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**COAHOMA COMMUNITY COLLEGE
AND EARLY COLLEGE HIGH SCHOOL**

**Audited Financial Statements
For the Year Ended June 30, 2020**

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE 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 Early College High School
Clarksdale, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of Coahoma Community College and Early College High School and Coahoma Community College Foundation, Inc. a discretely presented component unit of Coahoma Community College and Early College High School, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the college's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Coahoma Community College and Early College High School, as of June 30, 2020, 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 college's proportionate share of the net pension liability - PERS, schedule of college contributions- PERS, schedule of the college's proportionate share of the net OPEB liability and schedule of college contributions - OPEB on pages 4 through 18, 55, 56, 57 and 58, 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.

Other Information

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

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 accompanying supplementary information mentioned above 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 October 23, 2021, on our consideration of Coahoma Community College and Early College High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Coahoma Community College and Early College High School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coahoma Community College and Early College High School's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC
Okolona, Mississippi
October 23, 2021

Watkins Ward and Stafford, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

This section of the Coahoma Community College and Early College High School's annual financial report presents our discussion and analysis of the financial performance of the college and high school during the fiscal year ended June 30, 2020. 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. We have included in this discussion comparative data for 2019. The financial statements, footnotes, and this discussion are the responsibility of the college and high school's management.

Using the Annual Report

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

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

The College is required to present the liability of the present value of projected benefit payments for defined benefit pension plans and the present value of projected OPEB payments as a liability of the College's financial statements. The College's net pension liability at June 30, 2020 was \$33,764,274 and the net OPEB liability was \$1,831,280.

The annual report consists of three basic financial statements that provide information on the college and high school as a whole: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

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

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

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.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Financial and Enrollment Highlights

- Enrollment decreased 13.0% from the prior year based on headcount.

Year	Total Students Enrolled in Fall
2010	2,741
2011	2,301
2012	2,305
2013	2,072
2014	2,044
2015	2,209
2016	2,189
2017	2,077
2018	1,911
2019	1,662

- Gross revenue from tuition and fees increased .3% from the prior year.
- Revenue from federal, state and non-governmental grants increased by 8.5% from the prior year.
- Revenue from state and county appropriations did not significantly change from the prior year.
- The value of the endowment fund increased by 5.0% from the prior year.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Condensed Statement of Net Position

Table 1
Condensed Statement of Net Position

	June 30, 2020	June 30, 2019	Percentage Change
Assets			
Current assets	\$ 13,457,630	\$ 13,401,037	0.42 %
Noncurrent Assets:			
Capital assets, net	45,750,381	46,998,169	(2.65) %
Other assets	4,854,896	4,021,933	20.71 %
Total Assets	<u>64,062,907</u>	<u>64,421,139</u>	(0.56) %
Deferred outflows of resources:			
Pension related deferred outflows	2,659,822	2,331,965	14.06 %
OPEB related deferred outflows	293,432	152,507	92.41 %
Total Deferred Outflows of Resources	<u>2,953,254</u>	<u>2,484,472</u>	18.87 %
Total Assets & Deferred Outflows	<u><u>67,016,161</u></u>	<u><u>66,905,611</u></u>	0.17 %
Liabilities			
Current liabilities	1,551,033	1,308,528	18.53 %
Noncurrent liabilities	35,544,368	33,491,136	6.13 %
Total liabilities	<u>37,095,401</u>	<u>34,799,664</u>	6.60 %
Deferred inflows of resources:			
Pension related deferred inflows	1,094,485	1,831,839	(40.25) %
OPEB related deferred inflows	190,985	164,581	16.04 %
Total Deferred inflows of Resources	<u>1,285,470</u>	<u>1,996,420</u>	(35.61) %
Net position:			
Net investment in capital assets	45,750,381	46,998,169	(2.65) %
Restricted:			
Nonexpendable	2,904,358	2,766,868	4.97 %
Expendable	1,601,244	1,535,700	4.27 %
Capital Projects	1,479,000	500,000	195.80 %
Unrestricted	(23,099,693)	(21,691,210)	(6.49) %
Total Net Position	<u><u>\$ 28,635,290</u></u>	<u><u>\$ 30,109,527</u></u>	(4.90) %
 Total Liabilities, Deferred Inflows of Resources and Net Position	 <u><u>\$ 67,016,161</u></u>	 <u><u>\$ 66,905,611</u></u>	 0.17 %

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Assets

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the college and high school's bank accounts. The total amount of cash and cash equivalents reported as current assets in the college and high school's financial statements was \$10,593,068 at June 30, 2020, a decrease of \$257,528 from \$10,850,596 at June 30, 2019.

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 \$2,399,209 at June 30, 2020, an increase of \$171,038 from \$2,228,171 at June 30, 2019.

Inventories

The college and high school maintain inventories of merchandise for resale in the bookstore as well as items of food purchased for the cafeteria. Books, student supplies, and institutional memorabilia make up the majority of the resale inventory. Inventories totaled \$162,133 at June 30, 2020, an increase of \$23,731 from \$138,402 at June 30, 2019.

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 various construction, renovation and repair projects on campus. Prepaid construction at June 30, 2020 was \$151,047, an increase of \$117,456 from \$33,591 at June 30, 2019. Prepaid insurance consists of advance premiums paid on the college and high school's various insurance policies. Prepaid insurance at June 30, 2020 was \$152,173, an increase of \$1,896 from \$150,277 at June 30, 2019.

Noncurrent Assets

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those funds that are held in the bank accounts, which are restricted for specific purposes. Restricted cash and cash equivalents primarily consist of federal funds and agency funds held for others. The amount of restricted cash and cash equivalents was \$1,950,538 at June 30, 2020, an increase of \$695,473 from \$1,255,065 at June 30, 2019.

Investments

Investments include certificates of deposit and marketable securities held and managed by investment managers. These investments are recorded at their fair market value. The fair market value was \$2,904,358 at June 30, 2020, an increase of \$137,490 from \$2,766,868 at June 30, 2019.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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 \$45,750,381 at June 30, 2020, a decrease of \$1,247,788 from \$46,998,169 at June 30, 2019.

Deferred Outflows

Deferred outflows represent the amount of net position consumed by the college and high school's pension and other post-employment benefits plans that apply to future periods and will not be recognized as an outflow of resources (expense) until the applicable period. Deferred outflows for pensions were \$2,659,822 at June 30, 2020, an increase of \$327,857 from \$2,331,965 at June 30, 2019. Deferred outflows for other post-employment benefits were \$293,432 at June 30, 2020, an increase of \$140,925 from \$152,507 at June 30, 2019. The increase in deferred outflows related to pensions and the increase in deferred outflows related to other post-employment benefits are recognized in the performances of the State retirement system and the State other post-employment benefits plans for the fiscal year ending June 30, 2019.

Liabilities

Current Liabilities

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts due at June 30, 2020 for goods and services received before the end of the fiscal year. Accounts payable and accrued liabilities totaled \$997,254 at June 30, 2020, an increase of \$218,340 from \$778,914 at June 30, 2019.

Net Other Post-Employment Benefits Liability – Current Portion

Net other post-employment benefits liability – current portion represents the portion of the net other post-employment benefits liability that is due within one year. The current portion of the net other post-employment benefits liability as of June 30, 2020 was \$66,186, a decrease of \$7,217 from \$73,403 at June 30, 2019.

Other Current Liabilities

Other current liabilities consist of funds held for student organizations to be disbursed in future years. Other current liabilities were \$487,593 at June 30, 2020, an increase of \$31,382 from \$456,211 at June 30, 2019.

Noncurrent Liabilities

Deposits Refundable

Refundable deposits consist of student housing deposits to be refunded to students. Student housing deposits refundable were \$15,000 at June 30, 2020, a decrease of \$31,073 from \$46,073 at June 30, 2019.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Long-Term Liabilities

Long-term liabilities consist of the college and high school's share of the PERS net pension liability and the State's other post-employment benefits liability. The net pension liability was \$33,764,274 as of June 30, 2020, an increase of \$1,922,780 from \$31,841,494 as of June 30, 2019. The net other post-employment benefits liability as of June 30, 2020 was \$1,765,094, an increase of \$161,525 from \$1,603,569 at June 30, 2019.

