



**COPIAH - LINCOLN
COMMUNITY COLLEGE**
Audited Financial Statements
For the year ended June 30, 2016

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

Ronald E. Nettles, 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 and the aggregate discretely presented component unit of Copiah-Lincoln Community College as of and for the year ended June 30, 2016, 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.

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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability and the Schedule of College's Contributions on pages 8 to 15 and 44 to 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise 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 29, 2017 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Copiah-Lincoln Community College's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, P.C.
March 29, 2017

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2016

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, 2016 (with comparative financial data for the year ended June 30, 2015). 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 allocation 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, 2016	June 30, 2015	Increase (decrease)
Assets			
Current assets	\$ 9,231,808	7,287,656	1,944,152
Non-current assets: capital assets (net)	44,888,429	43,335,438	1,552,991
<i>Total assets</i>	<u>54,120,237</u>	<u>50,623,094</u>	<u>3,497,143</u>
Deferred outflows of resources	<u>6,199,605</u>	<u>2,738,018</u>	<u>3,461,587</u>
Liabilities			
Current liabilities	2,464,512	1,999,871	464,641
Non-current liabilities	5,139,465	5,934,085	(794,620)
Net pension liability	35,897,406	29,038,870	6,858,536
<i>Total liabilities</i>	<u>43,501,383</u>	<u>36,972,826</u>	<u>6,528,557</u>
Deferred inflows of resources	<u>1,776,392</u>	<u>4,328,472</u>	<u>(2,552,080)</u>
Net position			
Net investment in capital assets	38,543,742	36,379,441	2,164,301
Restricted for capital projects & debt service	4,359,221	4,175,893	183,328
Unrestricted	(27,860,896)	(28,495,520)	634,624
<i>Total net position</i>	<u>\$ 15,042,067</u>	<u>12,059,814</u>	<u>2,982,253</u>

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2016

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 \$5,360,537 at June 30, 2016, representing a \$1,568,873 increase in cash and cash equivalent compared to the June 30, 2015 cash and cash equivalents balance.

Short-term investments

Short-term investments at June 30, 2016 were \$72,097 representing a \$358 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 \$3,246,449 at June 30, 2016. Accounts receivable increased by \$645,479 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 \$320,182 at June 30, 2016, representing a \$131,375 decrease in inventories compared to the total inventory balance at June 30, 2015.

Prepaid expenses

Prepaid expenses consist of transactions such as membership renewals, maintenance agreements, and other payments for the 2017 fiscal year for which payment to vendors occurred before July 1, 2016. Prepaid expenses totaled \$232,543 at June 30, 2016, representing a \$138,823 decrease in prepaid expenses compared to the June 30, 2015 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, 2016. The amount reported is net of accumulated depreciation. Capital assets (net) totaled \$44,888,429 at June 30, 2016, representing a \$1,552,991 increase in net capital assets compared to the June 30, 2015 net capital asset balance.

Deferred outflows of resources

As a result of the implementation of GASB No. 68 and 71, the college recognizes deferred outflow of resources related to pensions. Deferred outflows of resources at June 30, 2016 totaled \$6,199,605, representing a \$3,461,587 increase from the prior year amount.

Current liabilities

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities represent amounts due at June 30, 2016 for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$309,710 at June 30, 2016 representing a \$51,681 increase in accounts payable and accrued liabilities compared to the June 30, 2015 accounts payable and accrued liabilities 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 2017 fiscal year. The unearned revenues totaled \$188,481 at June 30, 2016, representing a \$24,118 increase in unearned revenue compared to the June 30, 2015 unearned revenue balance.

Accrued leave liabilities

Accrued leave liabilities represents accrued compensated leave that would be payable by the end of the December 31, 2016. The amount of the current portion of compensated absences at June 30, 2016 was \$271,171, representing a \$39,902 increase

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2016

in accrued leave liabilities compared to the June 30, 2015 accrued leave liabilities balances.

Long-term liabilities (current portion)

Long-term liabilities (current portion) represents the portion of the notes payable, bonds payable, and obligations under capital lease that would be payable by the end of the June 30, 2017 fiscal year. The amount at June 30, 2016 was \$1,205,222 representing a \$183,310 increase in the current portion of long-term liabilities compared to the June 30, 2015 long-term liabilities (current portion) balance.

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, 2016. The total amount of the non-current portion of long-term liabilities was \$5,139,465 at June 30, 2016 representing a \$794,620 decrease in long-term liabilities compared to the June 30, 2015 long-term liabilities balance.

Deferred inflows of resources

Due to implementation of GASB No. 68 and 71, the college recognizes deferred inflow of resources related to pensions. Deferred inflows of resources at June 30, 2016 totaled \$1,776,392, representing a \$2,552,080 decrease as compared to the prior year amount.

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, 2016 was \$15,042,067 representing a \$2,982,253 increase, including a prior period adjustment of \$3,433, in the net position when compared to the June 30, 2015 net position.

