Copiah - Lincoln Community College

Audited Financial Statements

For the Year Ended June 30, 2018

Fortenberry & Ballard, PC

Certified Public Accountants

Copiah - Lincoln Community College

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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Jane G. Hulon, President and Board of Trustees
Copiah - Lincoln Community College
Wesson, Mississippi 39191

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Copiah-Lincoln Community College and its discretely presented component unit as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Copiah-Lincoln Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Copiah-Lincoln Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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 of Copiah-Lincoln Community College and of its discretely presented component unit, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* As a result, net position as of July 1, 2017, has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of College Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of College Contributions (OPEB) on pages 8 to 15 and 50 to 56, 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 the Copiah-Lincoln Community College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019 on our consideration of the Copiah-Lincoln Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the Copiah-Lincoln Community College'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 Copiah-Lincoln Community College's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, P.C. Certified Public Accountants
March 25, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Copiah Lincoln Community College annual financial report presents our discussion and analysis of the financial performance of the College during the fiscal year ended June 30, 2018 (with comparative financial data for the year ended June 30, 2017). This discussion and analysis has been prepared by management and it focuses primarily on the operation of the College. The College's foundation, Copiah Lincoln Community College Foundation, issues separately audited financial statements which can be obtained directly from the Foundation's administrative office.

Using the annual report

One of the most important questions asked is whether the College as a whole is better or worse because of the year's activities. The key to understanding this question is the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

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

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

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

Condensed Statement of Net Position

		June 30, 2018	June 30, 2017	Increase (decrease)
Assets				
Current assets	$	17,037,745	15,129,339	1,908,406
Non-current assets: capital assets (net)		47,733,435	44,538,121	3,195,314
Total assets		64,771,180	59,667,460	5,103,720
Deferred outflows of resources				
Pensions		4,686,541	8,001,447	(3,314,906)
Other post-employment benefits (OPEB)		96,898	0	96,898
Total deferred outflows of resources		4,783,439	8,001,447	(3,218,008)
Liabilities				
Current liabilities		2,954,654	2,714,993	239,661
Non-current liabilities		7,639,358	8,800,995	(1,161,637)
Net pension liability		37,248,538	40,148,999	(2,900,461)
Net OPEB liability		2,003,775	0	2,003,775
Total liabilities		49,846,325	51,664,987	(1,818,662)
Deferred inflows of resources				
Pensions		2,663,170	1,390,522	1,272,648
Other post-employment benefits (OPEB)		106,391	0	106,391
Total deferred inflows of resources		2,769,561	1,390,522	1,379,039
Net position				
Net investment in capital assets		38,875,984	34,898,656	3,977,328
Restricted portion for capital projects & debt service		6,884,284	5,826,705	1,057,579
Unrestricted portion		(28,821,535)	(26,111,963)	(2,709,572)
Total net position	$	16,938,733	14,613,398	2,325,335

Current assets

Cash and cash equivalents
Cash and cash equivalents consist of cash in the College's bank accounts and various petty cash accounts. The total amount of cash and cash equivalents reported as current assets on the College financial statements were $8,500,346 at June 30, 2018, representing a $1,348,885 increase in cash and cash equivalent compared to the June 30, 2017 cash and cash equivalents balance.

Short-term investments
Short-term investments at June 30, 2018 were $72,748 representing a $290 increase from the previous year.

Accounts receivable
Accounts receivable relate to several transactions including county appropriations, student tuition and fee billings, and auxiliary enterprise sales such as food service and bookstore. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowance for doubtful accounts. The College net receivables totaled $3,443,494 at June 30, 2018. Accounts receivable increased by $567,773 from the previous year.

Inventories
The College maintains inventories of resale merchandise as well as items for internal consumption. Books, student supplies, golf supplies, and food service supplies make up the majority of the resale inventory. Inventories maintained for internal departmental use include office and copier supplies which make up the balance of the recorded inventory. Inventories totaled $274,472 at June 30, 2018, representing a $30,128 decrease in inventories compared to the total inventory balance at June 30, 2017.

Construction deposits
Funds on deposit with the Mississippi Bureau of Buildings & Grounds associated with the construction of the new dormitory on the Wesson campus totaled $4,500,000 at June 30, 2018. There was no change to the construction deposits from the prior year.

Prepaid expenses
Prepaid expenses consist of transactions such as membership renewals, maintenance agreements, and other payments for the 2018 fiscal year for which payment to vendors occurred before July 1, 2018. Prepaid expenses totaled $246,685 at June 30, 2018, representing a $21,586 increase in prepaid expenses compared to the June 30, 2017 prepaid expense balance.

Non-current assets

Capital assets (net)
Capital assets (net) consist of land, construction in progress, buildings, other improvements, equipment, and historical library holdings at June 30, 2018. The amount reported is net of accumulated depreciation. Capital assets (net) totaled $47,733,435 at June 30, 2018, representing a $3,195,314 increase in net capital assets compared to the June 30, 2017 net capital asset balance.

Deferred outflows of resources

Due to the implementation of GASB No. 68 and 71, as well as GASB No. 75, the College recognizes deferred outflows of resources related to pensions and OPEB. Deferred outflows of resources at June 30, 2018 totaled $4,783,439, representing a $3,218,008 decrease from the prior year.

Current liabilities

Accounts payable and accrued liabilities
Accounts payable and accrued liabilities represent amounts due at June 30, 2018 for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled $454,777 at June 30, 2018 representing a $17,826 decrease in accounts payable and accrued liabilities over the prior year balance.

Unearned revenue
Unearned revenue represents revenue received by the College during the fiscal year, but actually represents revenue that will be recorded in the College's 2019 fiscal year. The unearned revenues totaled $220,482 at June 30, 2018, representing a $15,007 increase in unearned revenue compared to the June 30, 2017 unearned revenue balance.

Accrued leave liabilities
Accrued leave liabilities represents accrued compensated leave that would be payable by the end of the December 31, 2018. The amount of the current portion of compensated absences at June 30, 2018 was $314,134, representing a $30,798 increase in accrued leave liabilities compared to the June 30, 2017 accrued leave liabilities balances.

Other current liabilities

Other current liabilities represents worker's compensation, agency club, dental and vision insurance payments that are payable by the end of the June 30, 2018 fiscal year. The amount at June 30, 2018 was $661,548.

Long-term liabilities (current portion)

Long-term liabilities (current portion) represents the portion of the notes payable, bonds payable, obligations under capital lease, and OPEB net liability that would be payable by the end of the June 30, 2018 fiscal year. The amount at June 30, 2018 was $1,210,026 representing a $60,907 increase in the current portion of long-term liabilities compared to the June 30, 2017 long-term liabilities (current portion) balance.

Bond premium capital related (current portion)

Bond premium (current portion) represents the portion of the General Obligation bonds (Series 2017) that would be payable by the end of the June 30, 2018 fiscal year. The amount at June 30, 2018 was $8,067 in the current portion of bond premium.

Non-current liabilities

Long-term liabilities

Long-term liabilities consist of the non-current portion of the notes payable, bonds payable, and obligations under capital lease balances at the end of June 30, 2018. The total amount of the non-current portion of long-term liabilities was $7,343,319 at June 30, 2018 representing a $1,457,676 net decrease in long-term liabilities compared to the June 30, 2017 long-term liabilities balance.

Bond premium capital related

Bond premium (capital related) represents the premium amount of $314,783 issued on the bond offering of the General Obligation bonds (2017 series) associated with the dormitory construction on the Wesson campus. The bond premium will be amortized over the life of the indebtedness associated with the General Obligation bonds (2017 series). The bond premium (capital related) balance at June 30, 2018 was $296,039, net of the bond premium amortization for 2018 fiscal year of $6,543.

Net pension liability

Due to the implementation of GASB No. 68 and 71, the College recognizes net pension liability at June 30, 2018 of $37,248,538, representing a $2,900,461 decrease as compared to the prior year.

Net OPEB liability

Due to the implementation of GASB No. 75, the College recognizes net OPEB liability related to OPEB. Net OPEB liability at June 30, 2018 totaled $2,089,395.

Deferred inflows of resources

Due to the implementation of GASB No. 68 and 71, as well as GASB No. 75, the College recognizes deferred inflows of resources related to pensions and OPEB. Deferred inflows of resources at June 30, 2018 totaled $2,769,561, representing a $1,379,039 increase as compared to the prior year.

