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EAST CENTRAL COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2020

EAST CENTRAL COMMUNITY COLLEGE

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EAST CENTRAL COMMUNITY COLLEGE

FINANCIAL AUDIT REPORT



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of East Central Community College
P.O. Box 129
Decatur, Mississippi 39327

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of East Central Community College as of June 30, 2020, 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 - PERS, schedule of college contributions- PERS, schedule of the college's proportionate share of the net OPEB liability and schedule of college contributions - OPEB on pages 4 through 13, 54, 55, 56 and 57, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Central 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021, on our consideration of East Central 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 the effectiveness of East Central Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Central Community College's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC

Louisville, Mississippi
September 23, 2021

Watkins Ward and Stafford, PLLC

EAST CENTRAL COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

This section of the East Central Community College annual financial report presents our discussion and analysis of the financial performance of the College during the fiscal year ended June 30, 2020. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. We have included in this discussion comparative data for 2019. The financial statements, footnotes, and this discussion are the responsibility of management.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. These financial statements differ significantly, in both form and the accounting principles used, from those presented prior to fiscal year 2003. The financial statements presented in prior years focused on the accountability of funds, while these statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

The College is required to present the liability of the present value of projected benefit payments for defined benefit pension plans and the present value of projected OPEB payments as a liability on the College's financial statements. The College's net pension liability at June 30, 2020 was \$29,818,394 and the net OPEB liability was \$1,539,143.

One of the most important questions asked is whether the College's financial position has improved or deteriorated during the fiscal year. 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 and liabilities and deferred inflows of resources) is one indicator of the College's financial health. Over time, increases or decreases in Net Position are one 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.

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

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 amortizes 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, 2020 and 2019**

	2020		2019	
	Amount	Percent	Amount	Percent
Assets				
Current Assets	\$ 10,578,945	22.46%	\$ 10,853,701	23.55%
Noncurrent Assets:				
Capital, Net	36,016,286	76.46%	34,421,563	74.69%
Other	505,880	1.07%	813,553	1.77%
Total Assets	47,101,111	100%	46,088,817	100%
Deferred outflows of resources:				
Pension related deferred outflows	2,460,519	91.69%	2,201,438	96.68%
OPEB related deferred outflows	222,912	8.31%	75,648	3.32%
Total Deferred Outflows of Resources	<u>2,683,431</u>	<u>100%</u>	<u>2,277,086</u>	<u>100%</u>
Total Assets & Deferred Outflows	49,784,542	100%	48,365,903	100%
Liabilities				
Current Liabilities	1,380,233	3.45%	1,551,825	4.06%
Noncurrent Liabilities	38,649,066	96.55%	36,690,481	95.94%
Total Liabilities	<u>40,029,299</u>	<u>100%</u>	<u>38,242,306</u>	<u>100%</u>
Deferred inflows of resources:				
Pension related deferred inflows	1,218,233	89.22%	1,997,303	92.91%
OPEB related deferred inflows	147,126	10.78%	152,335	7.09%
Total Deferred Inflows of Resources	<u>1,365,359</u>	<u>100%</u>	<u>2,149,638</u>	<u>100%</u>
Net Position				
Net Investment in Capital Assets	28,960,069	345.18%	27,192,222	341.01%
Restricted:				
Expendable	1,968,966	23.47%	1,929,382	24.20%
Unrestricted	(22,539,151)	-268.65%	(21,147,645)	-265.21%
Total Net Position	<u>\$ 8,389,884</u>	<u>100%</u>	<u>\$ 7,973,959</u>	<u>100%</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 49,784,542	100%	48,365,903	100%

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Assets

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the College's bank accounts. The total amount of cash and cash equivalents reported as current assets on the College financial statements was \$7,552,102 at June 30, 2020. This represents a decrease of \$315,844 from the balance of \$7,867,946 on June 30, 2019.