Analysis of net position

The following is a breakdown of net capital assets:

	June 30, 2016	June 30, 2015	Increase (decrease)
Capital assets (net of accumulated depreciation)	\$ 44,888,429	43,335,438	1,552,991
Long-term liabilities (current portion)	(1,205,222)	(1,021,912)	183,310
Long-term liabilities (non-current portion)	(5,139,465)	(5,934,085)	(794,620)
Net investment in capital assets	\$ 38,543,742	36,379,441	2,164,301

The following is a breakdown of the restricted net position:

	June 30, 2016	June 30, 2015	Increase (decrease)
Restricted portion for capital projects & debt service	\$ 4,359,221	4,175,893	183,328
Total restricted net position	\$ 4,359,221	4,175,893	183,328

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

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, 2016 was a deficit of \$27,860,896 representing a \$634,624 decrease in unrestricted net position deficit compared to the June 30, 2015 unrestricted net position.

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

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2016

Total unrestricted net position (deficit) \$	(27,860,896)
Unrestricted deficit in net position resulting from the implementation of GASB 68 and 71	31,474,193
Unrestricted net position (excluding net pension liability effect) \$	3,613,297

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

	June 30, 2016	June 30, 2015	Increase (decrease)
Operating revenues			
Tuition & fees	\$ 3,084,051	2,559,138	524,913
Grants & contracts	14,804,795	14,908,079	(103,284)
Auxiliary enterprises	2,948,271	3,322,228	(373,957)
Other operating revenues	0	14,069	(14,069)
Total operating revenue	20,837,117	20,803,514	33,603
Operating expenses			
	34,090,163	34,970,991	(880,828)
Net operating income (loss)	(13,253,046)	(14,167,477)	914,431
Non-operating revenues			
State appropriations	11,769,921	11,174,790	595,131
Local appropriations	4,547,215	4,570,183	(22,968)
Gain (loss) on sale of assets	88,769	150	88,619
Other non-operating revenues	328,001	279,184	48,817
Interest income	8,653	8,403	250
Interest expense	(208,955)	(328,973)	120,018
Other non-operating expenses	(301,738)	(339,623)	37,885
Total non-operating revenue (expenses)	16,231,866	15,364,114	867,752
Net increase (decrease) in net position	2,978,820	1,196,637	1,782,183
Net position (beginning of year)	12,059,814	42,371,535	(30,311,721)
Prior period adjustments	3,433	(31,508,358)	31,511,791
Net position (as restated)	12,063,247	10,863,177	1,200,070
Net position (end of year) \$	15,042,067	12,059,814	2,982,253

Total operating loss for the fiscal year 2016 was \$13,253,046. 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 2016 were \$20,837,117, which was a \$33,603 increase from fiscal year 2015 amounts. Tuition and fees (net of scholarship allowance) were \$3,084,051. Operating expenses (including depreciation of \$1,758,089, scholarships of \$2,516,425, and pension expense of \$3,109,543 due to implementation of GASB No. 68 and 71) totaled \$34,090,163. Of the total operating expense, \$11,760,890 (or 34.50%) was for instruction, \$1,063,499 (or 3.12%) was for academic support, \$5,326,874 (or 15.63%) was for student services, \$3,923,335 (or 11.51%) was for institutional support, \$3,115,921 (or 9.14%) was for physical plant operations, and \$4,031,922 (or 11.83%) was for auxiliary enterprises.

Operating revenues

Tuition and fees

Tuition and fees represent amounts assessed for educational purposes totaling \$3,084,051 reflecting a \$524,913 increase in tuition and fees compared to June 30, 2015. 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 \$14,804,795 representing a \$103,284 decrease compared to the grants and contracts for June 30, 2015.

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2016

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 \$2,948,271 for June 30, 2016 representing a \$373,957 decrease compared to auxiliary enterprises amounts at June 30, 2015.

Operating expenses

Operating expenses totaling \$34,090,163 includes salaries and fringe benefits of \$21,315,165; net scholarships and fellowships of \$2,516,425; utilities of \$959,660; commodities of \$3,651,248; services of \$3,386,512; travel of \$503,064; pension expense related to GASB No. 68 and 71 implementation of \$3,109,543 is included in fringe benefits expense, and depreciation of \$1,758,089.

Functional classification of operating expenses (schedule)