Net position

Net position represents the difference between the college's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net position at June 30, 2018 was $16,938,733 representing a $2,325,335 increase in the net position when compared to the June 30, 2017 net position.

Analysis of net position

The following is a breakdown of net capital assets:		June 30, 2018	June 30, 2017	Increase (decrease)
Capital assets (net of accumulated depreciation)	$	47,733,435	44,538,121	3,195,314
Long-term liabilities (current portion)		(1,210,026)	(1,149,119)	(60,907)
Bond premiums (current portion)		(8,067)	0	(8,067)
Long-term liabilities (non-current portion)		(7,343,319)	(8,490,346)	1,147,027
Bond premiums (non-current portion)		(296,039)	0	(296,039)
Net investment in capital assets	$	38,875,984	34,898,656	3,977,328

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

The following is a breakdown of the restricted net position:		June 30, 2018	June 30, 2017	Increase (decrease)
Restricted portion for capital projects & debt service	$	6,884,284	5,826,705	1,057,579
Total restricted net position	$	6,884,284	5,826,705	1,057,579

Unrestricted net position represents balances from operational activities that have not been restricted by parties external to the College, including normal working capital balances maintained for departmental and funds for auxiliary enterprise activities. Total unrestricted net position at June 30, 2018 was a deficit of $28,821,535 representing a $2,709,572 decrease in unrestricted net position compared to the June 30, 2017 unrestricted net position.

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

Total unrestricted net position (deficit)	$	(28,821,535)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows		37,324,055
Unrestricted net position, excluding net pension liability and net OPEB liability effect	$	8,502,520

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

		June 30, 2018	June 30, 2017	Increase (decrease)
Operating revenues				
Tuition & fees	$	3,786,674	3,032,256	754,418
Grants & contracts		16,859,045	13,289,132	3,569,913
Auxiliary enterprises		2,592,084	2,936,716	(344,632)
Other operating revenues		359,388	461,041	(101,653)
Total operating revenue		23,597,191	19,719,145	3,878,046
Operating expenses		34,598,646	35,996,872	(1,398,226)
Net operating income (loss)		(11,001,455)	(16,277,727)	5,276,272
Non-operating revenues				
State appropriations		10,980,534	11,508,985	(528,451)
Local appropriations		4,758,160	4,805,579	(47,419)
Gain (loss) on sale of assets		(1,710)	(6,384)	4,674
Other non-operating revenues		310,414	269,319	41,095
Interest income		22,664	10,611	12,053
Interest expense		(253,910)	(295,558)	41,648
Other non-operating expenses		(372,412)	(456,443)	84,031
Total non-operating revenue (expenses)		15,443,740	15,836,109	(392,369)
Net increase (decrease) in net position		4,442,285	(441,618)	4,883,903
Net position (beginning of year)		14,613,398	15,042,067	(428,669)
Prior period adjustments		(2,116,950)	12,949	(2,129,899)
Net position (as restated)		12,496,448	15,055,016	(2,558,568)
Net position (end of year)	$	16,938,733	14,613,398	2,325,335

Total operating loss for the fiscal year 2018 was $11,001,455. GASB No. 35 requires appropriations from the State of Mississippi to be excluded from operating revenue; as such, the College shows a significant operating loss.

The sources of operating revenue for the College are tuition and fees, grants and contracts, auxiliary services, and other operating revenues. Total operating revenues for fiscal year 2018 were $23,597,191, which was a $3,878,046 net increase from fiscal year 2017 amounts. Tuition and fees (net of scholarship allowance) were $3,786,674. Operating expenses (including depreciation of $1,764,491, scholarships of $2,153,872, contractual services of $3,865,969 and commodities of $3,682,993) totaled $34,598,646. Of the total operating expenses, $14,319,363 (or 41.39%) was for instruction, $848,985 (or 2.45%) was for academic support, $5,432,743 (or 15.70%) was for student services, $4,441,592 (or 12.84%) was for institutional support, $3,594,110 (or 10.39%) was for physical plant operations, and $4,197,362 (or 12.13%) was for auxiliary enterprises.

Operating revenues

Tuition and fees

Tuition and fees represent amounts assessed for educational purposes totaling $3,786,674 reflecting a $754,418 increase in tuition and fees compared to June 30, 2017. The College does not offer tuition discounting.

Grants and contracts

Grants and contracts includes all restricted revenues made available by government agencies as well as by private agencies. Grant revenues are recorded only to the extent that the funds have been expended for exchange transactions. Revenues from grants and contracts totaled $16,859,045 representing a $3,569,913 increase compared to the grants and contracts for June 30, 2017.

Auxiliary enterprises

Auxiliary enterprises consist of various enterprise entities that exist predominantly to furnish goods and services to students, faculty, staff, or the general public. Fees charged are directly related to the cost of those goods or services. The auxiliary enterprises are intended to be self-supporting. The College's auxiliary enterprises are food service, student and faculty housing, bookstore, and the golf course. Revenues from auxiliary enterprises totaled $2,592,084 for June 30, 2018 representing a $344,632 decrease compared to auxiliary enterprises amounts at June 30, 2017.

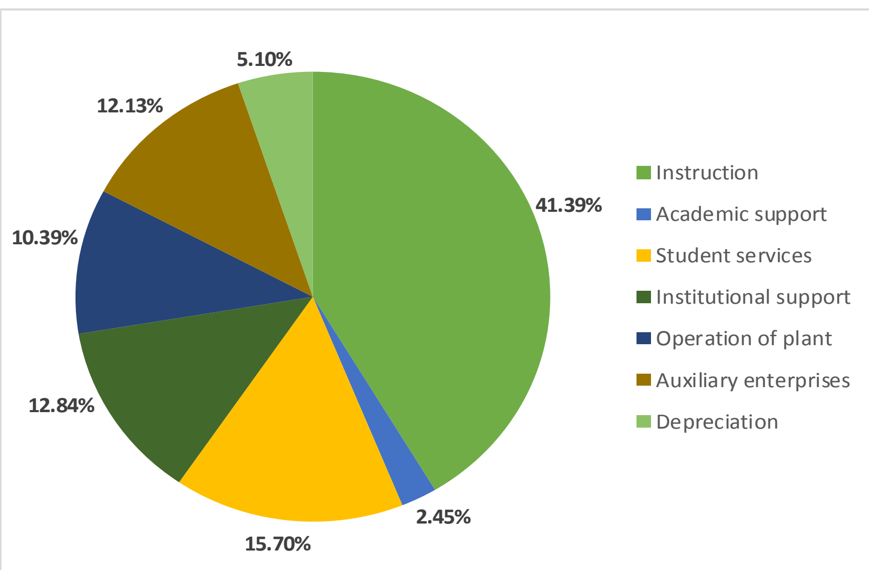
Operating expenses

Operating expenses totaling $34,598,646 include salaries and benefits of $21,700,661; net scholarships and fellowships of $2,153,872; utilities of $995,882; commodities of $3,682,993; contractual services of $3,865,969; travel of $434,778 and depreciation of $1,764,491.

Functional classification of operating expenses (schedule)

Functional classification	Salaries & wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships & fellowships	Commodities	Depreciation	Totals	PCT.
Instruction	$ 8,654,173	3,650,163	177,202	879,275	0	198,647	759,903	0	14,319,363	41.39%
Academic support	513,405	226,954	6,774	68,481	0	0	33,371	0	848,985	2.45%
Student services	1,658,269	838,737	204,525	394,638	0	1,955,225	381,349	0	5,432,743	15.70%
Institutional support	2,214,255	995,590	44,438	1,022,292	0	0	165,017	0	4,441,592	12.84%
Operation of plant	878,801	480,222	0	1,169,362	938,679	0	127,046	0	3,594,110	10.39%
Auxiliary enterprises	1,141,540	448,552	1,839	331,921	57,203	0	2,216,307	0	4,197,362	12.13%
Depreciation	0	0	0	0	0	0	0	1,764,491	1,764,491	5.10%
Totals	$ 15,060,443	6,640,218	434,778	3,865,969	995,882	2,153,872	3,682,993	1,764,491	34,598,646	100.00%

Functional classification of operating expenses (pie chart)



Non-operating revenues (expenses)

State appropriations

The largest source of non-operating revenue for the College is the appropriation from the State of Mississippi. The College received $10,980,534 for the 2018 fiscal year, representing a $528,451 decrease in state appropriation compared to June 30, 2017. State appropriations are non-operating revenues since they are provided by the State of Mississippi Legislature to the Mississippi Community College Board without the Legislature requiring a direct service in return.

