipts of \$210,511. The major uses of funds were payments of \$17,244,140 to employees, payments of \$9,741,172 to suppliers and payments of \$2,908,862 for scholarships.

During the 2015 fiscal year, major sources of funds included in operating activities include grants and contracts of \$18,757,910, auxiliary enterprise revenues of \$974,597 and other receipts of \$199,498. The major uses of funds were payments of \$16,940,175 to employees, payments of \$10,252,766 to suppliers and payments of \$2,652,404 for scholarships.

The largest inflows of cash for the 2016 fiscal year in the noncapital activities group is state appropriations of \$9,576,642 and county appropriations of \$2,900,059 compared to \$9,362,194 and \$2,829,700, respectively for the 2015 fiscal year.

**Selected Financial Analyses**

**Current Ratio**

	<b><u>06/30/16</u></b>	<b><u>06/30/15</u></b>	<b><u>06/30/14</u></b>
Current Assets	13,715,021	14,616,452	17,238,993
Current Liabilities	1,187,196	1,384,032	1,274,297
Current Ratio	<u>11.55</u>	<u>10.56</u>	<u>13.53</u>

**Operational Income Excluding Depreciation**

	<b><u>06/30/16</u></b>	<b><u>06/30/15</u></b>	<b><u>06/30/14</u></b>
Operating Revenues	19,013,120	18,405,743	17,280,231
Nonoperating Revenues	12,500,515	12,287,008	12,396,309
Less: Operating Expenses	(33,607,405)	(31,423,824)	(31,030,135)
Operational Income Including Depreciation	(2,093,770)	(731,073)	(1,353,595)
Depreciation Expense	1,888,112	1,814,943	1,432,966
Operational Income Excluding Depreciation	<u>(205,658)</u>	<u>1,083,870</u>	<u>79,371</u>

**Cash Flow Before Capital Items**

	<b><u>06/30/16</u></b>	<b><u>06/30/15</u></b>	<b><u>06/30/14</u></b>
Net Cash Used by Operations	(12,142,053)	(11,057,031)	(12,344,780)
Net Cash Provided by Non Capital Financing	12,132,190	11,835,446	12,164,717
Cash Flows Before Capital Items	<u>(9,863)</u>	<u>778,415</u>	<u>(180,063)</u>

**Unrestricted Net Position Excluding Property,**

**Plant and Equipment and Debt**

	<b><u>06/30/16</u></b>	<b><u>06/30/15</u></b>	<b><u>06/30/14</u></b>
Unrestricted Net Position	24,477,944	25,390,860	48,458,434
Less: Property, Plant, & Equipment	(36,729,948)	(36,052,271)	(34,434,806)
Add: Plant Related Debt	82,000	120,000	156,000
Unrestricted Net Position Excluding Property, Plant and Equipment and Debt	<u>(12,170,004)</u>	<u>(10,541,411)</u>	<u>14,179,628</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

**Selected Financial Analyses (Continued)**

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

<b>Revenues</b>	<b>06/30/16</b>	<b>06/30/15</b>	<b>06/30/14</b>
Net Tuition	(201,585)	(1,158,698)	(1,173,794)
Federal Grants and Contracts	15,418,511	15,884,762	14,790,141
State Grants and Contracts	1,867,483	2,199,595	2,225,736
Nongovernmental Grants and Contracts	317,683	302,618	417,772
Sales and Services	42,478	40,273	23,344
Auxiliary Enterprises	1,384,506	974,597	1,027,051
Other Operating Revenues	184,044	162,596	(30,019)
State Appropriations	9,480,823	9,264,011	9,010,046
County Appropriations	2,902,394	2,848,819	2,791,381
Capital Appropriations	1,407,828	557,040	2,696,332
Investment Income	124,276	123,991	79,193
Other Nonoperating Revenues	-	62,034	526,735
Other Additions and (Deletions)	-	-	209,985
<b>Total Revenues</b>	<b>32,928,441</b>	<b>31,261,638</b>	<b>32,593,903</b>
<b>Expenses</b>			
Instruction	12,277,949	11,505,863	10,917,740
Academic Support	3,058,513	1,972,735	2,898,641
Student Services	3,938,718	3,585,270	3,492,413
Institutional Support	3,719,660	4,052,839	3,368,244
Operation of Plant	3,430,756	3,635,995	3,799,540
Student Aid	2,908,988	2,688,959	3,060,480
Auxiliary Enterprises	2,384,709	2,167,220	2,060,111
Depreciation	1,888,112	1,814,943	1,432,966
Interest Expense on Capital Debt	6,978	11,847	11,046
Other Deletions	110,061	39,962	-
Add: Capital Additions Net of Debt	2,107,397	3,552,408	3,553,650
Add: Reduction of Capital Debt	38,000	36,000	36,938
Less: Depreciation	(1,888,112)	(1,814,943)	(1,432,966)
<b>Total Expenses</b>	<b>33,981,729</b>	<b>33,249,098</b>	<b>33,198,803</b>
<b>Change in Unrestricted Net Position Excluding Property, Plant, and Equipment and Debt</b>	<b><u>(1,053,288)</u></b>	<b><u>(1,987,460)</u></b>	<b><u>(604,900)</u></b>