Deferred Inflows

Deferred inflows represent the amount of net position acquired by the college and high school's pension plan and other post-employment benefits that applies to future periods and will not be recognized as an inflow of resources (revenue) until the applicable period. Deferred inflows for pensions at June 30, 2020 were \$1,094,485, a decrease of \$737,354 from \$1,831,839 at June 30, 2019. Deferred inflows for other post-employment benefits at June 30, 2020 were \$190,985, an increase of \$26,404 from \$164,581 at June 30, 2019. The decrease in deferred inflows related to pensions and the increase in deferred inflows related to other post-employment benefits are recognized in the performance of the State retirement system and the State's other post-employment benefits plans for the fiscal year ending June 30, 2019.

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 \$1,474,237 from normal operations in the current year. As a result, the total net position at June 30, 2020 was \$28,635,290 compared to \$30,109,527, at June 30, 2019.

Net Investment in Capital Assets

Net investment in capital assets consists of the college's net position invested in capital assets less the outstanding amount of capital related debt. Net position invested in capital assets was \$45,750,381 at June 30, 2020, a decrease of \$1,247,788 from \$46,998,169 at June 30, 2019.

Restricted Net Position

Restricted nonexpendable net position consists of endowment gifts with specific restrictions given on spending the principal. Restricted expendable net position consists of endowment gifts, gifts with specific restrictions, grants from third party agencies with expenditure restrictions, and amounts restricted for capital projects. Restricted net position at June 30, 2020 was \$5,984,602 of which \$2,904,358 was nonexpendable. Restricted net position at June 30, 2019 was \$4,802,568 of which \$2,766,868 was nonexpendable. Restricted net position increased by \$1,182,034 from June 30, 2019 to June 30, 2020. The nonexpendable portion increased \$137,490 from June 30, 2019 to June 30, 2020.

Unrestricted Net Position (Deficit)

Unrestricted net deficit represents those balances from operational activities that have not been restricted by parties external to the college and high school such as donors and grant agencies. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities. Unrestricted net deficit was \$23,099,693 at June 30, 2020, a deficit increase of \$1,408,483 from the \$21,691,210 unrestricted net deficit at June 30, 2019. The change in the unrestricted net deficit is explained on the next page:

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Analysis of Unrestricted Net Position

	June 30, 2020	June 30, 2019
	Amount	Amount
Unrestricted Net Position,		
General and Auxiliary Funds	\$ 9,930,721	\$ 10,248,612
Net Deficit, Pensions Fund	(31,341,368)	(30,259,654)
Net Deficit, OPEB Fund	(1,689,046)	(1,680,168)
Total Unrestricted Net Deficit	\$ (23,099,693)	\$ (21,691,210)

The change in the unrestricted net position of the general and auxiliary funds is related to the changes in pension and other post-employment benefits expense adjustments between June 30, 2019 and June 30, 2020. The change in the pension and other post-employment benefits funds are related to the performances of the State retirement system and the State other post-employment benefits plans for the fiscal year ending June 30, 2019.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Condensed Statement of Revenues, Expenses and Changes in Net Position

Table 2
Changes in Net Position

	Year Ended June 30, 2020	Year Ended June 30, 2019	Percentage Change
Operating Revenues:			
Tuition and Fees	\$ 1,105,815	\$ 415,385	166.21 %
Grants and Contracts	17,162,826	15,817,861	8.50 %
Sales and Services	55,451	42,026	31.94 %
Auxiliary Enterprises	1,183,993	1,051,873	12.56 %
Other Operating Revenues	191,427	760,473	(74.83) %
Total Operating Revenues	<u>19,699,512</u>	<u>18,087,618</u>	8.91 %
Operating Expenses	<u>34,204,602</u>	<u>33,356,291</u>	2.54 %
Operating Loss	<u>(14,505,090)</u>	<u>(15,268,673)</u>	5.00 %
Nonoperating Revenues:			
State Appropriations	9,261,785	9,270,534	(0.09) %
County Appropriations	3,006,419	3,002,551	0.13 %
Investment Income, Net	139,213	148,503	(6.26) %
Net Nonoperating Revenues	<u>12,407,417</u>	<u>12,421,588</u>	(0.11) %
Income (Loss) Before Other Revenues	<u>(2,097,673)</u>	<u>(2,847,085)</u>	26.32 %
State Appropriations Restricted for Capital Projects	331,816	855,701	(61.22) %
Other Nonoperating Revenues	192,067	4,412	4,253.29 %
Other Additions and (Deletions)	99,553	11,172,949	(99.11) %
Total Other Revenues	<u>623,436</u>	<u>12,033,062</u>	(94.82) %
Increase (Decrease) in net position	<u>(1,474,237)</u>	<u>9,185,977</u>	(116.05) %
Net Position at Beginning of Year	<u>30,109,527</u>	<u>20,923,550</u>	43.90 %
Net Position at End of Year	<u><u>\$ 28,635,290</u></u>	<u><u>\$ 30,109,527</u></u>	(4.90) %

Total operating loss for the year ending June 30, 2020 was \$14,505,090, an increase of \$763,583 from \$15,268,673 for the year ending June 30, 2019. Since state and county appropriations are not included within operating revenue per GASB No. 35, the college and high school shows a significant operating loss.

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

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

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Total operating revenues for the fiscal year ending June 30, 2020 were \$19,699,512, an increase of \$1,611,894 from total operating revenues of \$18,087,618, for the fiscal year ending June 30, 2019. Operating expenses totaled \$34,204,602 for the fiscal year ending June 30, 2020. Operating expenses for the fiscal year ending June 30, 2019 totaled \$33,356,291. The total operating expenses for the year ending June 30, 2020 increased \$848,311 from the total operating expenses for the year ending June 30, 2019.

Revenues

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes net of scholarship allowances. Tuition and fees before applying scholarship allowances for the fiscal year ending June 30, 2020 were \$6,242,910 an increase of \$19,428 from \$6,223,482 for the fiscal year ending June 30, 2019. Tuition and fees net of scholarship allowances were \$1,105,815 for the fiscal year ending June 30, 2020, an increase of \$690,430 from \$415,385 for the fiscal year ending June 30, 2019.

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:

	For the Year Ended:	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Federal Sources:		
Department of Education	\$ 13,137,998	\$ 11,725,928
Other Federal Sources	319,280	414,272
State Sources:		
Mississippi Community College Board	1,952,589	1,908,730
Mississippi Department of Education	665,054	733,977
Other Sources	<u>1,087,905</u>	<u>1,034,954</u>
Total All Sources	<u><u>17,162,826</u></u>	<u><u>15,817,861</u></u>

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Sales and Services

Sales and services consist of income from athletic activities that totaled \$55,451 for the fiscal year ending June 30, 2020, an increase of \$13,425 from \$42,026 for the fiscal year ending June 30, 2019.

Auxiliary Enterprises

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

Auxiliary enterprises primarily include the college bookstore, college housing, and the cafeteria and snack bar. Total auxiliary service revenues totaled \$1,183,993 for the fiscal year ending June 30, 2020, an increase of \$132,120 from \$1,051,873 for the fiscal year ending June 30, 2019.

Operating Expenses

As indicated previously, operating expenses for the fiscal year ending June 30, 2020 totaled \$34,204,602, an increase of \$848,311 from the total of \$33,356,291 for the fiscal year ending June 30, 2019. The changes in components of operating expenses from the year ending June 30, 2019 to the year ending June 30, 2020 are shown below:

	For the Year Ended:	
	June 30, 2020	June 30, 2019
Operating Expenses by Function:		
Instruction	\$ 12,170,912	\$ 12,068,505
Academic Support	1,873,962	2,250,225
Student Services	3,847,347	4,017,279
Institutional Support	4,419,808	4,310,103
Operations and Maintenance of Plant	3,884,008	4,074,976
Student Financial Aid	4,216,946	2,428,084
Auxiliary Enterprises	1,922,834	2,307,648
Depreciation	1,868,785	1,899,471
Total Operating Expenses by Function	\$ 34,204,602	\$ 33,356,291

Nonoperating Revenues (Expenses)

State Appropriation

The college and high school's largest source of nonoperating revenue is the State of Mississippi appropriations. The college and high school received \$9,261,785 for operations for the fiscal year ending June 30, 2020, a decrease of \$8,749 from \$9,270,534 for the fiscal year ending June 30, 2019. An additional \$331,816 was received in state appropriations for the purchase, construction, renovation and repair of capital assets for the year ending June 30, 2020, a decrease of \$523,885 from \$855,701 in state capital appropriations received for the year ending June 30, 2019.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Local Appropriations

The college receives revenue from the five counties in the district in which it resides. The high school also receives revenue from the county in which it resides. Funding received by the college and high school is used for salaries and benefits and for operational purposes. These appropriations are received as monthly payments, beginning in July of each year. A portion of the support received from the counties is specifically restricted for capital improvements and the reduction of debt. The college and high school received \$3,006,419 for the fiscal year ending June 30, 2020, an increase of \$3,868 from \$3,002,551 for the fiscal year ending June 30, 2019. These appropriations were fully recorded by the college and high school during the fiscal year.