Accounts Receivable

Accounts receivable consists of several transactions including local appropriations, student tuition and fees and auxiliary services vendor credits. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of an allowance for doubtful accounts. The College's receivables totaled \$2,495,518 at June 30, 2020. This represents an increase of \$884,727 from the balance of \$1,610,791 at June 30, 2019.

Inventories

The College maintains inventories of resale merchandise within the college bookstore. Books, student supplies, sportswear, gift items and institutional memorabilia make up the majority of the resale inventory. Inventories totaled \$271,441 at June 30, 2020. This represents a decrease of \$237,961 from the balance of \$509,402 at June 30, 2019.

Non-Current Assets

Capital Assets, Net

Capital assets, net, consists of land, improvements, buildings, equipment, historical library holdings, construction in progress, and assets under capital lease at June 30, 2020. The amount reported is net of accumulated depreciation. Capital assets, net totaled \$36,016,286 at June 30, 2020. This represents an increase of \$1,594,723 from the balance of \$34,421,563 at June 30, 2019.

Liabilities

Current Liabilities

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts due at June 30, 2020 for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$1,062,575 at June 30, 2020. This represents a decrease of \$172,628 from the balance of \$1,235,203 at June 30, 2019.

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Unearned Revenue

Unearned revenue represents revenue that was received by the College prior to the fiscal year end that has not been earned. The unearned revenue totaled \$27,292 at June 30, 2020. This represents an increase of \$2,244 from the balance of \$25,048 at June 30, 2019.

Long-Term Liabilities-Current Portion

Long-term liabilities-current portion represents the portion of long-term debt that will be paid during the 2020 fiscal year. The current portion of long-term debt was \$178,124 at June 30, 2020.

Non-Current Liabilities

Deposits

Deposits represents the deposits paid by students for reservation and possible damage to a dorm room for the future semester and also the deposits held for others such as individuals or organizations for which the college acts as custodian. The housing deposits are payable to the student upon check-out at the end of the semester. The custodial deposits are payable upon the request of the individual or organization. The amount of deposits totaled \$204,933 at June 30, 2020, an increase of \$38,358 compared to the balance of \$166,575 at June 30, 2019.

Accrued Leave

This liability consists of accrued compensated absence balances that represent the amount payable to employees for earned but unpaid vacation. The total amount of the non-current portion of accrued compensated balances on June 30, 2020 was \$264,814. This represents an increase of \$36,839 from the balance of \$227,975 at June 30, 2019.

Long-Term Liabilities

This liability consists of long-term debt for outstanding bonds, notes, and capital leases. The non-current portion of long-term debt totaled \$6,878,093 at June 30, 2020, which represents a decrease of \$178,124 compared to the balance of \$7,056,217 at June 30, 2019.

Changes Related To Implementation of GASB 68/75 (PERS and OPEB Liability)

The college is required to report their proportional share of the net pension liability associated with PERS and OPEB. This requirement significantly alters the financial position reported on the statement of net position. The college reported pension related deferred outflows of \$2,460,519 and OPEB related deferred outflows of \$222,912 at June 30, 2020. The college reported a net pension liability of \$29,818,394 and a net OPEB liability of \$1,539,143 at June 30, 2020. The net pension liability represents the college's proportionate share of the overall net pension liability of the PERS system as a whole. The net OPEB liability represents the college's proportionate share of the net OPEB liability related to group health insurance costs of the system as a whole. Pension related deferred inflows of \$1,218,233 and OPEB related deferred inflows of \$147,126 were reported at June 30, 2020.

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Net Position

Net Position represents the difference between the College's assets and deferred outflows less liabilities and deferred inflows. Total Net Position at June 30, 2020 was \$8,389,884. This represents an increase of \$415,925 from the balance of \$7,973,959 on June 30, 2019, as reflected on the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2020.

Analysis of Net Position

Restricted expendable Net Position consists of unemployment funds, grants from third party agencies with expenditure restrictions, local appropriations restricted for capital projects and debt retirement.