Local appropriations
The College also receives revenue from Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln, and Simpson Counties. The College uses these funds for operational and capital improvement purposes. The College receives the appropriations beginning in October of each year. During fiscal year 2018, the College received $4,758,160 from these counties, representing a $47,419 decrease compared to June 30, 2017. Though the county fiscal years run from October (of one year) to September (of the following year), the county appropriations are fully recorded by the College during its 2018 fiscal year.

Loss on sale of assets
The College disposed of items that were no longer needed or replaced by newer items. The losses associated with the sale of these items totaled $1,710 for the 2018 fiscal year, which represented a $4,674 decrease from the 2017 fiscal year.

Other non-operating revenue
The College received $310,414 in other non-operating revenues during the 2018 fiscal year, which represented a $41,095 increase from June 30, 2017.

Interest income
The College received interest income from the cash in the bank accounts. The interest income at June 30, 2018 was $22,664 representing a $12,053 increase in interest income compared to June 30, 2017.

Interest expense on long-term debt
The College previously issued bonds to finance construction projects as well as procured other long-term financing for various capital projects. The interest payments associated with the long-term obligations totaled $253,910 in fiscal year 2018 representing a $41,648 decrease compared to June 30, 2017.

Other expenses
During fiscal year 2018, the College incurred non-operating expenses totaling $372,412, which represented an $84,031 decrease from June 30, 2017.

Statement of Cash Flows
Another way to assess the financial health of the College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a period of time. The Statement of Cash Flows also helps users assess:

- The ability to generate future net cash flows
- The ability to meet obligations as they come due
- A need for external financing

Condensed Statement of Cash Flows

		June 30, 2018	June 30, 2017	Increase (decrease)
Cash & cash equivalents provided (used) by:				
Operating activities	$	(11,615,676)	(13,018,651)	1,402,975
Non-capital financing activities		16,815,779	17,092,021	(276,242)
Capital & related financing activities		(3,873,882)	(2,293,057)	(1,580,825)
Investing activities		22,664	10,611	12,053
Net increase (decrease) to cash & cash equivalents		1,348,885	1,790,924	(442,039)
Cash & cash equivalents (beginning of year)		7,151,461	5,360,537	1,790,924
Cash & cash equivalents (end of year)	$	8,500,346	7,151,461	1,348,885

The major sources of funds in operating activities included funds received as cash payments by the College totaling $13,660,088 along with grants and contracts totaling $12,433,513. The major uses of funds were payments made to employees of $19,908,487, to suppliers of $8,223,968, and for student scholarships of $9,120,458.

The largest inflow of cash for non-capital financing activities was the State appropriation of $11,350,766 and local (county) appropriations of $5,154,599.

Significant capital asset transactions

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

• Administration building renovations (Natchez)	$	30,672
• Stevens' Hall renovations		12,285
• Athletic facilities updates		124,841
• Library flooring (Natchez)		26,918
• Automotive equipment		45,808
• Maintenance equipment		56,875
• Career & Technical Education instructional equipment		81,798
Total	$	379,197

Factors influencing future periods

In general, the economic outlook for Mississippi projects slow growth between 2012 and 2018. The growth rate of output and employment in Mississippi during these years will gradually improve as the economy recovers. It is anticipated Mississippi will average an annual growth rate of around 2.7% during this period. The Mississippi Development Authority looks toward 2018 as the year the state will build upon the continued strength of both the state and national economy. It is further anticipated there will be an average of 1.3% employment growth between 2012 and 2018. It will not be until 2018 or beyond where Mississippi will potentially achieve the level of employment that was attained in 2000 and 2007. The Mississippi Development Authority has targeted seven industries in the state for growth, which include advanced manufacturing, aerospace technology, agribusiness, automotive services, energy production, healthcare, and shipbuilding.

Appropriations from the State of Mississippi to support the College have fluctuated the past three years but are expected to increase slightly in future periods. Though initial projections reflect expectations that sales tax collections will begin to move up in future periods, significant increases in total state appropriations to Mississippi community colleges are not expected. Recent dips in student tuition revenue is expected to level out as enrollment begins to normalize after several years of significant decline. Changes in federal financial aid guidelines and requirements may cause tuition revenue to increase if summer Pell grants are reinstated.

Local county support in the Copiah-Lincoln Community College is expected to move upward slightly in the coming years.

The population demographics for entering college freshmen who graduate from high school by 2020 indicates some improvement. Although the total number of high school graduates nationwide will be virtually unchanged from 2010 to 2020, Southern states reflect a different trend. In the South, the projected number of high school graduates will consistently increase with 9.4% more in 2020-2021 than 2008-2009. Along with the projected increases to high school graduates, other key demographic factors, such as non-traditional students and additional minorities entering the college mix, could have a major impact on community college programming. As a result, the College will need to re-evaluate traditional recruitment models in the coming years.

The projected rise in high school graduating classes in the South will hopefully assist in a resurgence and upward trend in enrollment levels at the College; the anticipated increase could help mitigate the decrease endured over the past few years in student numbers. Copiah-Lincoln Community College's 2018 enrollment level is currently at the levels that the College experienced in the 2006-2007 school year. By forecasting data, considering the various aforementioned factors, it is expected that the enrollment will make gradual increases in the years to come. Coupled with the forecasts, efforts will be required to increase emphasis on reaching high school students through dual-credit/dual enrollment programs, increased student support services, and more non-traditional student programming delivery models.

The challenge to the fifteen public community colleges in Mississippi is to continue providing access to higher education, career and technical programs, as well as workforce training opportunities, at a reasonable cost, while facing limited funding resources.

FINANCIAL STATEMENTS

Copiah-Lincoln Community College

Statement of Net Position

June 30, 2018

Assets	
Current assets	
Cash & cash equivalents	$ 8,500,346
Investments	72,748
Accounts receivable (net of allowance of $6,307,775)	3,443,494
Inventories	274,472
Construction deposits	4,500,000
Prepaid expenses	246,685
Total Current Assets	17,037,745
Non-current assets	
Capital assets, net of accumulated depreciation	47,733,435
Total Non-Current Assets	47,733,435
Total Assets	64,771,180
Deferred Outflows of Resources	
Deferred outflows - pensions	4,686,541
Deferred outflows - OPEB	96,898
Total Deferred Outflows of Resources	4,783,439
Liabilities	
Current liabilities	
Accounts payable & accrued liabilities	454,777
Unearned revenues	220,482
Other current liabilities	661,548
Long-term liabilities	1,210,026
Bond premium	8,067
Accrued leave balances	314,134
Net OPEB liabity	85,620
Total Current Liabilities	2,954,654
Non-current liabilities	
Long-term liabilities	7,343,319
Bond premium	296,039
Net pension liability	37,248,538
Net OPEB liability	2,003,775
Total non-current liabilities	46,891,671
Total Liabilities	49,846,325
Deferred inflows of resources	
Deferred inflows - pensions	2,663,170
Deferred inflows - OPEB	106,391
Total Deferred Inflows of Resources	2,769,561
Net Position	
Net investment in capital assets	38,875,984
Restricted:	
Capital projects	5,674,258
Debt service	1,210,026
Unrestricted	(28,821,535)
Total Net Position	$ 16,938,733

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

Copiah-Lincoln Community College Foundation, Inc.
A Component Unit of Copiah-Lincoln Community College
Statement of Financial Position
June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Assets				
Cash	3,385	18,129	35,795	$ 57,309
Investments	515,390	2,760,029	5,449,539	8,724,958
Total Assets	$ 518,775	$ 2,778,158	$ 5,485,334	$ 8,782,267
Liabilities				
Total Liabilities	$ -	$ -	$ -	$ -
Net Assets				
Unrestricted	518,775	-	-	518,775
Temporarily Restricted	-	2,778,158	-	2,778,158
Permanently Restricted	-	-	5,485,334	5,485,334
Total Net Assets	518,775	2,778,158	5,485,334	8,782,267
Total Liabilities & Net Assets	$ 518,775	$ 2,778,158	$ 5,485,334	$ 8,782,267