Investment Income, Net

Investment income includes interest income from the college and high school's investments held by an outside agency. Investment income was \$139,213 for the year ending June 30, 2020, a decrease of \$9,290 from \$148,503 for the year ending June 30, 2019.

Other Nonoperating Revenues and Expenses

Nonoperating revenues, consisting of insurance recoveries, were \$192,067 at June 30, 2020, an increase of \$187,655 from \$4,412 for the year ending June 30, 2019. There were no nonoperating expenses at June 30, 2020 or June 30, 2019.

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.

The table on the following page summarizes the sources and uses of cash and cash equivalents for the year by activity and reconciles the beginning cash and cash equivalents to the ending cash and cash equivalents.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Condensed Statement of Cash Flows – Direct Method

	For the Year Ended:	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (11,939,606)	\$ (10,703,476)
Noncapital Financing Activities	12,806,197	12,178,236
Capital Financing Activities	(430,396)	(381,972)
Investing Activities	1,751	10,728
Net Increase (Decrease) in Cash and Cash Equivalents	437,946	1,103,516
Cash and Cash Equivalents - Beginning of the Year	12,105,660	11,002,144
Cash and Cash Equivalents - End of the Year	<u>12,543,606</u>	<u>12,105,660</u>

The following table shows the changes in the major sources and uses of cash for the years ending June 30, 2020 and 2019.

	For the Year Ended:	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Sources:		
Operating Sources		
Tuition and Fees	\$ 1,029,968	\$ 346,397
Grants and Contracts	16,709,777	17,251,684
Auxiliary Enterprises	1,183,993	1,051,873
Other Receipts	222,808	832,687
Noncapital Financing Sources:		
State Appropriations	9,444,402	8,996,754
Local Appropriations	3,361,795	3,248,732
Other Receipts	291,620	-
Capital Financing Sources:		
State Appropriations Restricted for Capital Projects	331,816	855,701
Uses:		
Operating Uses:		
Payments to Employees	(17,668,063)	(17,253,493)
Payments to Suppliers	(7,864,178)	(9,234,525)
Payments to Utilities and Insurance	(1,392,417)	(1,312,041)
Payments for Scholarships	(4,216,945)	(2,428,084)
Noncapital Financing Uses:		
Other Nonoperating Revenues (Expenses)	-	(67,250)
Capital Financing Uses:		
Acquisition and Construction of Assets	(762,212)	(1,237,673)

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Selected Financial Analyses

Current Ratio

	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
Current Assets	13,457,630	13,401,037	12,985,743
Current Liabilities	1,551,033	1,308,528	1,316,731
Current Ratio	8.68	10.24	9.86

Operational Income Excluding Depreciation

	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
Operating Revenues	19,699,512	18,087,618	18,171,827
Nonoperating Revenues	12,599,484	12,426,000	12,638,984
Less: Operating Expenses	(34,204,602)	(33,356,291)	(34,135,963)
Operational Income Including Depreciation	(1,905,606)	(2,842,673)	(3,325,152)
Depreciation Expense	(1,868,785)	(1,899,471)	(1,961,176)
Operational Income Excluding Depreciation	(36,821)	(943,202)	(1,363,976)

Cash Flow Before Capital Items

	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
Net Cash Used by Operations	(11,939,606)	(10,703,476)	(12,042,190)
Net Cash Provided by Non Capital Financing	12,806,197	12,178,236	12,541,512
Cash Flows Before Capital Items	866,591	1,474,760	499,322

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

	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
Unrestricted Net Position	22,650,688	25,306,959	17,693,085
Less: Property, Plant, & Equipment	(45,750,381)	(46,998,169)	(36,084,766)
Add: Plant Related Debt	-	-	-
Unrestricted Net Position Excluding Property, Plant and Equipment and Debt	(23,099,693)	(21,691,210)	(18,391,681)

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Selected Financial Analyses (Continued)

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

Revenues	06/30/20	06/30/19	06/30/18
Net Tuition	1,105,815	415,385	12,911
Federal Grants and Contracts	13,457,278	13,278,941	13,914,540
State Grants and Contracts	2,617,643	1,949,576	2,083,739
Nongovernmental Grants and Contracts	1,087,905	589,344	670,317
Sales and Services	55,451	42,026	39,853
Auxiliary Enterprises	1,183,993	1,051,873	1,100,189
Other Operating Revenues	191,427	760,473	350,278
State Appropriations	9,261,785	9,270,534	9,420,882
Local Appropriations	3,006,419	3,002,551	3,046,699
Capital Appropriations	331,816	855,701	547,002
Investment Income	139,213	148,503	172,453
Other Nonoperating Revenues	192,067	4,412	-
Other Additions and (Deletions)	99,553	11,172,949	393,231
Total Revenues	32,730,365	42,542,268	31,752,094
Expenses			
Instruction	12,170,912	12,068,505	12,977,921
Academic Support	1,873,962	2,250,225	3,321,025
Student Services	3,847,347	4,017,279	4,039,061
Institutional Support	4,419,808	4,310,103	3,657,674
Operation of Plant	3,884,008	4,074,976	3,703,842
Student Aid	4,216,946	2,428,084	2,363,631
Auxiliary Enterprises	1,922,834	2,307,648	2,111,633
Depreciation	1,868,785	1,899,471	1,961,176
Interest Expense on Capital Debt	-	-	1,050
Add: Capital Additions Net of Debt	520,713	1,237,673	1,583,524
Add: Reduction of Capital Debt	-	-	42,000
Less: Depreciation	(1,868,785)	(1,899,471)	(1,961,176)
Total Expenses	32,856,530	32,694,493	33,801,361
Change in Unrestricted Net Position Excluding Property, Plant, and Equipment and Debt	<u>(126,165)</u>	<u>9,847,775</u>	<u>(2,049,267)</u>

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Significant Capital Asset Transactions

During the 2014/2015 school year, the college contracted for a Campus Radio Station at a total estimated cost of \$150,000 to be initially funded by the college. The radio station itself is operating and will be permanently housed in the Student Services Building once the Student Services Building is completed. The current accumulated construction costs are being held in construction in progress while the broadcasting equipment in operation is included in the cost of capital assets, net of accumulated depreciation.

During the 2016/2017 school year, the Mississippi Office of Buildings, Grounds and Real Property Management approved funding for renovation student services building at an estimated cost of \$1,200,055 funded primarily by the Mississippi Office of Buildings, Grounds and Real Property Management. Preliminary work on this project began during the 2019/2020 school year.

During the 2017/2018 school year the college conducted preliminary analysis for a new Student Activity and Family Enhancement Center. This project is still in the planning stages with the current accumulated costs held in construction in progress.

During the 2018/2019 school year the college contracted for elevator upgrades in Whiteside Hall at an estimated cost of \$105,000.00. This project is expected to be completed in the 2020/2021 school year.

During the 2019/2020 school year the college contracted for repairs to the roof of Whiteside Hall at a cost of \$297,239.00. These repairs are expected to be completed in the 2020/2021 school year. Also, in the 2019/2020 school year the college contracted for renovations to Curry Hall at a cost of \$1,972,879.00. Curry Hall renovations are expected to be completed during the 2020/2021 school year.

Factors Impacting Future Periods

There are a number of issues of importance college and high school wide that directly impacted the fiscal year 2019/2020 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.