The following is a breakdown of the restricted expendable net position:

	June 30, 2020	June 30, 2019
	Amount	Amount
Unemployment Funds	\$ 47,042	\$ 46,999
Capital Projects	1,123,455	728,244
Grants and Contracts	798,469	954,139
Other Projects	-	200,000
Total Restricted Expendable Net Position	\$ 1,968,966	\$ 1,929,382

Unrestricted Net Position represents those balances from operational activities that are not restricted by external parties such as donors or grant agencies. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities.

The following is a breakdown of the unrestricted net position:

	June 30, 2020	June 30, 2019
	Amount	Amount
Unrestricted General Fund	\$ (25,902,999)	\$ (25,088,649)
Unrestricted Auxiliary Fund	3,363,848	3,941,004
Total Unrestricted Net Position	\$ (22,539,151)	\$ (21,147,645)

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (22,539,151)
Less unrestricted deficit in net position resulting from recognition of the net pension and OPEB liability	30,039,465
Unrestricted net position, exclusive of the net pension liability effect	\$ 7,500,314

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

**Condensed Statement of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Tuition and Fees	\$ 1,310,128	\$ 1,492,623
Grants and Contracts	12,100,131	11,451,958
Auxiliary Enterprises	3,647,467	3,696,936
Other Operating Revenue	<u>227,453</u>	<u>269,685</u>
Total Operating Revenues	<u>17,285,179</u>	<u>16,911,202</u>
Operating Expenses	<u>29,481,199</u>	<u>28,362,534</u>
Operating Loss	<u>(12,196,020)</u>	<u>(11,451,332)</u>
Nonoperating Revenues:		
State Appropriations	9,184,298	8,822,252
Local Appropriations	3,091,627	3,060,769
Investment Income	23,206	46,498
Interest Expense on Capital Related Debt	(216,290)	(219,572)
Other Nonoperating Revenues (Expenses)	<u>36,744</u>	<u>(308,862)</u>
Net Nonoperating Revenues	<u>12,119,585</u>	<u>11,401,085</u>
Income(Loss) Before Other Revenues	<u>(76,435)</u>	<u>(50,247)</u>
Appropriations restricted for Capital Purpose	400,061	77,028
Capital Grants and Gifts	<u>92,299</u>	<u>414,741</u>
Total Restricted Appropriations and Grants	<u>492,360</u>	<u>491,769</u>
Total Increase (Decrease) in Net Position	<u>415,925</u>	<u>441,522</u>
Net Position		
Net Position at Beginning of Year	7,973,959	7,538,402
Prior Period Adjustment	-	(5,965)
Net Position at End of Year	<u><u>\$ 8,389,884</u></u>	<u><u>\$ 7,973,959</u></u>

The total operating loss for the fiscal year 2020 was \$(12,196,020), an increase of \$744,698 from the loss for fiscal year 2019 of \$(11,451,332). Since the State of Mississippi appropriation is not included within operating revenue per GASB No. 35, beginning in fiscal year 2003 and forward, the College will show 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.

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

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

Total operating revenues for fiscal year 2020 were \$17,285,179. Tuition and fees were \$1,310,128. The tuition discount allocated to tuition and fees and auxiliary services was \$5,135,170 and \$567,484, respectively. Operating expenses, including depreciation of \$1,281,960 totaled \$29,481,199.

Revenues

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes at a gross amount totaling \$6,445,298. The tuition discount allocated to tuition and fees for the 2020 fiscal year was \$5,135,170.

Grants and Contracts

This includes all restricted revenues made available by government agencies as well as private agencies. Grant revenues are recorded only to the extent that the funds have been expended for exchange transactions. Non-exchange revenues are recorded when received or when eligibility criteria have been met.

Sales and Services from Educational Activities

Other operating revenues consist of income from educational activities that totaled \$227,453 for the 2020 fiscal year. This represents a decrease of \$42,242 from the balance of \$269,695 for the 2019 fiscal year.

Sales and Services, Net

Auxiliary enterprises include the College bookstore, food services and housing.