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

Copiah-Lincoln Community College

Statement of Revenues, Expenses, and Changes in Net Position

For the year ended June 30, 2018

Operating Revenues		
Tuition & fees (net of scholarship allowance of $5,195,575)	$	3,786,674
Federal grants & contracts		9,611,584
State grants & contracts		6,609,412
Local grants & contracts		638,049
Sales & services of educational departments		359,388
Auxiliary enterprises (net of scholarship allowance of $1,771,011)		2,592,084
Total Operating Revenues		23,597,191
Operating Expenses		
Salaries & wages		15,060,443
Fringe benefits		6,640,218
Travel		434,778
Contractual services		3,865,969
Utilities		995,882
Scholarships & fellowships (net of scholarship allowance $6,966,586)		2,153,872
Commodities		3,682,993
Depreciation		1,764,491
Total Operating Expenses		34,598,646
Operating income (loss)		(11,001,455)
Non-operating Revenues (Expenses)		
State appropriations		10,980,534
Local appropriations		4,758,160
Loss on sale of assets		(1,710)
Other revenues		310,414
Interest income		22,664
Interest expense		(253,910)
Other expenses		(372,413)
Total Non-operating Revenues (Expenses)		15,443,739
Change in Net Position		4,442,284
Net position		
Net Position - Beginning of Year		14,613,398
Prior period adjustments		(2,116,950)
Net Position - as restated		12,496,448
Net Position - End of Year	$	16,938,732

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

Copiah-Lincoln Community College Foundation, Inc.
A Component Unit of Copiah-Lincoln Community College
Statement of Activities
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenues, Gains and Support				
Contributions	$ 63,775	$ 180,592	$ 247,266	$ 491,633
Investment Income	12,698	237,872		250,570
Net Assets Released from Restrictions	566,252	(566,252)		-
Total Revenues, Gains and Support	642,725	(147,788)	247,266	742,203
Expenses				
Program Services				
Scholarships	468,658			468,658
Payments Directly to the College	63,393			63,393
Special Events	37,992			37,992
Athletic Expenses	18,648			18,648
Alumni Operations	8,248			8,248
Other Expenses				
Management and General	42,801			42,801
Total Expenses	639,740	-	-	639,740
Increase in Net Assets before Other Sources/Uses	2,985	(147,788)	247,266	102,463
Other Sources/Uses				
Transfers from Other Funds	-	23,968	15,000	38,968
Transfers to Other Funds	(5,000)	(23,968)	(10,000)	(38,968)
Total Other Sources/Uses	(5,000)	-	5,000	-
Change in Net Assets	(2,015)	(147,788)	252,266	102,463
Net Assets at Beginning of Year	524,195	1,724,031	6,431,578	8,679,804
Prior Period Adjustments	(3,405)	1,201,915	(1,198,510)	-
Net Assets At Beginning of Year, as restated	520,790	2,925,946	5,233,068	8,679,804
Net Assets at End of Year	$ 518,775	$ 2,778,158	$ 5,485,334	$ 8,782,267

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

Copiah-Lincoln Community College

Statement of Cash Flows

For the year ended June 30, 2018

Cash Flows from Operating Activities	
Cash received from tuition and fees	$ 8,937,605
Cash received from grants	12,433,513
Cash received from sales & services	359,388
Cash received from auxiliary enterprises	4,363,095
Cash payments to employees	(17,672,419)
Cash payments made for employees (retirement)	(2,236,068)
Cash payments for goods & services	(8,223,968)
Cash payments for scholarships & fellowships	(9,120,458)
Other operating cash (payments)	(456,364)
Net Cash Provided (Used) in Operating Activities	(11,615,676)
Cash Flows from Non-capital Financing Activities	
Other proceeds (payments)	310,414
State appropriations	11,350,766
Local appropriations	5,154,599
Federal loan receipts	1,865,918
Federal loan payments	(1,865,918)
Net Cash Provided in Non-capital Financing Activities	16,815,779
Cash Flows from Capital & Related Financing Activities	
Principal & interest payments	(1,426,214)
Acquisition or construction of capital assets (net)	(2,447,668)
Net Cash Used in Capital & Related Financing Activities	(3,873,882)
Cash flows from investing activities	
Interest & dividend on investments	22,664
Net Cash Provided from Investing Activities	22,664
Increase (Decrease) in Cash & Cash Equivalents	1,348,885
Cash and Cash Equivalents, Beginning at Year	7,151,461
Cash and Cash Equivalents, End at Year	$ 8,500,346

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

Copiah-Lincoln Community College

Statement of Cash Flows

For the Year Ended June 30, 2018

Reconciliation of Operating Expenses to Net Cash Provided (used) in Operating Activities	$	(11,001,455)
Operating income (loss)		
Adjustments to reconcile operating income (loss) to net cash provided (used in) operating activities:		
Depreciation		1,764,491
Other receipts (payments)		(2,361,105)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		(347,025)
(Increase) decrease in inventories		30,128
(Increase) decrease in prepaid expenses		(21,586)
Increase (decrease) in AP & accrued liabilities		155,528
Increase (decrease) in unearned revenue		15,007
Increase (decrease) in other current liabilities		119,543
Increase (decrease) in accrued leave balances		30,798
Total adjustments		(614,221)
Net Cash Provided (Used) in Operating Activities	$	(11,615,676)

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

Copiah-Lincoln Community College Foundation, Inc.
A Component Unit of Copiah-Lincoln Community College
Statement of Cash Flows
For the Year Ended June 30, 2018 and 2017

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		2018
Cash Flows From Operating Activities:		
Change in net assets	$	102,463
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Net unrealized (gains) losses on investments		102,130
Increase (decrease) in:		
Contributions restricted for permanent investment		244,056
Net cash provided by operating activities		448,649
Cash Flows From Investing Activities:		
Purchases of Investments		(1,799,728)
Sales of Investments		1,605,682
Net cash used by investing activities		(194,046)
Cash Flows From Financing Activities:		
Contributions restricted for permanent investment		(244,056)
Net Change in Cash		10,547
Beginning of Year		46,762
End of Year	$	57,309

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

Notes to the Financial Statements

For the year ended
June 30, 2018

Copiah-Lincoln Community College

Notes to the Financial Statements
For the Year Ended June 30, 2018

Note (1): Summary of Significant Accounting Policies

A. Reporting entity

Copiah-Lincoln Community College was founded in 1928 and is one of Mississippi's 15 public community colleges. The legal authority for the establishment of Copiah-Lincoln Community College is found in Section 37-29-31, Miss. Code Ann. (1972).

Copiah-Lincoln Community College is governed by a twenty-seven (27) member board of trustees, selected by the Boards of Supervisors of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson Counties who support the College through locally assessed ad valorem tax millage. One of the trustees from each of the supporting counties must be the county superintendent of education, unless the superintendent chooses not to serve, in which case the county board of supervisors shall fill the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5-year term. In addition, Copiah-Lincoln Community College works jointly with the Mississippi State Board for Community and Junior Colleges, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

Copiah-Lincoln Community College reports the following discretely presented component unit: Copiah-Lincoln Community College Foundation, Inc. (Foundation). The Foundation is a legally separate, tax-exempt nonprofit organization. The Foundation acts primarily as a fund raising organization to supplement the resources available to Copiah-Lincoln Community College (College) in support of its programs.

Although the College does not control the timing or amounts of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors.

During the year ended June 30, 2018, the Foundation distributed $103,319 directly to the College.

B. Basis of presentation

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

C. Basis of accounting

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

D. Cash equivalents

For purposes of the Statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

E. Investments

Investments that are not cash equivalents but mature within the next fiscal year are classified as short-term investments.

F. Accounts receivable

Accounts receivable consist of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts, local governments, and credits due to the college from vendors. Accounts receivable are recorded net of an allowance for doubtful accounts.

G. Student notes receivable

Student notes receivables consist of federal, state and institutional loans made to students for the purpose of paying tuition and fee charges. Loan balances are expected to be paid during the next fiscal year and are presented on the statement of net position as current assets net of allowances.

H. Inventories

Inventories consist of bookstore, golf pro shop, and food service supplies. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out ("FIFO") basis or the average cost basis.

I. Capital assets (net of accumulated depreciation)

Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance costs are charged to operating expense in the year in which the expenditure was incurred. Expenses for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. See Note (4) for additional details concerning useful lives, salvage values and capitalization thresholds.

J. Unearned revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

K. Deferred outflows / inflows of resources

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

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

Deferred outflows of resources and deferred inflows of resources presented in the financial statements pertain to the pension plan and other post-employment benefits (OPEB) as further described in Note (7) and Note (8).

L. Compensated absences

Twelve-month employees receive 12 days of annual leave per year. Ten-month employees receive no annual leave. Annual leave earned in one fiscal year must be taken by December 31 of the following fiscal year. Up to five days of unused annual leave may be added to an employee's sick leave accumulation upon written request and approval of the president. The liability for accrued leave at June 30, 2018 was $314,134.