**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 \$1,234,203 funded primarily by the Mississippi Office of Buildings, Grounds and Real Property Management; the college also contracted for storm damage repairs to Miller Stadium at an estimated cost of \$2,175,494 funded by the Mississippi Office of Buildings, Grounds and Real Property Management and the college.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

During the 2014/2015 school year, the college contracted for a Campus Radio Station at a total estimated cost of \$150,000 funded primarily by the Mississippi Office of Buildings, Grounds and Real Property Management; the college also contracted for a Campus Security Fence at an estimated cost of \$656,810, which initially was to be funded by the college but was subsequently funded by the Mississippi Office of Buildings, Grounds and Real Property Management.

The above projects are expected to be completed in the 2016/2017 fiscal year.

**Factors Impacting Future Periods**

There are a number of issues of importance to the college and high school that directly impacted the fiscal year 2015/2016 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 AGRICULTURAL HIGH SCHOOL**  
**Statement of Net Position**  
**June 30, 2016**

**Assets**

Current assets:	
Cash and cash equivalents	\$ 10,123,227
Accounts receivable, net	2,444,676
Inventories	220,827
Prepaid items	926,291
Total Current Assets	<u>13,715,021</u>
Non-current assets:	
Restricted cash and cash equivalents	1,187,927
Investments	2,041,641
Capital assets, net of accumulated depreciation:	36,811,948
Total Non-current Assets	<u>40,041,516</u>
Total Assets	<u>53,756,537</u>

**Deferred Outflows of Resources**

Deferred outflows of resources related to pensions	<u>5,224,885</u>
Total Deferred Outflows of Resources	<u>5,224,885</u>

**Liabilities**

Current liabilities:	
Accounts payable and accrued liabilities	862,548
Long-term liabilities - current portion	40,000
Other current liabilities	284,648
Total Current Liabilities	<u>1,187,196</u>
Non-current assets:	
Deposits refundable	38,893
Long-term debt	42,000
Net pension liability	29,370,253
Total Non-current Liabilities	<u>29,451,146</u>
Total Liabilities	<u>30,638,342</u>

**Deferred Inflows of Resources**

Deferred inflows of resources related to pensions	<u>788,838</u>
Total Deferred Inflows of Resources	<u>788,838</u>

**Net Position**

Net investment in capital assets	36,729,948
Restricted for:	
Non-expendable:	
Scholarships and fellowships	2,041,641
Expendable:	
Scholarships and fellowships	1,034,657
Unrestricted	(12,252,004)
Total Net Position	<u>\$ 27,554,242</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**Statement of Financial Position**  
**June 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Assets</b>				
Cash and cash equivalents	\$ 65,927	-		\$ 65,927
Total Assets	\$ 65,927	-	-	\$ 65,927
<b>Liabilities</b>				
Total Liabilities	\$ -	-	-	\$ -
<b>Net Assets</b>				
Unrestricted	65,927	-	-	65,927
Temporarily restricted	-	-	-	-
Permanently restricted	-	-	-	-
Total Net Assets	65,927	-	-	65,927
Total Liabilities and Net Assets	\$ 65,927	-	-	\$ 65,927

The accompanying notes to financial statements are an integral part of these financial statements.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2016**

**Operating revenues:**

Tuition and fees (net of scholarship allowances of \$5,381,049)	\$ (201,585)
Federal grants and contracts	15,418,511
State grants and contracts	1,867,483
Nongovernmental grants and contracts	317,683
Sales and services	42,478
Auxillary enterprises:	
Student housing (net of scholarship allowances of \$556,446)	(20,845)
Food services (net of scholarship allowances of \$855,073)	(32,033)
Bookstore	1,388,532
Other auxillary revenues	48,852
Other operating revenues	184,044
Total Operating Revenues	<u>19,013,120</u>

**Operating expenses:**

Salaries and wages	13,184,809
Fringe benefits	4,962,894
Contractual services	5,376,472
Commodities	3,922,412
Travel	351,928
Utilities and insurance	1,011,916
Scholarships and fellowships	2,908,862
Depreciation expense	1,888,112
Total Operating Expenses	<u>33,607,405</u>
Operating Loss	<u>(14,594,285)</u>