Operating Expenses

Operating expenses totaled \$29,481,199. This includes salaries and benefits of \$15,886,182, utilities of \$955,484, supplies of \$3,411,533, contractual services of \$2,990,318, and depreciation of \$1,281,960.

	<u>2020</u>	<u>2019</u>
	<u>Amount</u>	<u>Amount</u>
Expenses by Function:		
Instruction	\$ 9,374,265	\$ 9,807,746
Public Service	1,021,804	907,770
Academic Support	461,029	535,173
Student Services	2,806,255	2,745,346
Institutional Support	2,946,904	2,967,980
Operations and Maintenance		
Of Plant	3,710,932	3,004,688
Student Financial Aid	4,771,804	3,580,935
Auxiliary Enterprises	3,106,246	3,566,149
Depreciation	1,281,960	1,246,747
Total Operating Expenses		
By Function	<u>\$ 29,481,199</u>	<u>\$ 28,362,534</u>

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Non-operating Revenues (Expenses)

State Appropriation

The College's largest source of non-operating revenue is the State of Mississippi appropriation. The College received \$9,184,298 for the 2019-2020 fiscal year. This represents an increase of \$362,046 from the amount received for operations in the previous year. State appropriations for capital projects of \$370,894 were paid on behalf of the College during the 2020 fiscal year. During the previous year the college received \$47,861 of state appropriations for capital projects.

Local Appropriations

The College also receives revenue from Leake, Neshoba, Newton, Scott and Winston Counties. The College received \$3,120,794 for the 2020 fiscal year of which \$3,091,627 was for operating purposes. This represents an increase of \$30,858 from the previous year. The remaining \$29,167 was received in fiscal year 2020 for capital projects.

Investment Income, Net

This includes interest income earned on cash in the bank accounts and certificates of deposit. A total of \$23,206 was earned during the 2020 fiscal year.

Other Revenues

State Appropriations for Capital Purposes

The college received \$370,894 in revenue from the State of Mississippi to purchase, construct, renovate, or repair capital assets during the 2020 fiscal year.

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 the reporting period. The Statement of Cash Flows also helps users assess:

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

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Condensed Statement of Cash Flows (Direct Method)

For the Fiscal Year Ended June 30, 2020 and 2019

	<u>2020 Amount</u>	<u>2019 Amount</u>
Cash and Cash Equivalents provided by (used in):		
Operating Activities	\$ (11,139,422)	\$ (9,554,230)
Non-Capital Financing Activities	12,633,779	12,123,192
Capital and related financing activities	(2,778,977)	(2,113,840)
Investing Activities	<u>661,103</u>	<u>37,925</u>
Net Increase (Decrease) in cash and cash equivalents	\$ (623,517)	\$ 493,047
Cash and cash equivalents - beginning of year	<u>8,681,474</u>	<u>8,188,427</u>
Cash and cash equivalents - end of year	<u>\$ 8,057,957</u>	<u>\$ 8,681,474</u>

The major source of cash inflows included in operating activities for the 2020 fiscal year includes student tuition and fees, \$804,799, auxiliary enterprises, \$3,285,334 and grants and contracts, \$11,929,691. The major cash outflows of funds for the 2020 fiscal year were payments made to and for employees, \$15,176,453, scholarships and fellowships, \$4,771,804, service providers, \$955,484 and suppliers, \$6,525,505.

The largest inflow of cash in the non-capital financing activities group is the State appropriation of \$9,281,156.

Factors Impacting Future Periods

The College is heavily dependent on funding from the State of Mississippi. There are indications that State funding will remain level for the near future which would likely necessitate an increase in student tuition and fees. There is also the likelihood that the College will have to utilize some of the College's cash reserves for future construction and major facilities maintenance such as roof replacements. However, current cash reserves should allow for these items with no negative impact on the College's normal operations.

Contacting East Central Community College's Management

If there are any questions regarding this report, please contact East Central Community College's business office at Post Office Box 129, Decatur, Mississippi 39327.