Functional classification of Operating Expenses

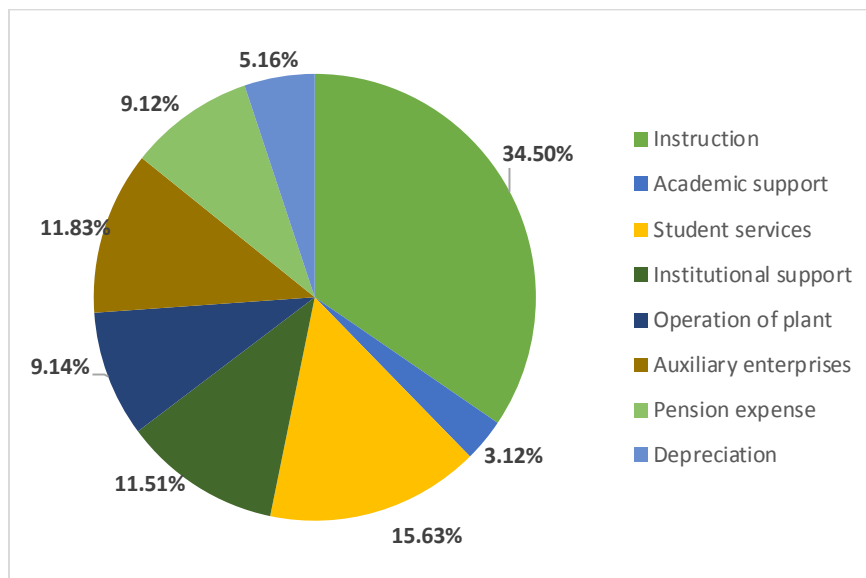
<i>Functional classification</i>	<i>Salaries & wages</i>	<i>Fringe benefits</i>	<i>Travel</i>	<i>Contractual services</i>	<i>Utilities</i>	<i>Scholarships & fellowships</i>	<i>Commodities</i>	<i>Depreciation</i>	<i>Totals</i>	<i>PCT.</i>
Instruction	\$ 8,896,836	1,438,644	216,794	570,145	0	215,727	422,834	0	11,760,980	34.50%
Academic support	593,258	108,498	9,680	331,840	0	0	20,223	0	1,063,499	3.12%
Student services	1,656,802	408,287	198,388	414,911	0	2,300,698	347,788	0	5,326,874	15.63%
Institutional support	2,144,080	466,873	76,386	1,095,590	0	0	140,406	0	3,923,335	11.51%
Operation of plant	955,438	279,668	0	672,441	905,934	0	302,440	0	3,115,921	9.14%
Auxiliary enterprises	1,103,037	154,201	1,816	301,585	53,726	0	2,417,557	0	4,031,922	11.83%
Pension expense	0	3,109,543	0	0	0	0	0	0	3,109,543	9.12%
Depreciation	0	0	0	0	0	0	0	1,758,089	1,758,089	5.16%
Totals	\$ 15,349,451	5,965,714	503,064	3,386,512	959,660	2,516,425	3,651,248	1,758,089	34,090,163	100.00%

Functional classification of operating expenses (pie chart)

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2016



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 \$11,769,921 for the 2016 fiscal year, representing a \$595,131 increase in state appropriation compared to June 30, 2015. 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 purposes. The College receives the appropriations beginning in October of each year. During fiscal year 2016, the college received \$4,547,215 from these counties, representing a \$22,968 decrease compared to June 30, 2015. 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 2016 fiscal year.

Gain on sale of assets

The college disposed of items that were no longer needed or replaced by newer items. The gains associated with the sale of these items totaled \$88,769 for the 2016 fiscal year, which represented an \$88,619 increase from the 2015 fiscal year.

Other non-operating revenue

The college received \$328,001 in other non-operating revenues during the 2016 fiscal year, which represented a \$48,187 increase from June 30, 2015.

Interest income

The college received interest income from the cash in the bank accounts. The interest income at June 30, 2016 was \$8,653 representing a \$250 increase in interest income compared to June 30, 2015.

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 \$208,955 in fiscal year 2016 representing a \$120,018 decrease compared to June 30, 2015.

Other expenses

During fiscal year 2016, the college incurred non-operating expenses totaling \$301,738, which represented a \$37,885 decrease from June 30, 2015.

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:

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2016

- 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, 2016	June 30, 2015	Increase (decrease)
Cash & cash equivalents provided (used) by:			
Operating activities	\$ (10,974,011)	(12,874,814)	1,900,803
Non-capital financing activities	16,645,137	16,024,157	620,980
Capital & related financing activities	(4,110,906)	(4,344,534)	233,628
Investing activities	8,653	8,403	250
<i>Net increase (decrease) to cash & cash equivalents</i>	1,568,873	(1,186,788)	2,755,661
Cash & cash equivalents (beginning of year)	3,791,664	4,978,452	(1,186,788)
Cash & cash equivalents (end of year) \$	5,360,537	3,791,664	1,568,873

The major sources of funds in operating activities included funds received as cash payments by the college totaling \$12,739,051 along with grants and contracts totaling \$14,480,472. The major uses of funds were payments made to employees of \$20,470,296, to suppliers of \$7,997,420 and for student scholarships of \$9,223,154.

The largest inflow of cash for non-capital financing activities was the State appropriation of \$11,769,921 and local (county) appropriations of \$4,547,215.

Significant capital asset transactions

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

• Smith Hall renovations	\$ 100,087
• Ellzey Hall renovations	73,217
• Henley Building renovations	54,100
• Construction of Early Childhood Development Center	940,759
• Construction of Pedestrian Corridor	1,024,933
• Construction fees for Female dormitory	69,587
• Oswalt Nature Trail renovations	53,876
• Parker Academic Building renovations (Simpson Center)	41,654
• Computer & technology purchases	251,580
• Purchase of two (2) vehicles	49,973
• Scoreboard (Softball) renovations	12,732
• Diesel simulation trainers (2)	129,200
• AVI mobile cart (healthcare)	26,053
• Critical care unit (healthcare)	32,437
• Peterbilt 18-wheel truck & trailer	158,097
• Library books & reference databases	256,406
Total	\$ 3,274,691