**Non-operating revenues (expenses):**

State appropriations	9,480,823
County appropriations	2,902,394
Investment income	124,276
Interest expense on captial asset-related debt	(6,978)
Total Non-Operating Revenues (Expenses)	<u>12,500,515</u>
Income before other revenues, expenses, gains and losses	<u>(2,093,770)</u>

**Other revenues, (expenses), gains and (losses):**

State appropriations restricted for captial projects	1,407,828
Unrealized loss on investments	(155,991)
Gain on disposal of assets	45,930
Total Non-Operating Revenues (Expenses)	<u>1,297,767</u>
Change in Net Position	<u>(796,003)</u>

**Net Position:**

Net Position – Beginning of Year	28,350,245
Net Position – End of Year	<u>\$ 27,554,242</u>

The accompanying notes to financial statements are an integral part of these financial statements.



**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Revenues, gains and support:</b>				
Contributions	\$ 55,641	-	-	\$ 55,641
Investment income	12	-	-	12
Total Revenues, Gains and Support	55,653	-	-	55,653
<b>Expenses:</b>				
Program Services:				
General college support	13,837	-	-	13,837
Student retention	587	-	-	587
Support Services:				
Fundraising	18,220	-	-	18,220
General and administrative expense	1,486	-	-	1,486
Total Expenses	34,130	-	-	34,130
Increase in Net Assets Before Other Sources and Uses	21,523	-	-	21,523
<b>Other sources and (uses):</b>				
Transfers from other funds	5,000	-	-	5,000
Transfers to other funds	(5,000)	-	-	(5,000)
Total Other Sources and Uses	-	-	-	-
Decrease in Net Assets	21,523	-	-	21,523
<b>Net Assets:</b>				
Net Position – Beginning of Year	44,404	-	-	44,404
Net Position – End of Year	\$ 65,927	-	-	\$ 65,927

The accompanying notes to financial statements are an integral part of these financial statements.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**

**Cash flows from operating activities:**

Tuition and fees	\$ (231,939)
Grants and contracts	17,350,561
Payments to suppliers	(9,741,172)
Payments to employees for salaries and benefits	(17,244,140)
Payments for utilities	(1,003,995)
Payments for scholarships and fellowships	(2,908,862)
Athletics	42,478
Auxillary enterprises:	
Student housing	(20,846)
Food services	(32,033)
Bookstore	1,388,532
Other auxillary revenues	48,852
Other receipts	210,511
Net cash used by operating activities	<u>(12,142,053)</u>

**Cash flows from noncapital financing activities:**

State appropriations	9,576,642
County appropriations	2,900,059
Other non-operating revenues (expenses)	(344,511)
Net cash provided by noncapital financing activities	<u>12,132,190</u>

**Cash flows from capital and related financing activities:**

Cash paid for acquisition and construction of capital assets	(2,107,398)
Capital grants and contracts received	1,407,828
Principal paid on capital debt and leases	(38,000)
Interest paid on capital debt and leases	(6,978)
Net cash used by capital and related financing activities	<u>(744,548)</u>

**Cash flows from investing activities:**

Proceeds from sales and maturities of investments	157,309
Interest received on investments	124,276
Purchases of investments	(125,613)
Net cash provided by investing activities	<u>155,972</u>
Net decrease in cash and cash equivalents	<u>(598,439)</u>

Cash and Cash Equivalents – Beginning of Year	11,909,593
Cash and Cash Equivalents – End of Year	<u>\$ 11,311,154</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**

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

Operating loss	<u>\$ (14,594,285)</u>
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	1,888,112
GASB 68 pension expense adjustment	808,025
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable, net	(310,385)
Inventories	(60,612)
Prepaid expenses	7,290
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	66,421
Deposits refundable	26,914
Other liabilities	<u>26,467</u>
Total adjustments	<u>2,452,232</u>
Net cash used by operating activities	<u><u>\$ (12,142,053)</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**

**Cash flows from operating activities:**

Decrease in net assets	\$ 21,523
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:	<u>-</u>
Net cash provided by operating activities	<u>21,523</u>

**Cash flows from investing activities:**

-

**Cash flows from financing activities:**

-

Net increase (decrease) in cash and cash equivalents	21,523
Cash and Cash Equivalents – Beginning of Year	<u>44,404</u>
Cash and Cash Equivalents – End of Year	<u><u>\$ 65,927</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

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

**a. Reporting Entity**

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

Coahoma Community College and Agricultural High School is governed by a 14-member board of trustees, selected by the board of supervisors of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica Counties who support the college and high school through locally assessed ad valorem tax millage. One trustee from each of the supporting counties must be the county superintendent of education, unless the superintendent chooses not to serve, in which case the county board of supervisors fills the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5-year term. In addition, Coahoma Community College and Agricultural High School works jointly with the Mississippi State Board for Community and Junior Colleges, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

Coahoma Community College and Agricultural High School reports the following as a discretely presented component unit: the Coahoma Community College Foundation, Inc. (the Foundation). The Foundation is a legally separate, tax-exempt nonprofit organization founded in 1981. 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.