EAST CENTRAL COMMUNITY COLLEGE

BASIC FINANCIAL STATEMENTS

EAST CENTRAL COMMUNITY COLLEGE
Statement of Net Position
June 30, 2020

Assets and Deferred Outflows of Resources

Current Assets:

Cash and cash equivalents	\$ 7,552,102
Accounts receivable, net	2,495,518
Inventories	271,441
Prepaid expenses	259,884
Total Current Assets	<u>10,578,945</u>

Non-Current Assets:

Restricted cash and cash equivalents	505,855
Student note receivables, net	25
Capital assets, net of accumulated depreciation	36,016,286
Total Non-Current Assets	<u>36,522,166</u>
Total Assets	<u>47,101,111</u>

Deferred Outflows of Resources:

Pension related deferred outflows	2,460,519
OPEB related deferred outflows	222,912
Total Deferred Outflows of Resources	<u>2,683,431</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 49,784,542</u>

Liabilities, Deferred Inflows of Resources and Net Position

Current Liabilities:

Accounts payable and accrued liabilities	\$ 1,062,575
Unearned revenue	27,292
Accrued interest payable	55,931
Long-term liabilities- current portion	178,124
Net OPEB liability- current portion	56,311
Total Current Liabilities	<u>1,380,233</u>

Non-Current Liabilities:

Accrued leave liability	264,814
Deposits refundable	204,933
Long-term debt, net of current portion	6,878,093
Net pension liability	29,818,394
Net OPEB liability - non-current portion	1,482,832
Total Non-Current Liabilities	<u>38,649,066</u>
Total Liabilities	<u>40,029,299</u>

Deferred Inflows of Resources:

Pension related deferred inflows	1,218,233
OPEB related deferred inflows	147,126
Total Deferred Inflows of Resources	<u>1,365,359</u>

Net Position:

Net investment in capital assets	28,960,069
Restricted for:	
Expendable:	
Capital projects	1,123,455
Grants and contracts	798,469
Unemployment	47,042
Unrestricted (deficit)	<u>(22,539,151)</u>
Total Net Position	<u>8,389,884</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 49,784,542</u>

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

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC.

Statement of Financial Position

June 30, 2020

Assets

Current Assets:

Cash	\$ 284,455
Investments	1,115,942
Contributions receivable	<u>4,961</u>
Total Current Assets	<u>1,405,358</u>

Non-Current Assets:

Investments	7,442,477
Contributions receivable	<u>46,852</u>
Total Non-Current Assets	<u>7,489,329</u>

Total Assets	<u><u>\$ 8,894,687</u></u>
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Liabilities and Net Assets

Liabilities:

Accounts payable	\$ <u>60,298</u>
Total Liabilities	<u>60,298</u>

Net Assets:

Without donor restrictions	16,168
With donor restrictions	<u>8,818,221</u>
Total Net Assets	<u>8,834,389</u>
Total Liabilities and Net Assets	<u><u>\$ 8,894,687</u></u>

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

EAST CENTRAL COMMUNITY COLLEGE
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

Operating Revenues:

Tuition and fees, (net of scholarship allowances of \$5,135,170)	\$ 1,310,128
Federal grants and contracts	8,819,312
State grants and contracts	3,244,472
Nongovernmental grants and contracts	36,347
Sales and services of educational departments	227,453
Auxiliary enterprises:	
Student housing, (net of scholarship allowances of \$265,356)	851,444
Food Services, (net of scholarship allowances of \$302,128)	967,588
Bookstore	1,639,534
Athletics	35,329
Other auxiliary revenues	151,537
Other operating revenues	2,035
Total Operating Revenues	<u>17,285,179</u>

Operating Expenses:

Salaries and wages	11,369,607
Fringe benefits	4,516,575
Travel	183,918
Contractual services	2,990,318
Utilities	955,484
Scholarships and fellowships	4,771,804
Commodities	3,411,533
Depreciation expense	1,281,960
Total Operating Expense	<u>29,481,199</u>