Copiah-Lincoln Community College

Management's Discussion & Analysis

For the year ended June 30, 2016

Factors impacting future periods

In general, the economic outlook for Mississippi projects slow growth between 2012 and 2017. 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 2017 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 2017. It will not be until 2017 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 district 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 2016 enrollment level is currently at the levels that the college experienced in the 2006-2007 school year. By forecasting data, giving full consideration to 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, 2016

Assets

Current assets:

Cash and cash equivalents	\$	5,360,537
Investments		72,097
Accounts receivable (net of allowance of \$5,565,305)		3,246,449
Inventories		320,182
Prepaid expenses		232,543
Total Current Assets		<u>9,231,808</u>

Non-current assets:

Capital assets, net of accumulated depreciation		<u>44,888,429</u>
Total Non-current Assets		<u>44,888,429</u>

Total Assets		<u>54,120,237</u>
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Deferred Outflows of Resources

Deferred outflows related to pensions		<u>6,199,605</u>
Total Deferred Outflows of Resources		<u>6,199,605</u>

Liabilities

Current Liabilities:

Accounts payable and accrued liabilities		309,710
Unearned revenues		188,481
Other current liabilities		489,928
Long-term liabilities-current portion		1,205,222
Accrued leave liability-current		<u>271,171</u>
Total Current Liabilities		<u>2,464,512</u>

Non-current liabilities:

Long-term liabilities		5,139,465
Net pension liability		<u>35,897,406</u>
Total Non-current Liabilities		<u>41,036,871</u>

Total Liabilities		<u>43,501,383</u>
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Deferred Inflows of Resources

Deferred inflows related to pensions		<u>1,776,392</u>
Total Deferred Inflows of Resources		<u>1,776,392</u>

Net Position

Net Investment in capital assets		38,543,742
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Restricted:

Capital projects		3,407,632
Debt service		951,589

Unrestricted		<u>(27,860,896)</u>
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Total Net Position	\$	<u>15,042,067</u>
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Copiah-Lincoln Community College Foundation, Inc.
Statement of Financial Position
June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Assets				
Cash	\$ 4,476	\$ 13,056	\$ 55,492	\$ 73,024
Investments	513,015	1,496,443	6,360,498	8,369,956
Total Assets	<u>\$ 517,491</u>	<u>\$ 1,509,499</u>	<u>\$ 6,415,990</u>	<u>\$ 8,442,980</u>
Liabilities				
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Assets				
Unrestricted	517,491	-	-	517,491
Temporarily Restricted	-	1,509,499	-	1,509,499
Permanently Restricted	-	-	6,415,990	6,415,990
Total Net Assets	<u>517,491</u>	<u>1,509,499</u>	<u>6,415,990</u>	<u>8,442,980</u>
Total Liabilities & Net Assets	<u>\$ 517,491</u>	<u>\$ 1,509,499</u>	<u>\$ 6,415,990</u>	<u>\$ 8,442,980</u>

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, 2016

Operating Revenues:

Tuition and fees (net of scholarship allowances of \$5,070,019)	\$	3,084,051
Federal grants and contract		10,920,880
State grants and contracts		3,063,908
Local grants and contracts		288,562
Sales and services of educational departments		531,445
Auxiliary enterprises (net of scholarship allowance of \$1,636,710)		2,948,271
Total Operating Revenues		<u>20,837,117</u>

Operating Expenses:

Salaries and wages		15,349,451
Fringe benefits		5,965,714
Travel		503,064
Contractual services		3,386,512
Utilities		959,660
Scholarships and fellowships		2,516,425
Commodities		3,651,248
Depreciation expense		1,758,089
Total Operating Expenses		<u>34,090,163</u>

Operating Loss		<u>(13,253,046)</u>
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Non-operating Revenues(Expenses)

State appropriations		11,769,921
Local appropriations		4,547,215
Gain on sale of assets		88,769
Other revenues		328,001
Interest income		8,653
Interest expense		(208,955)
Other expenses		(301,738)
Total Net Non-operating Revenue		<u>16,231,866</u>

Change in Net Position		<u>2,978,820</u>
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Net Position:

Net Position-Beginning of Year		12,059,814
Prior Period Adjustments		3,433
Net Position-as restated		<u>12,063,247</u>
Net Position-End of Year	\$	<u><u>15,042,067</u></u>

Copiah-Lincoln Community College Foundation, Inc.

Statement of Activities

For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenues, Gains and Support				
Contributions	\$ 69,587	\$ 216,856	\$ 187,209	\$ 473,652
Investment Income	35,697	94,053	434,336	564,086
Net Assets Released from Restrictions	153,927	(39,797)	(114,130)	-
Total Revenues, Gains and Support	259,211	271,112	507,415	1,037,738
Expenses				
Program Services				
Scholarships	153,927			153,927
Payments Directly to the College	44,398	48,718	31,428	124,544
Special Events	14,990	4,355	13,534	32,879
Athletic Expenses	-	14,800	-	14,800
Alumni Operations	11,591	-	-	11,591
Other Expenses				
Management and General	18,605	-	-	18,605
Total Expenses	243,511	67,873	44,962	356,346
Change in Net Assets before Transfers	15,700	203,239	462,453	681,392
Transfers				
Transfers in	25	11,256	118,123	129,404
Transfers out	(18,756)	(110,148)	(500)	(129,404)
Total Transfers	(18,731)	(98,892)	117,623	-
Change in Net Assets	(3,031)	104,347	580,076	681,392
Net Assets at Beginning of Year	520,522	1,405,152	5,835,914	7,761,588
Net Assets at End of Year	\$ 517,491	\$ 1,509,499	\$ 6,415,990	\$ 8,442,980