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, 2016, the Foundation distributed \$14,424 directly to the college.

**b. Basis of Presentation**

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

**c. 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.

**d. Cash Equivalents**

For purposes of the Statement of Cash Flows, the college and high school considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

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

**e. Accounts Receivable, Net**

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

**f. 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.

**g. 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.

**h. Prepaid Expenses**

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

**i. 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.

**j. Capital Assets, Net of Accumulated Depreciation**

Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 5 for additional details concerning useful lives, salvage values, and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.

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

**k. Unearned Revenues**

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

**l. Compensated Absences**

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

**m. Classification of Revenues**

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

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

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

**n. 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.

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 an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until the applicable period.

See Notes 10 and 11 for further details.

**o. State Appropriations**

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

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

**p. Scholarship Discounts and Allowances**

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college-wide by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

**q. 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 \$12,252,004 at June 30, 2016 includes \$220,827 reserved for inventories.

**r. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.



COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

**Note 2—Cash and Cash Equivalents and Investments**

Cash and Cash Equivalents

Policies:

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

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

As of June 30, 2016, the total carrying value of the college and high school's deposits with financial institutions reported in all of its funds was \$11,311,154.

*Custodial Credit Risk – Deposits* – Custodial credit risk is defined as risk that, in the event of the failure of a financial institution, the college and high school will not be able to recover deposits or collateral securities that are in the possession of an outside party. The college and high school does not have a formal deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the college and high school. Deposits above FDIC coverage are collateralized by the pledging institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the college and high school. As of June 30, 2016, none of the college and high school's bank balance of \$12,204,061 was exposed to custodial credit risk.

Investments

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

As of June 30, 2016, Coahoma Community College and Agricultural High School held the following investments:

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Certificates of Deposit	< 1 to 2	\$ 12,901	Not Rated
Money Market Funds	< 1	10,492	Not Rated
Mutual Funds	< 1	2,018,248	Not Rated
Total Investments		<u>\$ 2,041,641</u>	

The college and high school categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

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

The college and high school has the following recurring fair value measurements as of June 30, 2016:

- Certificates of deposits, money market funds, and mutual fund investments of \$2,041,641 are valued using quoted market prices (Level 1 inputs)

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

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

*Custodial Credit Risk* – Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the college and high school will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Coahoma Community College and Agricultural High School does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2016, none of the \$2,041,641 investment balance was exposed to custodial credit risk since the investment companies held all investments in the name of the college and high school.

*Concentration of Credit Risk* – Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. Coahoma Community College and Agricultural High School does not have a formal investment policy that addresses concentration of credit risk. As of June 30, 2016, 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, 2016:

	Balance 6/30/2016
Student tuition	\$ 3,833,183
Federal, state, and private grants and contracts	1,685,937
State appropriations	136,121
County appropriations	55,379
Total accounts receivable	5,710,620
Less: Allowance for doubtful accounts	(3,265,944)
Net accounts receivable	\$ 2,444,676

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

**Note 4—Prepaid Expenses**

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

Prepaid Expense	Amount
Prepaid construction costs	\$ 783,709
Prepaid insurance premiums	142,582
Total Prepaid Expenses	<u>\$ 926,291</u>

**Note 5—Capital Assets**

A summary of the college and high school's changes in capital assets for the year ended June 30, 2016, is presented as follows:

	Balance 7/1/2015	Increases	Decreases	Adjustments	Balance 6/30/2016
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 305,558				\$ 305,558
Constuction in progress	124,031	1,685,539			1,809,570
Total non-depreciable capital assets	429,589	1,685,539	-	-	2,115,128
<u>Depreciable capital assets:</u>					
Buildings	45,064,294				45,064,294
Improvements other than buildings	6,653,457	119,082			6,772,539
Equipment	6,518,528	676,786			7,195,314
Library books	1,056,864	313			1,057,177
Total depreciable capital assets	59,293,143	796,181	-	-	60,089,324
<u>Less accumulated depreciation for:</u>					
Buildings	16,411,675	984,663		(34,860)	17,361,478
Improvements other than buildings	1,402,247	242,357		26,092	1,670,696
Equipment	4,692,759	646,193			5,338,952
Library books	1,043,780	14,899		(37,301)	1,021,378
Total accumulated depreciation	23,550,461	1,888,112	-	(46,069)	25,392,504
Total depreciable capital assets, net	35,742,682	(1,091,931)	-	46,069	34,696,820
Governmental activities capital assets, net	<u>\$ 36,172,271</u>	<u>\$ 593,608</u>	<u>\$ -</u>	<u>\$ 46,069</u>	<u>\$ 36,811,948</u>