Contacting Coahoma Community College and Early College High School

If there are any questions regarding this report, please contact Coahoma Community College and Early College High School's business office at 3240 Friars Point Rd., Clarksdale, Mississippi 38614.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL

BASIC FINANCIAL STATEMENTS

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Statement of Net Position
June 30, 2020

Assets

Current assets:

Cash and cash equivalents	\$ 10,593,068
Accounts receivable, net	2,399,209
Inventories	162,133
Prepaid items	303,220
Total Current Assets	<u>13,457,630</u>

Non-current assets:

Restricted cash and cash equivalents	1,950,538
Investments	2,904,358
Capital assets, net of accumulated depreciation:	45,750,381
Total Non-current Assets	<u>50,605,277</u>
Total Assets	<u>64,062,907</u>

Deferred Outflows of Resources

Pension related deferred outflows	2,659,822
OPEB related deferred outflows	293,432
Total Deferred Outflows of Resources	<u>2,953,254</u>

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	997,254
Net OPEB Liability - Current Portion	66,186
Other current liabilities	487,593
Total Current Liabilities	<u>1,551,033</u>

Non-current liabilities:

Deposits refundable	15,000
Net pension liability	33,764,274
Net OPEB liability	1,765,094
Total Non-current Liabilities	<u>35,544,368</u>
Total Liabilities	<u>37,095,401</u>

Deferred Inflows of Resources

Pension related deferred inflows	1,094,485
OPEB related deferred inflows	190,985
Total Deferred Inflows of Resources	<u>1,285,470</u>

Net Position

Net investment in capital assets	45,750,381
Restricted for:	
Non-expendable:	
Scholarships and fellowships	2,904,358
Expendable:	
Scholarships and fellowships	1,601,244
Capital projects	1,479,000
Unrestricted	(23,099,693)
Total Net Position	<u>\$ 28,635,290</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
Assets			
Cash and cash equivalents	\$ 141,703	-	\$ 141,703
Total Assets	141,703	-	141,703
Liabilities			
Total Liabilities	-	-	-
Net Assets			
Without donor restrictions	141,703		141,703
Total Net Assets	141,703	-	141,703
Total Liabilities and Net Assets	\$ 141,703	-	\$ 141,703

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

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

Operating revenues:

Tuition and fees (net of scholarship allowances of \$5,137,095)	\$ 1,105,815
Federal grants and contracts	13,457,278
State grants and contracts	2,617,643
Nongovernmental grants and contracts	1,087,905
Sales and services	55,451
Auxillary enterprises:	
Student housing (net of scholarship allowances of \$518,142)	111,458
Food services (net of scholarship allowances of \$869,182)	186,971
Bookstore	863,058
Other auxillary revenues	22,506
Other operating revenues	191,427
Total Operating Revenues	<u>19,699,512</u>

Operating expenses:

Salaries and wages	13,250,372
Fringe benefits	5,255,755
Contractual services	4,774,214
Commodities	3,199,814
Travel	248,195
Utilities and insurance	1,390,521
Scholarships and fellowships	4,216,946
Depreciation expense	1,868,785
Total Operating Expenses	<u>34,204,602</u>
Operating Loss	<u>(14,505,090)</u>

Non-operating revenues (expenses):

State appropriations	9,261,785
County appropriations	3,006,419
Investment income	139,213
Total Non-Operating Revenues (Expenses)	<u>12,407,417</u>
Income before other revenues, expenses, gains and losses	<u>(2,097,673)</u>

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

State appropriations restricted for capital projects	331,816
Other Nonoperating Revenues	192,067
Other Additions and (Deletions)	99,553
Total Other Revenues (Expenses), Gains and (Losses)	<u>623,436</u>
Change in Net Position	<u>(1,474,237)</u>

Net Position:

Net Position – Beginning of Year	30,109,527
Net Position – End of Year	<u><u>\$ 28,635,290</u></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, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
Public Support and Revenue:			
Contributions	\$ 95,564	-	\$ 95,564
Investment income	43	-	43
Total Public Support and Revenues	<u>95,607</u>	<u>-</u>	<u>95,607</u>
Expenses:			
Program Services:			
General college support	32,376	-	32,376
Support Services:			
Fundraising	50,985	-	50,985
General and administrative expense	<u>2,372</u>	<u>-</u>	<u>2,372</u>
Total Expenses	<u>85,733</u>	<u>-</u>	<u>85,733</u>
Change in Net Assets Before Other Revenues and Expenses	<u>9,874</u>	<u>-</u>	<u>9,874</u>
Other Revenues and Expenses:			
Transfers from other funds	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>9,874</u>	<u>-</u>	<u>9,874</u>
Net Assets:			
Net Assets – Beginning of Year	131,829	-	131,829
Net Assets – End of Year	<u>\$ 141,703</u>	<u>-</u>	<u>\$ 141,703</u>

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

COAHOMA COMMUNITY COLLEGE FOUNDATION, INC
Statement of Functional Expenses
For the Year Ended June 30, 2020

Description:	Program Expenses			Support Services			Total Expenses
	Without Restrictions	With Restrictions	Total Program Services	Management	Fund Raising	Total Support Services	
College Support:							
Scholarships	\$ 18,750	-	18,750	-	-	-	18,750
1st lady tea party	2,250	-	2,250	-	-	-	2,250
Presidents gala	1,000	-	1,000	-	-	-	1,000
Homecoming Tshirts	2,400	-	2,400	-	-	-	2,400
Scantron forms	76	-	76	-	-	-	76
Virtual tiger toast	1,700	-	1,700	-	-	-	1,700
Football	2,240	-	2,240	-	-	-	2,240
Blazers and ties	1,320	-	1,320	-	-	-	1,320
Basketball	1,720	-	1,720	-	-	-	1,720
Student affairs	920	-	920	-	-	-	920
Administrative:							
Bank fees	-	-	-	75	-	75	75
Other	-	-	-	293	-	293	293
Postage	-	-	-	175	-	175	175
QGIV fees	-	-	-	1,829	-	1,829	1,829
Fundraising Program:							
Presidents gala	-	-	-	-	37,739	37,739	37,739
Basketball	-	-	-	-	13,246	13,246	13,246
	\$ 32,376	-	32,376	2,372	50,985	53,357	85,733

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

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Statement of Cash Flows
For the Year Ended June 30, 2020

Cash flows from operating activities:

Tuition and fees	\$ 1,029,968
Grants and contracts	16,709,777
Payments to suppliers	(7,864,178)
Sales and services of educational department (Athletics)	55,451
Payments to employees for salaries and benefits	(17,668,063)
Payments for utilities and insurance	(1,392,417)
Payments for scholarships and fellowships	(4,216,945)
Auxillary enterprises:	
Student housing	111,458
Food services	186,971
Bookstore	863,058
Other auxillary revenues	22,506
Other receipts	222,808
Net cash used by operating activities	<u>(11,939,606)</u>

Cash flows from noncapital financing activities:

State appropriations	9,444,402
County appropriations	3,070,175
Other non-operating revenues (expenses)	291,620
Net cash provided by noncapital financing activities	<u>12,806,197</u>

Cash flows from capital and related financing activities:

Cash paid for acquisition and construction of capital assets	(762,212)
Appropriations restricted for capital projects received	331,816
Net cash used by capital and related financing activities	<u>(430,396)</u>

Cash flows from investing activities:

Interest received on investments	139,213
Purchases of investments	(137,462)
Net cash provided by investing activities	<u>1,751</u>
Net increase in cash and cash equivalents	<u>437,946</u>
Cash and Cash Equivalents – Beginning of Year	12,105,660
Cash and Cash Equivalents – End of Year	<u>\$ 12,543,606</u>

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

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Statement of Cash Flows
For the Year Ended June 30, 2020

Reconciliation of operating loss to net cash used by operating activities

Operating loss	<u>\$ (14,505,090)</u>
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	1,868,785
GASB 68 pension expense adjustment	857,569
GASB 75 OPEB expenses adjustment	39,787
Other outlays	(222,640)
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable, net	(171,038)
Inventories	(23,731)
Prepaid expenses	(1,896)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	218,340
Deposits refundable	(31,073)
Other liabilities	<u>31,381</u>
Total adjustments	<u>2,565,484</u>
Net cash used by operating activities	<u><u>\$ (11,939,606)</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, 2020

Cash flows from operating activities:

Increase in net assets	\$ 9,874
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>9,874</u>

Cash flows from investing activities:

-

Cash flows from financing activities:

-

Net increase (decrease) in cash and cash equivalents	9,874
Cash and Cash Equivalents – Beginning of Year	<u>131,829</u>
Cash and Cash Equivalents – End of Year	<u><u>\$ 141,703</u></u>

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

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Notes to Financial Statements

Note 1—Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

Coahoma Community College and Early College High School is governed by a 14-member board of trustees, selected by the board of supervisors of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica Counties who support the 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 Early College 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.