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from tuition and fees	\$	8,154,070
Cash received from grants and contracts		13,949,427
Cash received from sales and services		531,445
Cash received from auxiliary enterprises		4,584,981
Cash payments to employees		(20,470,296)
Cash payments for goods and services		(7,997,420)
Cash payments for scholarships and fellowships		(9,223,154)
Other operating cash receipts (payments)		(503,064)
Net Cash Provided (Used) in Operating Activities		(10,974,011)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Other proceeds (payments)		328,001
State appropriations		11,769,921
Local appropriations		4,547,215
Federal loan receipts		2,072,555
Federal loan payments		(2,072,555)
Net Cash Provided (Used) in Non-capital Financing Activities		16,645,137

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal and interest payments		(1,230,867)
Acquisition or construction of capital assets		(2,968,808)
Proceeds from sale of capital assets		88,769
Net Cash Provided by Capital and Related Financing Activities		(4,110,906)

INVESTING ACTIVITIES

Interest & dividends on investments		8,653
Net Cash Provided By Investing Activities		8,653

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

1,568,873

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

3,791,664

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 5,360,537

COPIAH-LINCOLN COMMUNITY COLLEGE

Statement of Cash Flows

For the Year Ended June 30, 2016

Reconciliation of Operating Expenses to Net Cash

Provided by (Used in) Operating Activities:	
Operating loss	\$ <u>(13,253,046)</u>
Adjustments to reconcile operating loss to net cash provided (used in) operating activities:	
Depreciation	1,758,089
Other receipts (payments)	427,779
Changes in assets and liabilities:	
(Increase) decrease in receivables	(464,307)
(Increase) decrease in inventories	131,735
(Increase) decrease in prepaid expenses	138,823
Increase (decrease) in accounts payables	72,675
Increase (decrease) in unearned revenue	24,118
Increase (decrease) in other current liabilities	150,221
Increase (decrease) in compensated absences	<u>39,902</u>
Total adjustments	<u>2,279,035</u>
Net Cash Provided (Used) in Operating Activities	\$ <u><u>(10,974,011)</u></u>

Copiah-Lincoln Community College Foundation, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2016

Cash Flows From Operating Activities:

Increase in net assets	\$ 681,392
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Net unrealized (gains) losses on investments	(236,651)
Increase (decrease) in:	
Contributions restricted for permanent investment	<u>(187,209)</u>
Net cash provided by operating activities	<u>257,532</u>

Cash Flows From Investing Activities:

Purchases of Investments	(3,567,449)
Sales of Investments	<u>3,169,042</u>
Net cash used by investing activities	<u>(398,407)</u>

Cash Flows From Financing Activities:

Contributions restricted for permanent investment	<u>187,209</u>
Net cash provided by financing activities	<u>187,209</u>

Net Increase in Cash	<u>46,334</u>
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Beginning of Year	<u>26,690</u>
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End of Year	<u><u>\$ 73,024</u></u>
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The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

For the year ended
June 30, 2016

Copiah-Lincoln Community College

Notes to the financial statements

For the Year Ended June 30, 2016

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, 2016, the Foundation distributed \$91,793 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 now 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.

Copiah-Lincoln Community College

Notes to the supplementary information

For the Year Ended June 30, 2016

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 expense 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 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 as further described in Note (11).

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, 2016 was \$271,171.

Copiah-Lincoln Community College

Notes to the financial statements For the Year Ended June 30, 2016

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 and 71 for deferred outflows and inflows related to pensions. See Note (11) for more information.

Copiah-Lincoln Community College

Notes to the supplementary information For the Year Ended June 30, 2016

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.

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, 2016 the College had \$5,360,537 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 district. As of June 30, 2016, none of the bank balances of the college totaling \$5,540,907 were 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, 2016, the college had the following investments:

Investment type	Rating	Maturity (in years)	Fair value
Certificate of deposit	N/A	Less than 1 year	\$ 72,097

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

The College has the following recurring fair value measurements as of June 30, 2016:

- Level 1 type of investments of \$72,097 are valued using quoted market process (Level 1 inputs)

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.

Copiah-Lincoln Community College

Notes to the supplementary information

For the Year Ended June 30, 2016

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, 2016, 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, 2016:

Tuition (students)	\$	6,894,934
Local appropriations		470,734
State sources		421,497
Federal sources		564,551
Other receivables		460,038
Total accounts receivable		8,811,754
LESS: Allowance for doubtful accounts		(5,565,305)
Net accounts receivable	\$	3,246,449

Note (4): Capital assets

A summary of changes in capital assets for the year ended June 30, 2016, is presented as follows:

	Beginning balance	Additions	Deletions	Completed construction	Ending balance
Non-depreciable capital assets:					
Land	\$ 755,732				755,732
Construction-in-progress	2,958,942	2,190,896		(2,353,475)	2,796,363
Total non-depreciable capital assets	3,714,674	2,190,896	0	(2,353,475)	3,552,095
Depreciable capital assets:					
Buildings	51,408,542	200,240		2,353,475	53,962,257
Structures & improvements	9,855,428	121,958			9,977,386
Equipment	6,490,414	823,774	(153,161)		7,161,027
Library books & media	1,291,786	2,424	(185,963)		1,108,247
Total	69,046,170	1,148,396	(339,124)	2,353,475	72,208,917
LESS: Accumulated depreciation					
Buildings	18,512,317	969,467			19,481,784
Structures & improvements	4,499,704	330,049			4,829,753
Equipment	5,212,445	433,250	(124,949)		5,520,746
Library books & media	1,200,940	25,323	(185,963)		1,040,300
Total	29,425,406	1,758,089	(310,912)	0	30,872,583
Total depreciable capital assets (net)	39,620,764	(609,693)	(28,212)	2,353,475	41,336,334
Capital assets (net) \$	43,335,438	1,581,203	(28,212)	0	44,888,429

Depreciation is computed on a straight-line basis with the exception of the library books category, which is computed using a composite method.

Copiah-Lincoln Community College

Notes to the supplementary information For the Year Ended June 30, 2016

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, 2016, are summarized as follows:

Project	Funds spent as of June 30, 2016	Remaining commitment
Ellzey Hall (Bureau)	\$ 1,384,328	696,356
Tom Reed Academic Building (Bureau)	80,616	441,183
Women's dormitory (Bureau)	157,894	4,842,106
Pedestrian corridor (MDOT)	1,173,525	0
Totals	\$ 2,796,363	5,979,645

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 Department of Transportation.

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, 2016. 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	Reductions	Ending balance	Amounts due within 1 year
Education Facilities Bond (2009)	\$ 2,945,000		(240,000)	2,705,000	250,000
Education Facilities Bond (2011)	1,335,000		(325,000)	1,010,000	325,000
General Obligation note (2010)	397,408		(82,222)	315,186	82,222
General Obligation note (2016A)	-	1,840,000		1,840,000	291,100
Dorm construction	260,000		(130,000)	130,000	130,000
Capital lease (equipment)	93,868		(70,190)	23,678	23,678
Energy Management Lease	1,924,721		(1,924,721)	-	-
Master lease (Series 2015A)	-	425,000	(104,177)	320,823	103,222
Accrued compensated leave	231,269	39,902		271,171	-
Totals	\$ 7,187,266	2,304,902	(2,876,310)	6,615,858	1,205,222

Copiah-Lincoln Community College

Notes to the supplementary information

For the Year Ended June 30, 2016

Description	Interest rate	Maturity date	Amount issued	Outstanding balance
Bonded debt:				
Education Facilities Bond (2009)	2% - 2.5%	2019	\$ 4,000,000	2,705,000
Education Facilities Bond (2011)	3.2%-4.5%	2025	2,270,000	1,010,000
General Obligation note (2010)	0%	2020	740,000	315,186
General Obligation note (2016A)	1.86%	2023	1,840,000	1,840,000
<i>Totals</i>			<u>\$ 8,850,000</u>	<u>5,870,186</u>
Revenue bond:				
Dorm construction	3%	2017	\$ 2,554,000	130,000
<i>Totals</i>			<u>\$ 2,554,000</u>	<u>130,000</u>
Capital leases:				
Master lease (Series 2015A)	3.53%	2019	\$ 425,000	320,823
Capital lease (equipment)	4.73%	2017	275,000	23,678
<i>Totals</i>			<u>\$ 700,000</u>	<u>344,501</u>
Other long-term liabilities:				
Accrued compensated leave				271,171
<i>Totals</i>				<u>271,171</u>

Long-term debt will mature as follows:

For the fiscal year ending:	Gen'l. OB bonds	Revenue bonds	Capital leases	Interest expense	Totals
2017	\$ 948,322	130,000	126,900	156,810	1,362,032
2018	947,222		106,897	128,781	1,182,900
2019	982,322		110,704	102,374	1,195,400
2020	633,619			80,905	714,524
2021	585,500			65,868	651,368
2022 - 2026	1,773,201			109,304	1,882,505
<i>Totals</i>	<u>\$ 5,870,186</u>	<u>130,000</u>	<u>344,501</u>	<u>644,042</u>	<u>6,988,729</u>

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:	
2017	\$ 79,191
2018	76,527
2019	9,650
2020	2,142
Total minimum payments required	<u>\$ 167,510</u>

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the fiscal year ending June 30, 2016, was \$127,217.

Note (7): Pension plan

General Information about the Pension Plan

Plan Description. The 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

Copiah-Lincoln Community College

Notes to the supplementary information

For the Year Ended June 30, 2016

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.

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

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, 2016 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The college's contributions to PERS for the fiscal years ending June 30, 2016, 2015 and 2014 were \$2,264,674, \$2,285,020, and \$2,302,421, respectively, which equaled the required contributions for each year.