M. Classification of revenues

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

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

2) *Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, such as state appropriations, local appropriations and investment income.

N. State appropriations

Copiah-Lincoln Community College receives funds from the State of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the State of Mississippi. Beginning with the 2006 fiscal year, a new funding formula was phased in over a 5-year period which will shift the funding calculation from a predominantly full-time student formula, weighted by type of student, to a full-time equivalent formula which is based on total credit hours generated by all students with special consideration given only to high cost programs.

O. Scholarship discounts and allowances

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third party payment (credited to the student's account as if the student made the payment).

All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

P. Net position

Net position is classified according to external donor restrictions or availability of assets for satisfaction of College obligations. Net position is reported in three categories:

1) Net investment in capital assets, consists of capital assets net of accumulated depreciation and the outstanding balance of any related debt that is attributable to the acquisition of the capital assets.

2) Restricted net position is divided in two categories: expendable and non-expendable. Non-expendable restricted net position generally represents funds provided for endowment purposes, the corpus of which cannot be expended. Currently, there is no net position classified as such. Expendable restricted net position represents funds that have been provided for specific purposes and funds held in federal loan programs.

3) Unrestricted net position are amounts available for other purposes, after adjustments required by GASB 68, 71, and 75 for deferred outflows and inflows related to pensions and other post-employment benefits (OPEB). See Note (7) and Note (8) for more information.

Q. Impairment of capital assets

GASB Statement No. 42, *Accounting and Financial Reporting of Impairment of Capital Assets and for Insurance Recoveries* was adopted by the College. This statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries.

R. GASB (Governmental Accounting Standards Board) pronouncements

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

In June 2015, the GASB issued GASB Statement No. 75 *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (OPEB)*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense associated with post-employment benefits other than those for pensions (OPEB). For defined benefit OPEB (other post-employment benefits), note disclosure and required supplementary information requirements about OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017.

Note (2): Cash & cash equivalents and investments

A. Policies for Cash, Cash Equivalents and Investments

Cash policies as set forth by policy and state statute authorize the College to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, and repurchase agreements. For the year ended June 30, 2018, the College had $8,500,346 in cash and cash equivalents.

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

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the College will not be able to recover deposits or collateral securities that are in the possession of an outside party. The College does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the College. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the College. As of June 30, 2018, none of the bank balances of the College totaling $9,151,251 was exposed to custodial credit risk.

B. Investments

Investment policies as set forth by policy and state statute also authorize the College to invest in equity securities, bond and other securities. Investments are reported at fair value (market).

As of June 30, 2018, the College had the following investments:

Investment type	Rating	Maturity (in years)	Fair value
Certificate of deposit	N/A	Less than 1 year	$ 72,748

Interest Rate Risk. The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), MS Code Ann. (1972). The College does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a formal investment policy that addresses custodial credit risk.

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2018, the College did not have any investments to which this would apply.

Note (3): Accounts receivable

Accounts receivable consisted of the following at June 30, 2018:

Tuition (students)	$	7,856,077
Local appropriations		404,572
State sources		377,031
Federal sources		1,111,199
Other receivables		2,390
Total accounts receivable		9,751,269
LESS: *Allowance for doubtful accounts*		(6,307,775)
Net accounts receivable	$	3,443,494

Note (4): Capital assets

A summary of changes in capital assets for the year ended June 30, 2018, is presented as follows:

		Beginning balance	Additions	Deletions	Completed construction	Ending balance
Non-depreciable capital assets:						
Land	$	755,732				755,732
Construction-in-progress		2,212,410	4,555,660		(25,856)	6,742,214
Total non-depreciable capital assets		2,968,142	4,555,660	0	(25,856)	7,497,946
Depreciable capital assets:						
Buildings		54,478,909	30,672			54,509,581
Structures & improvements		11,271,114	138,187		25,856	11,435,157
Equipment		7,148,726	235,574	(55,356)		7,328,944
Library books & media		1,053,621	5,248	(53,311)		1,005,558
Total		73,952,370	409,681	(108,667)	25,856	74,279,240
LESS: *Accumulated depreciation*						
Buildings		20,461,573	980,402			21,441,975
Structures & improvements		5,141,021	314,407			5,455,428
Equipment		5,781,086	454,627	(49,820)		6,185,893
Library books & media		998,711	15,055	(53,311)		960,455
Total		32,382,391	1,764,491	(103,131)	0	34,043,751
Total depreciable capital assets (net)		41,569,979	(1,354,810)	(5,536)	25,856	40,235,489
Capital assets (net)	$	44,538,121	3,200,850	(5,536)	0	47,733,435

Depreciation is computed on a straight-line basis except for 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:

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

Commitments under construction contracts at June 30, 2018, are summarized as follows:

Project		Funds spent as of June 30, 2018	Remaining commitment
Ellzey Hall (Bureau)	$	1,438,005	696,356
Ewing Administration Building (Bureau)		341,378	34,536
Tom Reed Academic Building (Bureau)		1,635,041	0
Women's dormitory (Bureau)		3,069,305	2,451,638
Callender Hall (Bureau)		258,485	0
Totals	$	6,742,214	3,182,530

Construction projects included above are funded through capital funds of the College, funds from the Bureau of Building, Grounds, and Real Property Management, and funding from the Mississippi Development Bank.

Note (5): Long-term liabilities

Long-term liabilities of the College consist of notes and bonds payable, capital lease obligations, and certain other liabilities that are expected to be liquidated at least one year from June 30, 2018. The various leases cover a period not to exceed five years. The College has the option to prepay all outstanding payments less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

A schedule detailing the beginning balances, changes to the long-term liabilities as well as the outstanding debt balances is provided in the schedule below. Following the schedule of long-term liabilities, information regarding original issue amounts, interest rates and maturity dates for bonds, notes, and capital leases included in the long-term liabilities is provided.

		Beginning balance	Additions	Refunded	Reductions	Ending balance	Amounts due *within 1 year*
General Obligation bond (2017)	$	0	2,258,000			2,258,000	297,000
Education Facilities bond (2009)		2,455,000		(2,195,000)	(260,000)	0	0
Education Facilities bond (2011)		685,000			(335,000)	350,000	350,000
General Obligation bond (2016A)		1,548,900			(270,000)	1,278,900	275,100
Master lease (Series 2015A)		217,601			(106,897)	110,704	110,704
General Obligation bond (2016)		4,500,000			(95,000)	4,405,000	95,000
General OB bond premium (2016)		310,649			(6,543)	304,106	8,067
General Obligation bond (2010)		232,964			(82,222)	150,742	82,222
Accrued compensated leave		283,336	30,798			314,134	
Totals	$	10,233,450	2,288,798	(2,195,000)	(1,155,662)	9,171,586	1,218,093

Description	Interest rate	Maturity date		Amount issued	Outstanding balance
Bonded debt:					
General Obligation bond (2017)	1.90%	2025	$	2,258,000	2,258,000
Education Facilities Bond (2011)	2% - 2.5%	2019		2,270,000	350,000
General Obligation note (2016A)	1.86%	2023		1,840,000	1,278,900
General Obligation note (2016)	3.45%	2046		4,500,000	4,405,000
General OB bond premium (2016)	3.45%	2046		314,783	304,106
General Obligation note (2010)	0%	2020		740,000	150,742
Totals			$	11,922,783	8,746,748
Capital leases:					
Master lease (Series 2015A)	3.53%	2019	$	425,000	110,704
Totals			$	425,000	110,704
Other long-term liabilities:					
Accrued compensated leave					314,134
Totals					314,134

Long-term debt will mature as follows:

For the fiscal year ending:		General bonds	Capital leases	Interest expense	Totals
2019	S	1,099,322	110,704	234,066	1,444,092
2020		747,620		214,356	961,976
2021		700,500		201,479	901,979
2022		715,800		187,676	903,476
2023		582,400		172,985	755,385
2024 - 2028		1,267,000		733,880	2,000,880
2029 - 2033		700,000		598,000	1,298,000
2034 - 2038		855,000		443,500	1,298,500
2039 - 2043		1,040,000		254,400	1,294,400
2044 - 2046		735,000		44,900	779,900
Totals	S	8,442,642	110,704	3,085,242	11,638,588

Note (6): Operating leases

Leased property under operating leases is composed of copiers, land and golf carts. The following is a schedule by years of the future minimum rental payments required under those operating leases:

For the fiscal year ending:		
2019	$	72,364
2020		51,524
2021		10,495
2022		668
Total minimum payments required	$	135,051

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the fiscal year ending June 30, 2018, was $64,020.