Adjustments were made to accumulated depreciation by the College to reconcile asset records to ending accumulated depreciation balance.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

**Note 5—Capital Assets (Continued)**

Construction in progress at June 30, 2016 consists of the following projects:

Project	Accumulated Cost
Allied Health Expansion	\$ 97,965
Miller Stadium Renovation	1,562,731
Radio Station	123,274
Entrance Wall	25,600
Total Construction in Progress	<u>\$ 1,809,570</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:

	Capitalization Policy	Salvage Value	Estimated Useful Life
Buildings	\$ 50,000	20%	40 years
Improvements other than buildings	25,000	20%	20 years
Equipment	5,000	1-10%	5-10 years
Library books	0	0%	3-7 years

**Note 6—Construction Commitments and Financing**

During the 2013/2014 school year, the college contracted for expansion of its Allied Health Center and for storm damage repairs to Miller Stadium. During the 2014/2015 the college contracted for construction of a campus radio station and a campus security fence. As of June 30, 2016 the estimated costs to complete these projects and the sources of anticipated funding are presented below:

Project	Total Costs to Complete	State Sources	Other Sources
Allied Health Expansion	\$ 1,234,203	\$ 1,084,203	\$ 150,000
Miller Stadium Storm Repairs	2,175,494	1,091,157	1,084,337
Campus Radio Station	150,000	137,560	12,440
Campus Entrance Wall	656,810	656,810	-
Totals	<u>\$ 4,216,507</u>	<u>\$ 2,969,730</u>	<u>\$ 1,246,777</u>

**Note 7—Long-term Liabilities**

Long-term liabilities of the college and high school consist of notes and bonds payable, and certain other liabilities that are expected to be liquidated at least one year from June 30, 2016.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

**Note 7—Long-term Liabilities (Continued)**

The schedule of original issue amounts, interest rates, maturity dates and outstanding balances for bonds and notes included in the long-term liabilities balance at June 30, 2016 and a schedule detailing the annual requirements necessary to amortize the outstanding debt are listed below:

Description	Balance 7/1/2015	Additions	Reductions	Balance 6/30/2016	Amounts due within one year
A. State Aid Capital Improvement Bond	\$ 120,000		38,000	\$ 82,000	\$ 40,000
B. Department of Education Note	234,450		234,450	-	
C. Deposits Refundable	11,979	26,914		38,893	
Total	<u>\$ 366,429</u>	<u>26,914</u>	<u>272,450</u>	<u>\$ 120,893</u>	<u>\$ 40,000</u>

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Aid Capital Improvement Bond	5.00%	1998	2018	\$ 541,000	\$ 82,000
				<u>\$ 541,000</u>	<u>\$ 82,000</u>

The annual debt service requirements to amortize outstanding long-term liabilities as of June 30, 2016 are as follows:

Year Ending June 30	Bonded Debt	Interest
2017	\$ 40,000	4,100
2018	42,000	2,100
Total	<u>\$ 82,000</u>	<u>6,200</u>

**Note 8—U.S. Department of Education Assessment**

The U.S. Department of Education's School Participation Team – Atlanta conducted a program review of the college's financial aid programs for the 2010/2011 and 2011/2012 award years and issued their program review report on September 7, 2012. On October 28, 2013, the Department of Education issued their final program review determination. The final determination required the college to return \$776,643 to the Department of Education. The Department of Education's repayment agreement with the college required the college to make a 20% down payment in the amount of \$155,328.60 upon signing the agreement, followed by 24 payments in the amount of \$26,158.63, including interest, commencing on April 1, 2014 and maturing on March 1, 2016. The college made principal payments totaling \$234,450 and interest payments totaling \$978 during the fiscal year.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

**Note 9—Operating Leases**

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

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2017	\$ 57,033
2018	30,455
2019	15,841
2020	7,414
2021	<u>1,936</u>
Total minimum payments required	\$ <u>112,679</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, 2016, was \$75,302.