In accordance with Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, an Amendment to GASB Statement No. 14, Coahoma Community College and Early College High School reports the following discretely presented component unit:

Coahoma Community College Foundation, Inc. - The Foundation is a legally separate, tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. 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.

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

C. Measurement Focus and Basis of Accounting

The basic financial statements of the institution have been prepared using the economic resources measurement focus and the accrual basis of accounting 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, which is in accordance with accounting principles generally accepted in the United States of America.

Note 1—Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired. The College deposits excess funds in the financial institutions selected by the Board of Trustees. State statutes specify how these depositories are to be selected.

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.

Note 1—Summary of Significant Accounting Policies (Continued)

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 6 for additional details concerning useful lives, salvage values, and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.

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

M. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report 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 a future period(s) and will not be recognized as an outflow of resources (expense) until the applicable period. Two deferred outflows of resources are reported in the Statement of Net Position and they are related to Pensions and OPEB.

In addition to liabilities, the Statement of Net Position will sometimes report 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 a future period(s) and will not be recognized as an inflow of resources (revenue) until the applicable period. Two deferred inflows of resources are reported in the Statement of Net Position and they are related to Pensions and OPEB.

See Notes 11 and 12 for further details.

N. 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.

Note 1—Summary of Significant Accounting Policies (Continued)

O. State Appropriations

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

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

Q. Pensions

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

R. Post-Employment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

S. 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:

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

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 1—Summary of Significant Accounting Policies (Continued)

- b. Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors. Restricted nonexpendable net position is noncapital investment assets that must be approved by the college and high school's board of trustees before they can be used
- c. Unrestricted net position is the remaining net position less remaining noncapital liabilities which are not restricted – expendable.

The unrestricted net deficit balance of \$23,099,693 at June 30, 2020 includes \$162,133 reserved for inventories.

Note 2—Cash and Cash Equivalents and Investments

A. Cash and Cash Equivalents

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

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

As of June 30, 2020, the total carrying value of the college and high school's deposits with financial institutions reported in all of its funds was \$ 12,543,606.

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, 2020, none of the college and high school's bank balance of \$13,704,031 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, 2020, Coahoma Community College and Early College High School held the following investments:

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

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

Investment Type	Maturities (in years)	Fair Value	Rating
Certificates of Deposit	< 1 to 2	\$ 12,976	Not Rated
Mutual Funds	< 1	2,882,256	Not Rated
Money Market Funds	< 1	9,126	Not Rated
Total Investments		<u>\$ 2,904,358</u>	

The college 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 prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The college has the following recurring fair value measurements as of June 30, 2020:

Certificates of deposit, Mutual Funds, and Money Market Funds type of investments of \$2,904,358 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 Early College High School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Custodial Credit Risk – Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the college and high school will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Coahoma Community College and Early College High School does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2020, none of the \$2,904,358 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 Early College High School does not have a formal investment policy that addresses concentration of credit risk. As of June 30, 2020, the college and high school did not have any investments requiring disclosure in accordance with the disclosure requirements described above.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 3—Accounts Receivable

Accounts receivable consisted of the following at June 30, 2020:

	Balance 6/30/2020
Student tuition	\$ 5,096,558
Federal, state, and private grants and contracts	1,270,904
State appropriations	177,632
Local appropriations	41,819
Other receivables	150,000
	<hr/>
Total accounts receivable	6,736,913
Less: Allowance for doubtful accounts	(4,337,704)
	<hr/>
Net accounts receivable	\$ 2,399,209
	<hr/>

Note 4— Inventories

Inventories at June 30, 2020 consist of the following:

Inventory	Amount
College Bookstore	\$ 155,860
High School Cafeteria	6,273
	<hr/>
Total Inventory	\$ 162,133
	<hr/>

Note 5—Prepaid Expenses

Prepaid expenses consist of prepaid construction and prepaid insurance. Prepaid construction consists of amounts paid to the Mississippi Office of Buildings, Grounds, and Real Property management for various construction, renovation, and repair projects on the college campus. Prepaid insurance consists of advance premiums paid to various agencies for the college and high school's various insurance policies. The allocation of these prepaid expenses at June 30, 2020 is as follows:

Prepaid Expense	Amount
Prepaid construction costs	\$ 151,047
Prepaid insurance premiums	152,173
	<hr/>
Total Prepaid Expenses	\$ 303,220
	<hr/>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 6—Capital Assets

A summary of the college and high school's changes in capital assets for the year ended June 30, 2020, is presented as follows:

	Balance				Balance
	7/1/2019	Increases	Decreases	Adjustments	6/30/2020
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 305,558				\$ 305,558
Constuction in progress	137,872	138,310			276,182
Total non-depreciable capital assets	443,430	138,310	-	-	581,740
<u>Depreciable capital assets:</u>					
Buildings	58,240,433			107,058	58,347,491
Improvements other than buildings	10,329,605	36,852			10,366,457
Equipment	7,375,370	340,386	5,130		7,710,626
Library books	1,067,054	5,165			1,072,219
Total depreciable capital assets	77,012,462	382,403	5,130	107,058	77,496,793
<u>Less accumulated depreciation for:</u>					
Buildings	20,559,488	1,190,371		4,282	21,754,141
Improvements other than buildings	2,710,392	379,160			3,089,552
Equipment	6,137,118	293,985	2,638		6,428,465
Library books	1,050,725	5,269			1,055,994
Total accumulated depreciation	30,457,723	1,868,785	2,638	4,282	32,328,152
Total depreciable capital assets, net	46,554,739	(1,486,382)	2,492	102,776	45,168,641
Governmental activities capital assets, net	\$ 46,998,169	\$ (1,348,072)	\$ 2,492	\$ 102,776	\$ 45,750,381

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 6—Capital Assets (Continued)

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

Construction in progress at June 30, 2020 consists of the following projects:

Project	Accumulated Cost
Curry Hall Renovations	\$ 44,499
Elevator Upgrades	73,356
Radio Station	78,252
Student Services Center	39,037
Whiteside Hall Roof Repair	41,038
Total Construction in Progress	\$ <u>276,182</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%	3-15 years
Library books	0	0%	10 years

Note 7—Construction Commitments and Financing

During the 2016/2017 year the college contracted for renovation of the Student Services Building. During the 2018/2019 year the college contracted for elevator upgrades in Whiteside Hall. During 2019/2020 year the college contracted for renovations to Curry Hall and repairs to the roof of Whiteside Hall. These projects are expected to be completed in the 2020/2021 year. As of June 30, 2020, 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
Campus Radio Station	\$ 164,515	\$ 137,000	\$ 27,515
Curry Hall Renovation	1,972,879	1,972,879	-
Whiteside Hall Elevator Upgrades	105,000	-	105,000
Whiteside hall Roof Repair	297,239	297,239	-
Student Services Building	1,200,055	1,162,342	37,713
Totals	\$ <u>3,739,688</u>	\$ <u>3,569,460</u>	\$ <u>170,228</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 8—Accounts Payable and Accrued Liabilities

All accounts payable and accrued liabilities are considered current liabilities by the college and high school. Accounts payable and accrued liabilities at June 30, 2020 consist of the following:

Component	Amount
Employee salaries and benefits	\$ 324,036
Payments to suppliers and contractors	673,218
Total accounts payable and accrued liabilities	\$ 997,254

Note 9—Noncurrent Liabilities

Noncurrent liabilities of the college and high school consist of refundable deposits, the net pension liability, and the net other post-employment benefits liability, all of which are expected to be liquidated at least one year from June 30, 2020

Refundable deposits consist of dormitory room deposits, which are refundable to students upon vacating the dormitory room. The net pension and other post-employment benefits liabilities represent the college and high school's proportionate shares of the State's net pension plan liability and the State's other post-employment benefit plan liability. The schedule of outstanding refundable deposits, the net pension liability and the net other post-employment benefits liability included in the noncurrent liabilities balance at June 30, 2020 is shown below.

Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
Refundable deposits	\$ 46,073		\$ 31,073	\$ 15,000
Net pension liability	31,841,494	1,922,780		33,764,274
Net other post-employment benefits liability	1,676,972	154,308		1,831,280
Subtotal	\$ 33,564,539	\$ 2,077,088	\$ 31,073	\$ 35,610,554
Less: Current portion of other post employment benefit liability				(66,186)
Total noncurrent liabilities				\$ 35,544,368

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 10—Operating Leases

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

Fiscal Year Ending June 30:	Amount
2021	\$ 34,362
2022	27,528
2023	20,268
2024	7,097
2025	160
Total minimum payments required \$	<u>89,415</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, 2020, was \$40,954.

Note 11—Pension Plan

Plan Description – Coahoma Community College and Early College High School contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates established by Miss. Code Ann. Section 25-11-1 et seq. (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 11—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, 2020 was 17.40% 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 years ending June 30, 2020, 2019, and 2018, were \$2,247,156, \$1,968,735, and \$1,925,445, 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, 2020, the college and high school reported a liability of \$33,764,274 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The college and high school's portion of the net pension liability was based on a projection of the college and high school's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, as actuarially determined. The college and high school's proportionate share used to calculate the June 30, 2020 net pension liability was .191930 percent, which was based on a measurement date of June 30, 2019. There was a .000494 percent increase from its proportionate share of .191436 percent used to calculate the June 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended June 30, 2020, the college and high school recognized pension expense of \$3,104,725. At June 30, 2020, the college and high school reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,922	\$ 37,873
Net difference between projected and actual earnings on pension plan investments		391,635
Changes of assumptions	331,244	
Changes in proportion and differences between the entity's contributions and proportionate share of overall contributions	61,500	664,977
Entity's contributions subsequent to the measurement date	2,247,156	
Total	\$ <u>2,659,822</u>	\$ <u>1,094,485</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 11—Pension Plan (Continued)

The \$2,247,156 reported as deferred outflows of resources related to pensions resulting from the college and high school contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

Year Ending June 30,	Amount
2021	\$ (157,191)
2022	(796,424)
2023	117,645
2024	154,151
Total	<u>\$ (681,819)</u>

Actuarial assumptions - The total pension liability as of June 30, 2019 was determined by actuarial valuation prepared as of June 30, 2018. Subsequent to the June 30, 2018 valuation, the Board adopted new actuarial assumptions based on the experience investigation for the four-year period ending June 30, 2018. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 11 - Pension Plan (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25 %
Total	100.00 %	

Discount rate - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 one (1) percentage-point lower (6.75 percent) or one (1) percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
College and High School's proportionate share of net pension liability	\$ 44,384,308	\$ 33,764,274	\$ 24,998,389

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 12 - Other Post-Employment Benefits

General Information About the OPEB Plan

Plan Description – State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov>.

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

Contributions – The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the college were \$59,362 and contributions from the high school were \$6,824 for a combined total of \$66,186 for the year ended June 30, 2020.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 12 - Other Post-Employment Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2020, the college reported a liability of \$1,644,389 and the high school reported a liability of \$186,891 for a total combined total liability of \$1,831,280 for the college and high school's proportionate shares of the net OPEB liability. The net OPEB liability was measured at June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the college and high school's portion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the college's proportionate share was .19379015 percent, an increase of .00386587 percent from the college's proportionate share of .18992428 percent as of the measurement date of June 30, 2018. The high school's proportionate share was .02202502 percent, a decrease of .00483976 percent from the college's proportionate share of .02686478 percent as of the measurement date of June 30, 2018. The combined total proportionate share for the college and high school was .21581517 percent, a decrease of .00097389 percent from the college's and high school's combined proportionate share of .21678906 percent as of the measurement date of June 30, 2018.

For the year ended June 30, 2020, the college recognized OPEB expense of \$110,923 and the high school recognized a reduction of OPEB expense of \$4,949 for a combined total OPEB expense of \$105,974. At June 30, 2020 the college and high school reported the deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources :

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
College	\$ 2,486	\$ 23,538
High School	283	2,675
Net difference between expected and actual earnings on OPEB plan Investments		
College	31	-
High School	4	-
Change of assumptions		
College	122,594	85,270
High School	13,933	9,691
Changes in proportion and differences between college and high school contributions and proportionate share of contributions		
College	87,915	-
High School	-	69,811
College and high school contributions subsequent to the measurement date		
College	59,362	-
High School	6,824	-
Total	\$ <u>293,432</u>	\$ <u>190,985</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 12 - Other Post-Employment Benefits (Continued)

The \$59,362 reported by the college and the \$6,824 reported by the high school as deferred outflows of resources related to OPEB resulting from the college and high school contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year ending June 30:	College	High School	Total
2021	\$ 8,051	\$ (11,994)	\$ (3,943)
2022	8,051	(11,994)	(3,943)
2023	8,051	(11,994)	(3,943)
2024	12,126	(11,531)	595
2025	24,360	(8,315)	16,045
Thereafter	43,579	(12,129)	31,450
Total	\$ 104,218	\$ (67,957)	\$ 36,261

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.20 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent
Year FNP is projected to be depleted	
Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2019 decreasing to an ultimate rate of 4.75 percent by 2028
Pre-Medicare	

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 12 - Other Post-Employment Benefits (Continued)

The demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of the last actuarial experience study, dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.50 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.89% to 3.50%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2019, the trust has \$1,017,904. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2018 and the June 30, 2019 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2019 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the College and High School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the college and high school's proportionate share of the net OPEB liability, as well as what the college and high school's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease 2.50%	Current Discount Rate (3.50%)	1% Increase 4.50%
Net OPEB Liability College	\$ 1,826,629	\$ 1,644,389	\$ 1,488,465
Net OPEB Liability High School	207,604	186,891	169,170
Totals	\$ 2,034,233	\$ 1,831,280	\$ 1,657,635

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

	1% Decrease	Healthcare Cost Trend Rates - Current	1% Increase
Net OPEB Liability College	\$ 1,523,780	\$ 1,644,389	\$ 1,781,019
Net OPEB Liability High School	173,184	186,891	202,420
	\$ 1,696,964	\$ 1,831,280	\$ 1,983,439

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 12 - Other Post-Employment Benefits (Continued)

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Note 13 - Contingencies

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

The College is involved in litigation and other matters, many of which occur in the normal course of business. It is not possible at the present time to estimate the outcome or liability, if any, of the College with respect to the various proceedings. However, based on consultations with legal counsel, management is of the opinion that these matters will be resolved without material adverse effect on the College's future financial position or on the results of its future operations.

COVID 19 – On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on the College's operations. As of October 23, 2021, Management had noted an adverse effect on workforce availability and operational costs. The long term effects of these items on the net position of the College cannot be determined as of the date of the report.

Note 14 - Risk Management

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

Note 15 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$23,099,693) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$2,247,156 resulting from the college and high school's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The \$412,666 balance of deferred outflow of resources related to pensions at June 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$23,099,693) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,094,485 balance of deferred inflow of resources related to pensions, at June 30, 2020 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$23,099,693) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$66,186 resulting from the college and high school's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The \$227,246 balance of deferred outflow of resources related to OPEB at June 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 15 - Effect of Deferred Amounts on Net Position (Continued)

The unrestricted net position amount of (\$23,099,693) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$190,985 balance of deferred inflow of resources related to OPEB, at June 30, 2020 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Notes to Financial Statements

Note 16 - Natural Classifications with Functional Classifications

The following table lists the institution's operating expenses by natural and functional classifications as of June 30, 2020:

Functional Classification	Year Ended June 30, 2020								
	Natural Classification								
	Salaries & Wages	Fringe Benefits	Contractual Services	Commodities	Travel	Utilities & Insurance	Scholarships & Fellowships	Depreciation	Total
Instruction	\$ 7,420,981	\$ 2,930,410	\$ 806,876	\$ 899,609	\$ 113,036	\$ -	\$ -	\$ -	\$ 12,170,912
Academic Support	752,700	313,504	693,209	87,271	27,278	-	-	-	1,873,962
Student Services	2,219,184	799,596	273,709	466,428	88,430	-	-	-	3,847,347
Institutional Support	1,590,687	627,065	1,381,532	801,351	19,173	-	-	-	4,419,808
Operation of Plant	1,025,544	469,440	613,132	385,285	86	1,390,521	-	-	3,884,008
Student Aid	-	-	-	-	-	-	4,216,946	-	4,216,946
Auxiliary Enterprises	241,276	115,740	1,005,756	559,870	192	-	-	-	1,922,834
Depreciation	-	-	-	-	-	-	-	1,868,785	1,868,785
Total Operating Expenses	<u>\$ 13,250,372</u>	<u>\$ 5,255,755</u>	<u>\$ 4,774,214</u>	<u>\$ 3,199,814</u>	<u>\$ 248,195</u>	<u>\$ 1,390,521</u>	<u>\$ 4,216,946</u>	<u>\$ 1,868,785</u>	<u>\$ 34,204,602</u>