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

At June 30, 2016, the school district reported a liability of \$35,897,406 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2016 net pension liability was .232225 percent, which was based on a measurement date of June 30, 2015. This was a decrease of .007011 from its proportionate share used to calculate the June 30, 2015 net pension liability, which was based on a measurement date of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$3,109,543. At June 30, 2016 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Copiah-Lincoln Community College

Notes to the supplementary information For the Year Ended June 30, 2016

Description	Deferred Outflow of resources	Deferred inflow of resources
Differences between expected and actual experience	\$ 1,005,440	
Net difference between projected and actual earnings on pension plan investments	2,100,382	2,109,015
Change in assumptions	3,092,439	
Change in proportion and differences between College contributions and proportionate share of contributions	(2,263,330)	(332,623)
College contributions subsequent to the measurement date	2,264,674	
Totals	\$ 6,199,605	1,776,392

\$2,264,674 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 in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the fiscal year ending:</u>	
2017	\$ 696,318
2018	669,891
2019	267,235
2020	525,095
Total	\$ 2,158,539

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

- 1) Inflation 3.00%
- 2) Salary increases 3.75% - 19.00%, including inflation
- 3) Investment rate of return 7.75%, net of pension plan investment, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

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

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

Copiah-Lincoln Community College

Notes to the supplementary information For the Year Ended June 30, 2016

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	34%	5.20%
International markets	19%	5.00%
Emerging markets equity	8%	5.45%
Fixed income	20%	0.25%
Real assets	10%	4.00%
Private equity	8%	6.15%
Cash	1%	-0.50%
<i>Total</i>	<u>100%</u>	

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

Description	1% decrease 6.75%	Current discount rate 7.75%	1% increase 8.75%
College proportionate share of net pension liability	\$ 47,316,069	35,897,406	26,422,050

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

Copiah-Lincoln Community College

Notes to the supplementary information

For the Year Ended June 30, 2016

Note (8): Functional classification of Operating Expenses

Functional classification of Operating Expenses

Functional classification	Salaries & wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships	Commodities	Depreciation	Totals
Instruction	\$ 8,896,836	1,438,644	216,794	570,145	0	215,727	422,834	0	11,760,980
Academic support	593,258	108,498	9,680	331,840	0	0	20,223	0	1,063,499
Student services	1,656,802	408,287	198,388	414,911	0	2,300,698	347,788	0	5,326,874
Institutional support	2,144,080	466,873	76,386	1,095,590	0	0	140,406	0	3,923,335
Operation of plant	955,438	279,668	0	672,441	905,934	0	302,440	0	3,115,921
Auxiliary enterprises	1,103,037	154,201	1,816	301,585	53,726	0	2,417,557	0	4,031,922
Pension expense	0	3,109,543	0	0	0	0	0	0	3,109,543
Depreciation	0	0	0	0	0	0	0	1,758,089	1,758,089
Totals	\$ 15,349,451	5,965,714	503,064	3,386,512	959,660	2,516,425	3,651,248	1,758,089	34,090,163

Note (9): Prior period adjustment

Adjustments were made to properly reflect an other current liability balance associated with amounts held for the benefit of others from prior periods. Details associated with the prior period adjustments are as follows:

Explanation:	Amount
Error correction (prior year balance)	3,433
Total prior period adjustment \$	3,433

Note (10): 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 10, 2016, the college procured financing from the Mississippi Development Bank for \$4,500,000 with a maturity date of October 1, 2037 at an interest rate of 1.86%. The loan from the Mississippi Development Bank was financed by the issuance of Mississippi Development Bank Special Obligation bonds (Series 2016) totaling \$4,500,000. The purpose of the bond issuance was to fund the financing of capital projects of the college, including the construction of a dormitory building.

Copiah-Lincoln Community College*Notes to the supplementary information*

For the Year Ended June 30, 2016

Note (11): Effects of deferred amounts on Net Position

The unrestricted net position amount of (\$27,860,896) includes the effect of deferring the recognition of expenses resulting from a deferred outflow of resources related to pensions. The \$6,199,605 balance of the deferred outflow of resources, at June 30, 2016 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$27,860,896) includes the effect of deferring the recognition of revenue resulting from a deferred inflow of resources related to pensions. The \$1,776,392 balance of the deferred inflow of resources, at June 30, 2016 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

Notes to the Financial Statements

Copiah-Lincoln Community College Foundation, Inc.

For the Year Ended June 30, 2016

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2016

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, golf course 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.

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2016

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 Accounting Standards Codification 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.

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016.

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.

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
For the Year Ended June 30, 2016

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, 2016 consist of the following:

Description	Market	Cost
U.S. Government Obligations	\$ 649,743	\$ 649,260
Corporate Bonds	347,297	311,302
Municipal Bonds	4,037,646	3,568,193
Mutual Funds - Equity		
Federated Kaufmann Large Cap Fund	116,992	121,250
Federated Strategic Value Div. Fund - Inst.	674,230	526,868
Fidelity Advisor New Insights Fund	79,986	83,791
MFS Investors Growth Stock Fund	52,662	53,750
T Rowe Price Mid Cap Growth Fund	108,080	115,000
Total Mutual Funds - Equity	1,031,950	900,659
Mutual Funds - Fixed Income		
Federated SH Int Muni Instl Fund	210,611	211,021
Federated Short Term Income Fund	87,231	87,500
Prudential Short Term Corporate Bond Fund	142,277	143,333
Ridgeworth SEIX US Gov't Sec Ultra Short	247,841	250,000
Total Mutual Funds - Fixed Income	687,960	691,854
Exchange Traded Funds - Equity		
First Trust Nasdaq Multi-Asset	180,101	174,394
IShares Select Dividend ETF	277,928	249,223
IShares Core S&P Small-Cap	25,915	24,924
IShares U.S. Preferred Stock	178,308	174,818
SPDR S&P 500	50,065	49,809