**Note 10—Pension Plan**

**Plan Description** – Coahoma Community College and Agricultural High School contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates established by Miss. Code Ann. Section 25-11-1 at 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.

**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 entity's 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 at least 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 2.0 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 the 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 3.0 percent of the annual retirement allowance for each full fiscal 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 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

**Note 10—Pension Plan (Continued)**

**Contributions-** PERS members are required to contribute 9.00% of their annual covered salary, and the college and high school is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2016 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The college and high school's contributions to PERS for the fiscal years ending June 30, 2016, 2015 and 2014 were \$2,012,389, \$1,919,023, and \$1,816,190, respectively, which equaled the required contributions for each year.

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

At June 30, 2016, the college and high school reported a liability of \$29,370,253 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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 proportion 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, actuarially determined. The college and high school's proportionate share used to calculate the June 30, 2016 net pension liability was 0.1950 percent, which was based on a measurement date of June 30, 2015. This was an decrease of 0.0063 percent from its proportionate share used to calculate the June 30, 2015 net pension liability, which was based on a measurement date of June 30, 2014.

For the year ended June 30, 2016, the college and high school recognized pension expense of \$2,819,784. At June 30, 2016, the college and high school reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences between expected and actual experience	\$	682,349	\$
Net difference between projected and actual earnings on pension plan investments			788,838
Changes of assumptions		2,530,147	
Entity's contributions subsequent to the measurement date		2,012,389	
Total	\$	<u>5,224,885</u>	\$ <u>788,838</u>

\$2,012,389 reported as deferred outflows of resources related to pensions resulting from the college and high school's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 819,637
2018	819,636
2019	354,767
2020	<u>429,618</u>
Total	<u>\$ 2,423,658</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

**Note 10—Pension Plan (Continued)**

**Actuarial assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 19.00 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 Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34 %	5.20 %
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	(0.50)
Total	100 %	

**Discount rate** - The discount rate used to measure the total pension liability was 7.75 percent, a decrease of 0.25 percentage points since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. 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 AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

**Note 10—Pension Plan (Continued)**

**Sensitivity of the College'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 1- percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Entity's proportionate share of the net pension liability	\$ 38,712,684	\$ 29,370,253	\$ 21,617,782

**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 11—Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$12,252,004) includes the effect of deferring the recognition of the net difference between expected and actual experience relating to the defined benefit pension plan. The \$5,224,885 balance of the net deferred outflow of resources at June 30, 2016 will be recognized as expense and decrease unrestricted net position over the remaining three years.

Unrestricted net position also includes the effect of deferring the recognition of the net difference between projected and actual earnings of the defined benefit plan investments. The \$788,838 balance of the net deferred inflow or resources at June 30, 2016 will be recognized as income and increase unrestricted net position over the remaining four years.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

**Note 12—Natural Classifications with Functional Classifications**

The table below lists the institution's operating expenses by functional classification as of June 30, 2016:

Functional Classification	Year Ended June 30, 2016							
	Natural Classification							
	Salaries & Wages	Fringe Benefits	Contractual Services	Commodities	Travel	Utilities & Insurance	Scholarships & Fellowships	Total
Instruction	\$ 7,170,456	\$ 2,691,395	\$ 1,073,195	\$ 1,117,094	\$ 225,809	\$ -	\$ -	\$ 12,277,949
Academic Support	1,110,509	434,635	1,381,058	102,953	29,358	-	-	3,058,513
Student Services	2,165,293	740,786	496,183	486,211	50,245	-	-	3,938,718
Institutional Support	1,578,079	579,289	966,239	554,277	41,776	-	-	3,719,660
Operation of Plant	941,843	419,843	453,502	601,101	2,551	1,011,916	-	3,430,756
Student Aid	-	-	126	-	-	-	2,908,862	2,908,988
Auxiliary Enterprises	218,629	96,946	1,006,169	1,060,776	2,189	-	-	2,384,709
Depreciation	-	-	-	-	-	-	1,888,112	1,888,112
Total Operating Expenses	\$ 13,184,809	\$ 4,962,894	\$ 5,376,472	\$ 3,922,412	\$ 351,928	\$ 1,011,916	\$ 2,908,862	\$ 33,607,405

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Financial Statements

**Note 13—Concentrations**

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

**Note 14—Contingencies**

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

**Note 15—Risk Management**

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

Under Governmental Accounting Standards Board Statement Number 10: *Accounting and Financial Reporting for Risks Financial and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report; there were no known claims above the amount of coverage purchased for risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters at June 30, 2016; therefore no liability has been accrued at this time.