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 17 - Juvenile Detention Center Education Program

The Coahoma Early College High School entered into an Alternative School Agreement dated August 6, 2018 creating the Leflore County Juvenile Detention Center. This program was created in accordance with Section 43-21-321, Miss. Code Ann. (1972), which states a sponsoring school district must provide educational services to youths detained in juvenile detention centers. The agreement was approved by the Mississippi Department of Education and includes the Attala County School District, Carroll County School District, Coffeeville School District, Clarksdale Municipal School District, Coahoma County Early College High School, Coahoma County School District, East Tallahatchie School District, Greenwood Leflore Consolidated School District, Holmes County Consolidated School District, Humphreys County School District, Kosciusko School District, North Panola School District, Senatobia Municipal School District, South Panola School District, Sunflower County Consolidated School District, Tate County School District, Tunica County School District, Water Valley School District, West Tallahatchie Consolidated School District, and the Winona-Montgomery Consolidated School District. The Greenwood Leflore Consolidated School District has been designated as the lead school district for the Leflore County Juvenile Detention Center and the operations of the program are included in its financial statements.

Note 18 - Alternative School Consortium

Coahoma Early College High School entered into an Alternative School Agreement dated February 13, 2019 creating The Coahoma Early College High School. This consortium was created pursuant to the provisions of Section 37-12-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Quitman County School District, the Tunica County School District and the Coahoma Early College High School.

Section 37-12-92 (6), Miss. Code Ann. (1972) allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation of students attending the alternative program is the responsibility of the individual school district sending the students.

Coahoma Early College High School has been designated as the lead school district for the Coahoma Early College High School. Coahoma Early College High School did not receive any funding from the participating districts in the 2019/2020 year. Therefore, there is no Statement of Revenues, Expenditures and Changes in Fund Balance – Government Funds presented for the year ending June 30, 2020.

Note 19 – Mississippi Public School Consortium for Educational Access

Coahoma Early College High School entered into a cooperative agreement dated June 15, 2018 creating The Mississippi Public School Consortium for Educational Access. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Scott County School District, Aberdeen School District, Booneville School District, Coahoma Early College High School, Holmes County Consolidated School District, Pontotoc County School District, Quitman County School District and the South Panola School District. The agreement shall end on May 31, 2021.

Section 37-31-73, Miss. Code Ann. (1972) authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional education center. Any such agreement should designate the fiscal agent, provide the method of financing for the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students. The Scott County School District has been designated as the fiscal agent for the Mississippi Public School Consortium for Educational Access, and the operations of the center are included in its financial statements.

COAHOMA COMMUNITY COLLEGE AND AGRICULTURAL HIGH SCHOOL
Notes to Financial Statements

Note 20 - Insurance Recoveries

During the year, the college received insurance recoveries in the amount of \$192,067 as reimbursement for storm damage to the roof and the second floor of Whiteside Hall.

Note 21 - Accounting Standards Update

The Governmental Accounting Standards Board issued GASB 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, Leases, and Implementation Guide No. 2019-3, Leases, were postponed eighteen months.

Note 22 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Coahoma Community College and Early College High School evaluated the activity of the college and high school through October 23, 2021 (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

In April of 2021, the Mississippi Department of Education (MDE) alerted the Board of Trustees and the Superintendent of Coahoma Early College High School that MDE would no longer provide funding directly to Coahoma Early College High School to continue its ongoing operations. Additionally, MDE informed Coahoma Early College High School that it would cease to exist, on and after July 1, 2021, unless the school entered into funding agreements with the local school districts whose students were eligible to enroll in Coahoma Early College High School. The Quitman and Tunica County School Districts entered into such funding agreements; however, Coahoma County and Clarksdale Municipal School Districts declined to do so. The Board of Trustees filed a lawsuit, on June 14, 2021, to prevent the closure. On July 22, 2021, the court dismissed Coahoma Early College High School's lawsuit.

Note 1 — Summary of Significant Accounting Policies

a. Reporting Entity

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

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

For financial reporting purposes, the Foundation is considered to be a component unit of Coahoma Community College and Early College High School.

b. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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 two classifications of net assets: net assets without donor restrictions, and net assets with donor restrictions.

c. Net Assets Without Donor Restrictions

Net assets without donor restrictions 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. Net Assets With Donor Restrictions

Net assets with donor restrictions 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. Income and capital gains may or not be used depending upon the restrictions imposed by the donor. 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.

Note 1 — Summary of Significant Accounting Policies (Continued)

e. Contributions

Contributions received by the Foundation are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is recorded as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, that is when the designated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restriction.

f. 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.

g. Fair Value of Financial Instruments

The carrying amount for cash and cash equivalents at June 30, 2020 are their fair values.

h. Fund Raising

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

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

i. 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.

j. 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 — Concentration 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, 2020, all \$141,703 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 October 23, 2021 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.20%	0.20%	0.20%	0.20%	0.19%	0.19%
Proportionate share of the net pension liability	\$ 33,764,274	31,841,494	33,246,788	35,724,994	29,370,253	23,062,521
Covered payroll	\$ 12,499,887	12,225,028	12,078,887	12,777,086	12,184,363	11,531,399
Proportionate share of the net pension liability as a percentage of its covered payroll	270.12%	260.46%	275.25%	279.60%	241.05%	200.00%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	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 June 30th 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 EARLY COLLEGE HIGH SCHOOL
Required Supplementary Information
Schedule of Contributions
PERS
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,247,156	1,968,735	1,925,445	1,902,427	2,012,389	1,919,023
Contribution in relation to the contractually required contribution	2,247,156	1,968,735	1,925,445	1,902,427	2,012,389	1,919,023
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	12,914,685	12,499,887	12,225,028	12,078,887	12,777,086	12,184,363
Contributions as a percentage of its covered payroll	17.40%	15.75%	15.75%	15.75%	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 EARLY COLLEGE HIGH SCHOOL
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	0.22%	0.22%	0.21%
Proportionate share of the net OPEB liability	\$ 1,831,280	1,750,375	1,667,703
Covered-employee payroll	\$ 9,883,096	9,870,258	9,434,723
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	18.53%	17.73%	17.68%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%	0.00%

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 June 30th 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 Statement No. 75 was implemented in FYE 6/30/18, 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 EARLY COLLEGE HIGH SCHOOL
Required Supplementary Information
Schedule of Contributions (OPEB)
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 66,186	73,403	71,096
Contribution in relation to the actuarially determined contributions	66,186	73,403	71,096
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	9,883,096	9,870,258	9,434,723
Contributions as a percentage of its covered-employee payroll	0.67%	0.74%	0.75%

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 Statement No. 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Notes To Required Supplementary Information
For the Year Ended June 30, 2020

Note 1 – Pension Schedules

A. Changes of Assumptions

2015:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016:

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of females rates from ages 18 to 65 scaled up to 102% from ages 75 to 119; projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: for males, 137% of male rates at all ages; for females, 115% of female rates at all ages; projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Notes To Required Supplementary Information
For the Year Ended June 30, 2020

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%..

B. Changes in Benefit Provisions

2016:

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

C. Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Note 2 – OPEB Schedules

A. Changes of Assumptions

2017:

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

2018:

The discount rate was changed from 3.56% for the prior measurement date to 3.89% for the current measurement date.