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements For the Year Ended June 30, 2016

SPDR S&P Midcap 400	24,228	24,636
Vanguard Mid Cap Growth Index Fund	98,018	99,311
Vanguard Reit ETF	436,700	399,491
Vanguard Growth	40,414	40,032
Total Exchange Traded Funds - Equity	<u>1,311,677</u>	<u>1,236,638</u>
Exchange Traded Funds - Fixed Income		
Powershares National AMT-Free Bond	76,038	75,120
Vanguard Short Term Corporate Bond	227,645	224,989
Total Exchange Traded Funds – Fixed Income	<u>303,683</u>	<u>300,109</u>
Total Investments	\$ <u>8,369,956</u>	\$ <u>7,658,015</u>

Investment Income for the year ended June 30, 2016 was calculated as follows:

Interest and Dividends	\$ 361,700
Other Disbursement	(150)
Unrealized Gains and Losses	<u>236,651</u>
Subtotal	598,201
Less Investment Fees	<u>(34,115)</u>
Net Investment Income	\$ <u>564,086</u>

Note 4 – Subsequent Events

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial 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*

	2016	2015
College's proportion of the net pension liability (asset) \$	35,897,406	29,038,870
College's proportionate share of the net pension liability (asset)	0.232225%	0.239236%
College's covered - employee payroll	14,508,063	14,618,546
College's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	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's Contributions
PERS
Last 10 Fiscal Years*

	2016	2015
Contractually required contribution	\$ 2,264,674	2,285,020
Contributions in relation to the contractually required contribution	2,264,674	2,285,020
Contribution deficiency (excess)	\$ -	-
College's covered - employee payroll	14,378,883	14,508,063
Contributions as a percentage of covered - employee payroll	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

Notes to the Required Supplementary Information
For the Year Ended June 30, 2016

Pension Schedules

(1) Changes of benefit terms

None.

(2) Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

SUPPLEMENTARY INFORMATION

COPIAH-LINCOLN COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Human Services</u>		
Pass through program from Mississippi Community College Board:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 34,271
Total Passed Through Programs		34,271
Total U.S. Department of Human Services		34,271
<u>U.S. Department of Labor</u>		
Passed through programs from Senior Service America, Inc:		
Senior Community Service Employment Program	17.235	478,583
Passed through programs from Southwest MS Planning and Development District:		
Senior Community Service Employment Program	17.235	17,413
Passed through programs from Bossier Parish Community College:		
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	95,137
Passed through programs from Lawson State Community College:		
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	495,258
Total Passed Through Programs		1,086,391
Total U.S. Department of Labor		1,086,391
<u>U.S. Department of Transportation</u>		
Passed through programs from Mississippi Department of Transportation:		
Highway Planning and Construction	20.205	875,955
Total Passed Through Programs		875,955
Total U.S. Department of Transportation		875,955
<u>U.S. Department of Education</u>		
Direct Program:		
Student Financial Aid-Cluster		
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	90,151
Federal Work-Study Programs (FWS)	84.033	70,159
Federal Pell Grant Program	84.063	7,897,857
Federal Direct Student Loans (FDSL)	84.268	2,072,555
Total Student Financial Aid Cluster		10,130,722
Total U.S. Department of Education		10,130,722
<u>U.S. Department of Education</u>		
Direct Program:		
TRIO Student Support Services	84.042	264,440
Pass through program from:		
Mississippi Community College Board		
Adult Education - Basic Grants to States	84.002A	377,990
Mississippi Department of Education		
Career and Technical Education - Basic Grants to States	84.048A	232,851
Tech-Prep Education	84.243	16,919
Total Passed Through Programs		627,760
Total U.S. Department of Education		892,200
Total Expenditures of Federal Awards		\$ 13,019,539

Copiah-Lincoln Community College

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

- a. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the College and is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements. 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). Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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.
- b. The pass-through entities did not assign identifying numbers to the College.
- c. The college did not elect to use the 10% de minimis indirect cost rate.
- d. For purposes 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.

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*

Ronald E. Nettles, 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, 2016, 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 29, 2017. 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 weaknesses. 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
March 29, 2017

Certified Public Accountants

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

Ronald E. Nettles, 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 each of Copiah-Lincoln Community College major federal programs for the year ended June 30, 2016. The Copiah-Lincoln Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Copiah-Lincoln Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 each 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 each of its major federal programs for the year ended June 30, 2016.

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 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
March 29, 2017

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Ronald E. Nettles, 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, 2016, and have issued our report thereon dated March 29, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 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
March 29, 2017

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Copiah - Lincoln Community College
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified.
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major programs:
 - 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
 - b. Mississippi Department of Transportation (MDOT)
CFDA # 20.205
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? 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.