Note (7): Defined Benefit Pension Plan

A. Plan description

Copiah-Lincoln Community College 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 are 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 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.

B. Benefits provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

C. Contributions

PERS members are required to contribute 9.00% of their annual covered salary, and the College is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2018 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The contributions by the College to PERS for the years ending June 30, 2018, 2017 and 2016 were $2,236,068, $2,263,970, and $2,264,674, respectively, which was equal to the required contributions for each year.

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

At June 30, 2018, the College reported a liability of $37,248,538 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The College's proportionate share used to calculate the June 30, 2018 net pension liability was 0.224073 percent, which was based on a measurement date of June 30, 2017. This was a decrease of 0.000694 percent from its proportionate share used to calculate the June 30, 2017 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended June 30, 2018, the College recognized pension expense of $3,923,161. At June 30, 2018 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	1,667,770	271,792
Net difference between projected and actual earnings on pension plan investments		2,895,693	
Change in assumptions		38,042	
Changes in proportion and differences between contributions and proporationate share		(2,151,032)	2,391,378
College contributions subsequent to the measurement date		2,236,068	
Totals	$	4,686,541	2,663,170

$2,236,068 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30		
2019	$	83,594
2020		401,818
2021		21,398
2022		(719,507)
Total	$	(212,697)

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Broad	27.00 %	4.60 %
International equity	18.00	4.50
Emerging markets equity	4.00	4.75
Global	12.00	4.75
Fixed income	18.00	0.75
Real Estate	10.00	3.50
Private equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
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 and that Employer contributions will be made at the current employer contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan 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 table presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

		1% decrease	Current discount rate	1% increase
Description		6.75%	7.75%	8.75%
College proportionate share of net pension liability	$	48,853,944	37,248,538	27,613,529

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 (8): Other Postemployment Benefits (OPEB)

A. General Information about the OPEB Plan.

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

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 $89,074 for the year ended June 30, 2018.

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

At June 30, 2018, the College reported a liability of $2,089,395 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the College's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2017, the College's proportion was 0.26629757 percent. This was an increase of 0.00112641 percent from the proportionate share as of the measurement date of June 30, 2016.

For the year ended June 30, 2018, the College recognized OPEB expense of $105,081. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$		106,391
Changes in proportion and differences between contributions and proporationate share		7,824	
College contributions subsequent to the measurement date		89,074	
Totals	$	96,898	106,391

$89,074 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2019	$	(17,292)
2020		(17,292)
2021		(17,292)
2022		(17,292)
2023		(17,292)
Thereafter		(12,107)
Total	$	(98,567)

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

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	N/A
Municipal Bond Index Rate	
Measurement Date	3.56 percent
Prior Measurement Date	3.01 percent
Year FNP is projected to be depleted	
Measurement Date	2017
Prior Measurement Date	2016
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.56 percent
Prior Measurement Date	3.01 percent
Health Care Cost Trends	
Medicare Supplement Claims Pre-Medicare	7.75 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2023

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

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

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

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

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

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

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

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

		1% decrease	Current discount rate	1% increase
Description		**2.56%**	**3.56%**	**4.56%**
College proportionate share of net OPEB liability	$	2,144,574	2,089,395	2,048,302

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the College's proportionate share of the net OPEB liability, as well as what the College'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
Description		**2.56%**	**3.56%**	**4.56%**
College proportionate share of net OPEB liability	$	1,929,696	2,089,395	2,271,707

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

Note (9): Functional classification of Operating Expenses

Functional classification of Operating Expenses

Functional classification		*Salaries & wages*	*Fringe benefits*	*Travel*	*Contractual services*	*Utilties*	*Scholarships*	*Commodities*	*Depreciation*	*Totals*
Instruction	$	8,654,173	3,650,163	177,202	879,275	0	198,647	759,903	0	14,319,363
Academic support		513,405	226,954	6,774	68,481	0	0	33,371	0	848,985
Student services		1,658,269	838,737	204,525	394,638	0	1,955,225	381,349	0	5,432,743
Institutional support		2,214,255	995,590	44,438	1,022,292	0	0	165,017	0	4,441,592
Operation of plant		878,801	480,222	0	1,169,362	938,679	0	127,046	0	3,594,110
Auxiliary enterprises		1,141,540	448,552	1,839	331,921	57,203	0	2,216,307	0	4,197,362
Depreciation		0	0	0	0	0	0	0	1,764,491	1,764,491
Totals	$	15,060,443	6,640,218	434,778	3,865,969	995,882	2,153,872	3,682,993	1,764,491	34,598,646

Note (10): Prior period adjustment

Adjustments were made to document the effect of prior period adjustments for the presentation of the net OPEB liability associated with GASB 75 net of deferred outflows of resources associated with such, to properly reflect prior balances on various accounts, and to record the reversal of amounts expensed in prior years (voided) in the current year. Details associated with the prior period adjustments are as follows:

Explanation:			**Amount**
1 Implementation of GASB 75:			
Net OPEB liability (June 30, 2017)	$	(2,165,093)	
Deferred outflows - contributions made during 2018		82,212	
Total prior period adjustment related to GASB 75			(2,082,881)
2 Reversal of prior expenditures & error correction (balance adjustments)			(34,069)
Total (net) prior period adjustment	$		(2,116,950)

Note (11): Subsequent events

Events that occur after the Statement of Net Position date but before the financial statements are issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Copiah-Lincoln Community College evaluated the activity of the College through the date the financial statements were available to be issued, and determined that the following subsequent event occurred requiring disclosure in the notes to the financial statements:

On August 2, 2018, the College entered into a bond transaction with Hancock-Whitney Bank in which Educational Facilities bonds (Series 2018) were issued. Raymond James Investments brokered the transaction. Funds totaling $5,500,000 were financed with a maturity date of February 1, 2043 at an effective interest rate of 4.00%. The purpose of the bond issuance was to fund the financing of capital projects of the College, including the construction of the Career, Technical, and Educational (CTE) building at the Simpson County Center.

Note (12): Effects of deferred amounts on Net Position

The unrestricted net position amount of ($28,821,535) includes the effect of deferring the recognition of expenses resulting from a deferred outflow of resources related to pensions. The balance of the deferred outflows of resources (totaling $4,686,541) at June 30, 2018 will be recognized as an expense over the next four years, which will accordingly decrease the unrestricted net position of the college during the same period.

The unrestricted net position amount of ($28,821,535) includes the effect of deferring the recognition of expenses resulting from a deferred outflow of resources related to OPEB. The balance of the deferred outflows of resources (totaling $96,898) at June 30, 2018 will be recognized as an expense over the next six years, which will accordingly decrease the unrestricted net position of the college during the same period.

The unrestricted net position amount of ($28,821,535) also includes the effect of deferring the recognition of revenues resulting from a deferred inflow of resources related to pensions. The balance of the deferred inflows of resources (totaling $2,663,170) at June 30, 2018 will be recognized as revenue over the next three years, which will accordingly increase the unrestricted net position of the college during the same period.

The unrestricted net position amount of ($28,821,535) also includes the effect of deferring the recognition of revenues resulting from a deferred inflow of resources related to OPEB. The balance of the deferred inflows of resources (totaling $106,391) at June 30, 2018 will be recognized as revenue over the next six years, which will accordingly increase the unrestricted net position of the college during the same period.

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements

For the Year Ended June 30, 2018

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 1 **Summary of Significant Accounting Policies**

Statement of Organizational Activities
The purpose of the Foundation is to operate exclusively for educational and scientific purposes, all for the public welfare, and to this end to promote, encourage, and assist all forms of education and research at Copiah-Lincoln Community College. The Foundation is an auxiliary organization of the College and administers scholarships to both students and faculty members and raises funds to supplement different areas of the entire College.

Basis of Presentation
The Foundation prepares its financial statements on the accrual basis of accounting. 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. In accordance with FASB ASC Subtopic 958-205, Not-For-Profit Entities—Presentation of Financial Statements, fund balances are classified on the statement of financial position as unrestricted, temporarily restricted, or permanently restricted net assets, based on the absence or existence and type of donor-imposed restrictions.