2019:

The discount rate was changed from 3.89% for the prior measurement date to 3.50% for the current measurement date.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Notes To Required Supplementary Information
For the Year Ended June 30, 2020

B. Changes of Benefit Provisions

2017: None

2018: None

2019: None

C. Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent valuation date. The following actuarial methods and assumptions (from June 30, 2018 actuarial valuation) were used to determine contribution rates reported in the schedule for the year ending June 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3.00 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	7.25 percent
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	4.75 percent
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2028
Long-term investment rate of return,	
Net of OPEB plan investment	
Expense, including price inflation	3.89 percent

SUPPLEMENTARY INFORMATION

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	Pass-through Entity/Grant Identifying Number	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
National school lunch program	V000018220	10.555	\$ 118,791
School Breakfast Program	V000018220	10.553	52,556
Total passed-through Mississippi Department of Education			171,347
Total U.S. Department of Agriculture			171,347
<u>U.S. Department of Justice</u>			
Grant to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	2016-WA-AX-0031	16.525	80,056
Total U.S. Department of Justice			80,056
<u>U.S. Department of Labor</u>			
WIA cluster:			
Passed-through Delta Workforce Investment Area:			
WIA Youth Activities	19-501-102	17.259	116,483
Passed-through Mississippi Department of Employment Security:			
Various WIA Programs		17.278	51,413
Total WIA cluster			167,896
Passed-through Mississippi Community College Board - Apprenticeship USA Grant		17.285	15,751
Total U.S. Department of Labor			183,647
<u>National Aeronautics and Space Administration</u>			
Passed-through University of Mississippi:			
Aerospace Education Services Program	19-04-046	43.008	7,800
Total National Aeronautics and Space Administration			7,800
<u>National Endowment for the Arts</u>			
Passed-through Mississippi Arts Commission:			
Promotion of the Arts - Partnership Agreements	20-418491-CD/PD	45.025	4,400
Total National Endowment for the Arts			4,400
<u>National Endowment for the Humanities</u>			
Passed-through Mississippi Humanities Council:			
Promotion of the Humanities - Federal/State Partnership	RG 19-17-070	45.129	7,500
National Endowment for the Humanities			7,500
<u>U.S. Department of Education</u>			
Student financial aid cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	P007A192232	84.007	149,078
Federal Work-Study Program (FWS)	P007A192232	84.033	268,062
Federal Pell Grant Program (PELL)	P063P191698	84.063	7,528,216
Total student financial aid cluster			7,945,356

The accompanying notes to the Supplementary Information are an integral part of this schedule.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	Pass-through Entity/Grant Identifying Number	Catalog of Federal Domestic Assistance No.	Federal Expenditures
Special Education Cluster (IDEA):			
Pass-through Mississippi Department of Education -			
Special Education - Grants to States	1402	84.027	35,312
Total special education cluster (IDEA)			35,312
TRIO cluster:			
TRIO - Talent Search	P044A160645-19	84.044	279,811
Total TRIO cluster			279,811
Other Department of Education Programs:			
Higher Education - Institutional Aid	P031B170045-19	84.031	3,603,143
Total higher education - institutional aid			3,603,143
Rural Education	S358A184160	84.358	5,435
Total rural education			5,435
COVID-19 - Education Stabilization Fund - Higher Education Emergency			
Relief Fund (HEERF) Student Aid Portion	P425E201645	84.425E	971,750
COVID-19 - Education Stabilization Fund - Higher Education Emergency			
Relief Fund (HEERF) Institution Aid Portion	P425F200619	84.425F	337,937
Total COVID-19 HEERF			1,309,687
Passed-through Mississippi Community College Board:			
Adult Education - Basic Grants to States	ABE 2019-2020	84.002	136,885
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	1402	84.010	88,009
Career and technical education - basic grants to states		84.048	313,902
School improvement grants		84.326	495
Supporting effective instruction state grants	1402	84.367	21,943
Student support and academic enrichment program	1402	84.424	8,269
COVID-19 - Education Stabilization Fund (ESSER)	1402	84.425D	1,154
Subtotal			570,657
Total Other Department of Education Programs			5,488,922
Total U.S. Department of Education			13,749,401
<u>U.S. Department of Health and Human Services</u>			
Passed-through Mississippi Community College Board			
Child care and development block grant		93.575	217,069
Total CCDF Cluster			217,069
Total for All Federal Awards			\$ 14,421,220

The accompanying notes to the Supplementary Information are an integral part of this schedule.

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Notes to Supplementary Information
For the Year Ended June 30, 2020

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (The Schedule), as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) includes the federal award activity of Coahoma Community College and Early College High School under programs of the federal and state governments for the year ended June 30, 2020. The Schedule presents only a selected portion of the operations of Coahoma Community College and Early College High School and is not intended to, and does not, present the financial position, changes in net position, or cash flows of Coahoma Community College and Early College High School.

Note 2 – Basis of Accounting

The schedule is prepared on the same basis of accounting as Coahoma Community College and Early College High School's financial statements. The College uses the economic resources measurement focus and the accrual basis of accounting whereby all expenses are recorded when they have been reduced to a legal or contractual obligation to pay, which is in accordance with accounting principles generally accepted in the United States of America

Note 3 – Program Costs

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

Note 3 – Indirect Cost Rate

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

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

James L. Stafford, CPA	Stephen D. Flake, CPA
Harry W. Stevens, CPA	John N. Russell, CPA
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Thomas J. Browder, CPA	

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

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

We have audited the financial statements of Coahoma Community College and Early College High School, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise Coahoma Community College and Early College High School basic financial statements and have issued our report thereon dated October 23, 2021. We conducted our audit 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 Coahoma Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Coahoma Community College Foundation, Inc.

Internal Control Over Financial Reporting

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

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

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 Early College 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.

Watkins, Ward and Stafford, PLLC

Okolona, Mississippi
October 23, 2021

Watkins Ward and Stafford, PLLC



WATKINS, WARD and STAFFORD
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Coahoma Community College and Early College High School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coahoma Community College and Early College High School's major federal programs for the year ended June 30, 2020. Coahoma Community College and Early College High School's major federal programs are 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 Coahoma Community College and Early College High School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coahoma Community College and Early College High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Coahoma Community College and Early College High School, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Purpose of this Report

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.

Watkins, Ward and Stafford, PLLC

Okolona, Mississippi
October 23, 2021

Watkins Ward and Stafford, PLLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS



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

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

We have audited the financial statements of Coahoma Community College and Early College High School as of and for the year ended June 30, 2020, which collectively comprise Coahoma Community College and Early College High School's basic financial statements and have issued our report thereon dated October 23, 2021. 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.

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.

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.

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.

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 Early College 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 Board of Trustees and management, others within the entity, 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
October 23, 2021

Watkins Ward and Stafford, P.C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

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 that are not considered to be a material weakness | 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 that are not considered to be a material weakness | 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> <th style="text-align: left;"><u>CFDA Numbers</u></th> <th style="text-align: left;"><u>Name of Federal Program or Cluster</u></th> </tr> <tr> <td>84.007, 84.033, 84.063</td> <td>Student Financial Assistance Cluster</td> </tr> <tr> <td>84.425D</td> <td>COVID-19 Education Stabilization Fund (ESSER)</td> </tr> <tr> <td>84.425E</td> <td>COVID-19 Higher Education Emergency Relief Fund (HEERF) – Student Aid Portion</td> </tr> <tr> <td>84.425F</td> <td>COVID-19 Higher Education Emergency Relief Fund (HEERF) – Institution Aid Portion</td> </tr> </table> | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> | 84.007, 84.033, 84.063 | Student Financial Assistance Cluster | 84.425D | COVID-19 Education Stabilization Fund (ESSER) | 84.425E | COVID-19 Higher Education Emergency Relief Fund (HEERF) – Student Aid Portion | 84.425F | COVID-19 Higher Education Emergency Relief Fund (HEERF) – Institution Aid Portion | |
| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> | | | | | | | | | | | |
| 84.007, 84.033, 84.063 | Student Financial Assistance Cluster | | | | | | | | | | | |
| 84.425D | COVID-19 Education Stabilization Fund (ESSER) | | | | | | | | | | | |
| 84.425E | COVID-19 Higher Education Emergency Relief Fund (HEERF) – Student Aid Portion | | | | | | | | | | | |
| 84.425F | COVID-19 Higher Education Emergency Relief Fund (HEERF) – Institution Aid Portion | | | | | | | | | | | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | | | | | | | |
| 9. | Auditee qualified as a low-risk auditee? | Yes | | | | | | | | | | |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b)? | No | | | | | | | | | | |

COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

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.