**Note 16—Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Coahoma Community College and Agricultural High School evaluated the activity of the college and high school through February 20, 2017, and determined that no subsequent events have occurred that require disclosure in the notes to financial statements.

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

### **a. Reporting Entity**

Coahoma Community College Foundation, Inc. (the Foundation), a nonprofit organization, was founded in July 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 the 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.

### **b. 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.

### **c. 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.

### **d. 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.

### **e. 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.

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

**f. 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.

**g. 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.

**h. Fair Value of Financial Instruments**

The carrying amount for cash and cash equivalents at June 30, 2016 are their fair values.

**i. 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 individual to make contributions to the Foundation for which the contributor will receive no direct economic benefit. These expenses consist of printing and mailing costs.

**j. 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.

**k. 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.

**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, 2016 all \$65,927 of the Foundation's cash deposits were fully insured by the FDIC.

**Note 3—Subsequent Events**

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of Coahoma Community College Foundation, Inc. has evaluated the activity of the Foundation through February 20, 2017 (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 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL**  
**Required Supplementary Information**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**PERS**  
**Last 10 Fiscal Years \***

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.1950%	0.1887%
Proportionate share of the net pension liability	\$ 29,370,253	23,062,521
Covered-employee payroll	\$ 12,184,363	11,531,399
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	241.05%	200.00%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

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

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

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



**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**PERS**  
**Last 10 Fiscal Years**

	<u>2016</u>	<u>2015</u>
Contractually required obligation	\$ 2,012,389	1,919,023
Contribution in relation to the contractually required contribution	2,012,389	1,919,023
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>
District's covered-employee payroll	12,777,073	12,184,363
Contributions as a percentage of its covered-employee payroll	15.75%	15.75%

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

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

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2016

Pension Schedules

(1) Changes of assumptions

In 2015 and later, 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. In 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. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

SUPPLEMENTARY INFORMATION

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL**  
**Supplementary Information**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
National school lunch program	10.555	\$ 173,675
State Administrative Matching Grants for SNAP	10.561	5,341
Total passed-through Mississippi Department of Education		179,016
Distance Learning and Telemedicine Grant	10.855	409,919
Delta Health Care Services Grant Program	10.874	168,335
Soil and Water Conservation	10.902	62,572
<b>Total U.S. Department of Agriculture</b>		<b>819,842</b>
<b><u>U.S. Department of Labor</u></b>		
WIA cluster:		
Passed-through Delta Workforce Investment Area:		
WIA Youth Activities	17.259	152,866
Passed-through Mississippi Department of Employment Security:		
Various WIA Programs	17.xxx	28,382
Total WIA cluster		181,248
Passed-through Delta Workforce Investment Area:		
WIOA National Dislocated Worker Grants	17.277	43,211
<b>Total U.S. Department of Labor</b>		<b>224,459</b>
<b><u>National Aeronautics and Space Administration</u></b>		
Passed-through University of Mississippi:		
Aerospace Education Services Program	43.001	11,055
<b>Total National Aeronautics and Space Administration</b>		<b>11,055</b>
<b><u>National Endowment for the Arts</u></b>		
Passed-through Mississippi Arts Commission:		
Promotion of the Arts - Partnership Agreements	45.025	4,500
<b>Total National Endowment for the Arts</b>		<b>4,500</b>
<b><u>National Endowment for the Humanities</u></b>		
Passed-through Mississippi Humanities Council:		
Promotion of the Humanities - Federal/State Partnership	45.129	2,600
<b>National Endowment for the Humanities</b>		<b>2,600</b>

The accompanying notes are an integral part of this schedule.

**COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL**  
**Supplementary Information**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U.S. Department of Education</u></b>		
Student financial aid cluster:		
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	244,234
Federal Work-Study Program (FWS)	84.033	313,198
Federal Pell Grant Program (PELL)	84.063	8,337,545
Total student financial aid cluster		8,894,977
TRIO cluster:		
TRIO - Talent Search	84.044	215,107
Higher Education - Institutional Aid	84.031	3,249,264
Passed-through Mississippi Community College Board:		
Adult Education - Basic Grants to States	84.002	88,752
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	125,542
Career and technical education - basic grants to states	84.048	327,249
School improvement grants	84.377	682,340
Subtotal		1,135,131
Special education cluster:		
Special education - grants to states	84.027	94,259
Total special education cluster		94,259
Total passed-through Mississippi Department of Education		1,229,390
<b>Total U.S. Department of Education</b>		<b>13,677,490</b>
<b><u>U.S. Department of Health and Human Services</u></b>		
Passed-through Mississippi Department of Human Services:		
Temporary Assistance for Needy Families (TANF)	93.558	179,034
Social Services Block Grant	93.667	263,398
<b>Total U.S. Department of Health and Human Services</b>		<b>442,432</b>
Total for All Federal Awards		\$ 15,182,378

The accompanying notes are an integral part of this schedule.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Coahoma Community College and Agricultural High School under programs of the federal and state governments for the year ended June 30, 2016. 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 Agricultural High School it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Coahoma Community College and Agricultural 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. The college and high school has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
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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*

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

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 the Coahoma Community College and Agricultural High School as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the Coahoma Community College and Agricultural High School's basic financial statements, and have issued our report thereon dated February 20, 2017. The financial statements of the 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 the college and high school's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the college and 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.