Unrestricted Net Assets
Unrestricted net assets are not subject to donor-imposed stipulations. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose having been accomplished and/or the stipulated time period having elapsed, are reported as transfers between the applicable classes of net assets.

Temporarily Restricted Net Assets
Temporarily restricted net assets include gifts, unconditional promises to give, trusts and remainder interests, income, and gains which can be expended but for which restrictions have not yet been met. Examples of such restrictions would be where donors have specified the purpose for which the net assets are to be spent such as for capital projects or athletic programs.

Permanently Restricted Net Assets
Permanently restricted net assets include gifts required by donors to be permanently retained. The Foundation's permanently restricted net assets consist primarily of endowed scholarship funds. Typically these scholarships award annual earnings on the funds up to five percent and all earnings over five percent are added back to the principal of the endowed scholarship.

Income Taxes
The Copiah-Lincoln Community College Foundation, Inc. is a not-for-profit organization exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509 (a)(2).

Donated Assets
Donated marketable securities are disposed of upon receipt and are then recorded as contributions at the amount of proceeds received from the sale. Donations of equipment are not recorded in the financial statements. These items are recorded in a separate ledger with no value assigned to them. These items are distributed to the department within the College as designated by the donor, or if undesignated, to the department of the College that has the greatest need for the donated assets as determined by the Board of Directors.

Donated Services and Facilities
The Foundation receives a substantial amount of services donated by citizens interested in the Foundation’s programs. Because of the difficulty in assigning values for such services, these items are generally not reflected in the accompanying financial statements. The Foundation also receives office space from Copiah-Lincoln Community College and a substantial amount of services donated by employees of the College. No amount for rent expense has been included in these financial statements and these employees’ salaries and related expenses are not included in the Foundation’s financial statements but are included in the College’s financial statements.

Investments
The Foundation follows FASB ASC Subtopic 958-320, Not-For-Profit Entities—Investments—Debt and Equity Securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increase in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents
Cash and cash equivalents are considered to be all highly liquid investments with maturities of three months or less at the time of acquisition.

Fixed Assets
The Foundation has no fixed assets. All fixed assets are owned by the College.

Pledges Receivable
Unconditional pledges receivable are recognized as revenues in the period the pledge is received. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met.

The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There were no pledges receivable and therefore no allowance for uncollectible pledges receivable at June 30, 2018.

Estimates
The preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses
The costs of providing various programs and related supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated to the appropriate programs and supporting services.

Note 2 **Concentrations of Credit Risk**

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and temporary investments, investment securities, and pledges receivable. The Foundation places its cash and temporary investments with creditworthy, high quality financial institutions. Cash deposits in excess of $250,000 are not insured by the FDIC.

For the year ended June 30, 2018 the Foundation had $57,309 in cash and cash equivalents.

The Foundation has significant investments in equity and debt securities and is therefore subject to concentrations of credit risk. Investments are managed by investment managers who are supervised by the Board of Directors. Though the market value of investments is subject to fluctuations on a year to year basis, the Board believes that the investment policy is prudent for the long-term welfare of the Foundation.

Credit risk with respect to contributions receivable is limited due to the credit worthiness of the individual who has made the pledge.

The Foundation receives a substantial amount of support from Copiah Lincoln Community College. A significant reduction in the level of this support, if it were to occur, would have an effect on the Foundation's programs and activities.

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 **Investments**

Investments of all funds are included in a pooled investment fund. The pool is operated on a "market value" basis whereby each addition to the pool is assigned a number of units based on the market value per fund at the beginning of the month within which the addition takes place.

Pooled investments at June 30, 2018 consist of the following:

Description	Market	Cost
Corporate Bonds	$ 120,072	$ 115,000
Municipal Bonds	3,669,745	3,460,988
Mutual Funds - Equity		
Federated Strategic Value Div Fund – Inst	177,149	175,019
Mutual Funds - Fixed Income		
Federated SH Int Muni Instl Fund	199,590	202,579
Federated Short-Term Income Fund	50,005	50,506
Virtus SEIX US Government Bond Fund	174,651	176,559
Total Mutual Funds-Fixed Income	424,246	429,644
Exchange Traded Funds – Equity		
First Trust NASDAQ Multi-Asset	397,625	415,148
First Trust Preferred and Income Fund	333,931	350,030
SPDR S&P 500 ETF Trust Com	77,315	63,873
SPDR Midcap 400 ETF Trust	50,413	44,406
iShares Select Dividend	604,717	522,617
iShares Core S & P Small-Cap	65,182	53,960
Invesco Diversified Commodity Strategy	51,245	51,305
Vanguard Small Cap Value	227,434	216,050
Vanguard Mid Cap Vipers	435,244	399,134
Vanguard Real Estate ETF	408,879	405,413
Vanguard Growth	354,301	311,562
Total Exchange Traded Funds – Equity	3,006,286	2,833,498
Exchange Traded Funds – International		
iShares MSCI EAFE	140,369	144,423
iShares EDGE Minimum Volatility	48,091	49,528

Vanguard FTSE Emerging Markets	183,401	195,734
Total ETFs – International	371,861	389,685
Exchange Traded Funds - Fixed Income		
Invesco Senior Loan Portfolio	148,758	150,856
Invesco National AMT-Free Bond Fund	208,496	216,413
SPDR Nuveen Bloomberg Barclays Short Term Muni Fund	251,659	254,918
Vanguard Short Term Corporate	346,686	355,822
Total ETFs-Fixed Income	955,599	978,009
Total Investments	$ 8,724,958	$ 8,381,843

Investment Income for the year ended June 30, 2018 was calculated as follows:

Interest and Dividends	$392,914
Realized Gains and Losses	95,837
Unrealized Gains and Losses	(197,966)
Subtotal	290,785
Less Investment Fees	(40,215)
Net Investment Income	$ 250,570

Note 4 **Endowment**

The Foundation's endowment consist of more than 180 individual funds maintained in accordance with explicit donor stipulations.

The State of Mississippi enacted the *Uniform Prudent Management of Institutional Act* (UPMIFA) effective July, 2012. The act requires the prudent spending of donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with UPMIFA, the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund.

The Foundation classifies the amount specified by explicit donor stipulation as an endowment as permanently restricted net assets.

The Foundation's spending policy is designed to protect the endowment corpus or historical value. The award amount is calculated by multiplying the target spending rate set each January by the Board by the lesser of (1) a rolling three year average market value of the scholarship fund as of December 31 of the prior calendar year or (2) the market value of the scholarship endowment as of

December 31 of the prior calendar year. The spending rate was 5% for the fiscal year ended June 30, 2018.

The Foundation implements investment policy for endowment assets to maintain long-term growth objectives. Earnings on the endowment assets (interest and dividends) are reinvested until the Foundation identifies an amount to be distributed in accordance with its spending policies.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual donation. Deficiencies of this nature are reported in unrestricted net assets as an aggregate deficiency of the fair value of the net endowment assets over permanently restricted net assets.

The following is a summary of the Foundation's endowment net asset composition by type of funds as of June 30, 2018 and June 30, 2017

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	(6,144)	1,145,702	5,485,334	6,624,892
Board designated				
Total endowment net assets	(6,144)	1,145,702	5,485,334	6,624,892

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	(3,405)	1,201,915	5,233,068	6,431,578
Board designated				
Total endowment net assets	(3,405)	1,201,915	5,233,068	6,431,578

Changes in the Foundation's endowment net assets for the years ended June 30, 2017 and June 30, 2018 are as follows:

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2018

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (3,405)	1,201,915	5,233,068	6,431,578
Investment returns:				
Investment income	4,017	267,177		271,194
Net depreciation (unrealized losses)	(1,203)	(77,779)		(78,982)
Total investment returns	2,814	189,398		192,212
Contributions			252,266	252,266
Appropriation of endowment assets for expenditure	(5,553)	(245,611)		(251,164)
Endowment net assets, end of year	(6,144)	1,145,702	5,485,334	6,624,892

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (36)	1,407,227	5,008,799	6,415,990
Investment returns:				
Investment income	393	242,951		243,344
Net depreciation (unrealized losses)	(173)	(107,864)		(108,037)
Total investment returns	220	135,087		135,307
Contributions			224,269	224,269
Appropriation of endowment assets for expenditure	(3,589)	(340,399)		(343,988)
Endowment net assets, end of year	(3,405)	1,201,915	5,233,068	6,431,578

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 **Prior Period Adjustment**

Reclassifications of Net Assets were made to properly present endowments.