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

### Compliance and Other Matters

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



### **Purpose of this Report**

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

Okolona, Mississippi  
February 20, 2017

*Watkins Ward and Stafford, PLLC*



**WATKINS, WARD and STAFFORD**  
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Certified Public Accountants

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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**

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

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

We have audited the Coahoma Community College and Agricultural 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 the Coahoma Community College and Agricultural High School's major federal programs for the year ended June 30, 2016. The Coahoma Community College and Agricultural High School's major federal program is identified in the summary of auditors' 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Coahoma Community College and Agricultural High School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the Coahoma Community College and Agricultural High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the Coahoma Community College and Agricultural High School, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

Management of the Coahoma Community College and Agricultural High School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Coahoma Community College and Agricultural High School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the Coahoma Community College and Agricultural High School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such 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.

Okolona, Mississippi  
February 20, 2017

*Watkins Ward and Stafford, PLLC*

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

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

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

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of the Coahoma Community College and Agricultural High School as of and for the year ended June 30, 2016, which collectively comprise Coahoma Community College and Agricultural High School's basic financial statements and have issued our report thereon dated February 20, 2017. 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. The financial statements of the Coahoma Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to ensure that the college and high school is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds". 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 other 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 our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The high school reported \$0 of classroom supply funds carried over from previous years.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to ensure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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 other 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 other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

### **Finding**

Under the reemployment provisions of Section 25-11-127, Miss. Code of 1972, as amended, PERS Form 4B must be filed in the PERS office within five (5) days from the date of reemployment. During the testing of retired personnel, it was noted that the PERS Form 4B was not filed within five (5) days from the date of reemployment for multiple employees. Also, one employee was paid in excess of the maximum allowed for rehired retirees.

**Recommendation**

PERS Form 4B must be completed by the PERS service retiree and the appointing authority of the PERS covered agency employing such service retiree with the PERS office within five (5) days from the date of reemployment and within five (5) days from the termination of such reemployment and employees must not be paid in excess of the amount allowed.

**Response**

The Human Resources Director stated that in the future care will be taken to ensure that PERS Form 4B is filed in the PERS office within five (5) days of reemployment of a PERS service retiree and safeguards will be put in place to assure that no one is paid in excess of the amount allowed.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the finding in this report to insure that corrective action has been taken.

The Coahoma Community College and Agricultural High School's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the school 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.

Okolona, Mississippi  
February 20, 2017

*Watkins Ward and Stafford, PLLC*

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

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

Financial Statements:

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

Federal Awards:

- |                     |  |                     |   |        |                                      |  |
|---------------------|--|---------------------|---|--------|--------------------------------------|--|
| 4.                  | Internal control over major programs:  |                     |   |        |                                      |  |
| a.                  | Material weakness (es) identified?   | No                  |   |        |                                      |  |
| b.                  | Significant deficiency (ies) identified?   | None reported       |   |        |                                      |  |
| 5.                  | Type of auditor's report issued on compliance for major federal programs:  | Unmodified          |   |        |                                      |  |
| 6.                  | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   | No                  |   |        |                                      |  |
| 7.                  | Identification of major programs:  |                     |   |        |                                      |  |
|                     | <table border="0" style="width: 100%;"> <tr> <td style="text-align: left;"><u>CFDA Numbers</u></td> <td style="text-align: left;"><u>Name of Federal Program or Cluster</u></td> </tr> <tr> <td>84.031</td> <td>Higher Education – Institutional Aid</td> </tr> </table> | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> | 84.031 | Higher Education – Institutional Aid |  |
| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u>  |                     |   |        |                                      |  |
| 84.031              | Higher Education – Institutional Aid   |                     |   |        |                                      |  |
| 8.                  | Dollar threshold used to distinguish between type A and type B programs:   | \$750,000           |   |        |                                      |  |
| 9.                  | Auditee qualified as a low-risk auditee?   | Yes                 |   |        |                                      |  |



COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

**Section II: 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 III: Federal Award Findings and Questioned Costs**

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