Note 6 **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 Positions date require disclosure in the accompanying notes. Management of the Copiah-Lincoln Community College Foundation, Inc. evaluated the activity of the Foundation through the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Copiah Lincoln Community College
Schedule of the College's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years*

		2018	2017	2016	2015
College's proportionate share of the net pension liability	$	37,248,538	40,148,999	35,897,406	29,038,870
College's proportion of the net pension liability		0.224073%	0.224767%	0.232225%	0.239236%
College's covered payroll		14,374,413	14,378,883	14,508,063	14,618,546
College's proportionate share of the net pension liability as a percentage of its covered payroll		259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability		61.49%	57.47%	61.70%	67.21%

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

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

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

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

	2018	2017	2016	2015
Contractually required contribution	$ 2,236,068	2,263,970	2,264,674	2,285,020
Contributions in relation to the contractually required contribution	2,236,068	2,263,970	2,264,674	2,285,020
Contribution deficiency (excess	$ -	-	-	-
College's covered payroll	14,197,257	14,374,413	14,378,883	14,508,063
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

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

Copiah Lincoln Community College
Schedule of the College's Proportionate Share of the Net OPEB Liability
OPEB
Last 10 Fiscal Years*

		2018	
College's proportionate share of the net OPEB liability	$	2,089,395	
College's proportion of the net OPEB liability		0.26629757%	
College's covered-employee payroll		11,964,018	**
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		17.46%	
Plan fiduciary net position as a percentage of the total OPEB liability		0.00%	

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

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

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-yeartrend is compiled, the College has only presented information for the years in which information is available.

** The amount used to calculate this figure was based on the Plan's covered payroll as of the measurement date.

Copiah Lincoln Community College
Schedule of College Contributions
OPEB
Last 10 Fiscal Years*

		2018	
Contractually required contribution	$	89,074	**
Contributions in relation to the contractually required contribution		89,074	**
Contribution deficiency (excess)	$	-	
College's covered-employee payroll		14,365,418	
Contributions as a percentage of covered-employee payroll		0.62%	

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

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 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.

** The amounts reflected above only pertains to the Implicit Rate Subsidy as it relates to contributions.

Copiah-Lincoln Community College

Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

Pension Schedules

(1) *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 wage 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%.

(2) *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.

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

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

OPEB Schedules

(1) 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.

(2) Changes in benefit provisions

2017:
None.

(3) *Methods and assumptions used in calculation* of *Actuarially Determined Contributions.* The Actuarially Determined Contributions 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 the June 30, 2016 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price Inflation	3 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rates Medicare Supplement Claims Pre-Medicare	7.75 percent
Ultimate health care cost trend rates Medicare Supplement Claims Pre-Medicare	5.00 percent
Year of ultimate trend rates Medicare Supplement Claims Pre-Medicare	2022
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56 percent

(4) Under GASB 75, employers are also required to consider any implicit subsidy that may be occurring. Medical costs generally increase with advancing age. Therefore, the medical costs for the retiree group are higher than the medical costs for the employee group, even taking Medicare into account. Stated another way, when a plan includes both employees and retirees, the blended premiums are almost always higher than what the premiums would be for employees, and lower than what the premiums would be for retirees, if each group were rated separately. The premium rate difference is referred to as the implicit rate subsidy.

SUPPLEMENTARY INFORMATION

Copiah-Lincoln Community College
Schedule of expenditures of federal awards
For the year ended June 30, 2018

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity's Identifying Number		Federal Expenditures
U.S. Department of Agriculture				
Pass through Program from Missisipi Community College Board:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	$	24,027
Total Passed-through Program				24,027
Total U.S. Department of Agriculture				**24,027**
U.S. Department of Labor				
Pass-through programs from Senior Service America, Inc.:				
Senior Community Service Employment Program	17.235	AD-29496-16-55-A-24		530,062
Pass-through Southwest Mississippi Planning and Development District				
Senior Community Service Employment Program	17.235	17-S90-10-6057-1		29,274
Central Mississippi Planning and Development District				
WIOA - Adult Program	17.258	AA-28325-16-55-A-28		31,013
WIOA - Dislocated Worker Formula Grant	17.278	AA-30753-17-55-A-28		4,590
WIOA - Youth Activities	17.259	AA-32190-18-55-A-28		41,753
Lawson State Community College				
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	SGA-DFA-PY-13-10		197,931
Total U.S. Department of Labor				**834,623**
U.S. Department of Transportation				
Pass-through program from:				
Mississippi Department of Transportation				
Highway Planning and Construction	20.205	STP-0279-00(011)		41,332
Total U.S. Department of Transportation				**41,332**
U.S. Department of Education				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	N/A		59,370
Federal Work-Study Programs (FWS)	84.033	N/A		64,329
Federal Pell Grant Program	84.063	N/A		7,531,918
Federal Direct Student Loans (FDSL)	84.268	N/A		1,847,839
Total U.S. Department of Educatior				9,503,456
Total Student Financial Aid cluster				**9,503,456**
U.S. Department of Education				
TRIO - Student Support Services	84.042A	N/A		254,872
Pass-through program from:				
Mississippi Community College Board				
Adult Education - Basic Grants to States	84.002A	2017-208-017		428,089
Mississippi Department of Education				
Career Technical Education - Basic Grants to States	84.048A	V048A170024		203,186
Sub-total of pass-through programs				631,275
Total U.S. Department of Education				**886,147**
U.S. Department of Human Services				
Pass-through program from:				
Mississippi Community College Board				
Child Care and Development Block Grant	93.575	N/A		166,952
Temporary Assistance for Needy Families	93.558	N/A		5,875
University of Southern Mississippi				
Biomedical Research and Research Training	93.859	P20GM103476		3,865
Total U.S. Department of Human Services				**176,692**
Total Expenditures of Federal Awards			$	**11,466,277**

Copiah-Lincoln Community College

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented on the same basis of accounting, as those used for the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The College did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

For purpose of this schedule, loans made to students under the Federal Direct Student Loans (CFDA # 84.268) are presented as federal expenditures. Neither the funds advanced to students nor the outstanding loan balances are included in the financial statements, since the loans are made and subsequently collected by the federal government.

(5) The pass-through entity did not assign identifying number to all awards.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Jane G. Hulon, President and Board of Trustees
Copiah - Lincoln Community College
Wesson, Mississippi 39191

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate discretely presented component unit of Copiah-Lincoln Community College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Copiah-Lincoln Community College's basic financial statements, and have issued our report thereon dated March 25, 2019. The financial statements of the Copiah-Lincoln Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC Certified Public Accountants
March 25, 2019

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Jane G. Hulon, President and Board of Trustees
Copiah - Lincoln Community College
Wesson, Mississippi 39191

Report on Compliance for Each Major Federal Program

We have audited Copiah-Lincoln Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Copiah-Lincoln Community College major federal program for the year ended June 30, 2018. The Copiah-Lincoln Community College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards to applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Copiah-Lincoln Community College's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination on the College's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Copiah-Lincoln Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC — Certified Public Accountants
March 25, 2019

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS

Jane G. Hulon, President and Board of Trustees
Copiah - Lincoln Community College
Wesson, Mississippi 39191

We have audited the financial statements of the business-type activities of the Copiah - Lincoln Community College and the aggregate discretely presented component unit as of and for the year ended June 30, 2018, and have issued our report thereon dated March 25, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 those procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the College, members of the Legislature, entities with accreditation overview, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC　　Certified Public Accountants
March 25, 2019

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Copiah - Lincoln Community College
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified.

2. Internal control over financial reporting:
   a. Material weakness(es) identified? No.
   b. Significant deficiency(ies) identified? None reported.

3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
   a. Material weakness(es) identified? No.
   b. Significant deficiency(ies) identified? None reported.

5. Type of auditor's report issued on compliance for major programs: Unmodified.

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.

7. Identification of major program:

   a. Student Financial Aid Cluster:
      Federal Supplemental Education Opportunity Grants (FSEOG)
      CFDA # 84.007
      Federal Work-Study Programs (FWS)
      CFDA # 84.033
      Federal Pell Grant Program
      CFDA # 84.063
      Federal Direct Student Loans
      CFDA # 84.268

8. Dollar threshold used to distinguish between type A and type B programs: $750,000.

9. Auditee qualified as 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 2 CFR 200.511(b). No.

Section II: Financial Statements Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards.*

Section III: Federal Awards Findings and Questioned Costs

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