Operating Loss	<u>(12,196,020)</u>
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Non-Operating Revenues (Expenses):

State appropriations	9,184,298
Local appropriations	3,091,627
Investment income	23,206
Other non-operating revenues	277,973
Interest expense on capital asset related debt	(216,290)
Other uses	(241,229)
Total Net Non-Operating Revenues (Expenses)	<u>12,119,585</u>

Income Before Other Revenues, Expenses, Gains and Losses	(76,435)
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Other Revenues, Expenses, Gains and Losses:

State appropriations restricted for capital purposes	370,894
Local appropriations restricted for capital purposes	29,167
Capital gifts and donations	92,299
Total Other Revenues, Expenses, Gains and Losses	<u>492,360</u>

Change in Net Position	<u>415,925</u>
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Net Position:

Net Position-Beginning of Year	7,973,959
Net Position - End of Year	<u><u>\$ 8,389,884</u></u>

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

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC.

**Statement of Activities
For the Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Contributions	\$ 218,966	\$ 219,696	\$ 438,662
Interest and dividends	53	209,909	209,962
Gain on sale of assets	-	54,806	54,806
Net assets released from restrictions			
Satisfaction of purpose restrictions	199,515	(199,515)	-
Total Public Support, Revenues, and Reclassifications	<u>418,534</u>	<u>284,896</u>	<u>703,430</u>
Operating Expenses:			
Program expense	402,068	-	402,068
Management & general expense	3,612	-	3,612
Fund raising expense	120,808	-	120,808
Total Expenses	<u>526,488</u>	<u>-</u>	<u>526,488</u>
Change in net assets before other revenues and expenses	<u>(107,954)</u>	<u>284,896</u>	<u>176,942</u>
Other Revenues and Expenses:			
Unrealized holding gains (losses) on marketable securities available for sale	-	(5,998)	(5,998)
Unrealized holding gains (losses) on marketable securities available for sale - endowment funds	-	79,106	79,106
Transfers	<u>(2,371)</u>	<u>2,371</u>	<u>-</u>
Total Other Revenues (Expenses)	<u>(2,371)</u>	<u>75,479</u>	<u>73,108</u>
Change in Net Assets	(110,325)	360,375	250,050
Net Assets, Beginning,	<u>126,493</u>	<u>8,457,846</u>	<u>8,584,339</u>
Net Assets, End of Year	<u>\$ 16,168</u>	<u>\$ 8,818,221</u>	<u>\$ 8,834,389</u>

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

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

Description:	Program Expenses			Support Services			
	Without Restrictions	With Restrictions	Total Program Services	Management	Fund Raising	Total Support Services	Total Expenses
Awards	-	14,550	14,550	-	-	-	14,550
Scholarships	-	148,700	148,700	-	-	-	148,700
College Support - Grants:							
Football Operations Center	93,327	-	93,327	-	-	-	93,327
Donated Vehicles	2,479	-	2,479	-	-	-	2,479
Donated Library Books	1,994	-	1,994	-	-	-	1,994
Donated Equipment & Supplies	1,805	-	1,805	-	-	-	1,805
Program Expense:							
Culinary Arts	-	3,479	3,479	-	-	-	3,479
Cultural Arts	-	141	141	-	-	-	141
Coaches 20	-	23,276	23,276	-	-	-	23,276
Utility Lineman	-	268	268	-	-	-	268
Book Sales	17	-	17	-	-	-	17
Warrior Club Athletics	99,613	-	99,613	-	-	-	99,613
Diamond Darlings	3,318	-	3,318	-	-	-	3,318
Faculty Excellence	-	9,101	9,101	-	-	-	9,101
Administrative:			-				
Bank Fees	-	-	-	149	-	149	149
Meals & Entertainment	-	-	-	1,356	-	1,356	1,356
Other	-	-	-	717	-	717	717
Postage	-	-	-	221	-	221	221
Sales Tax	-	-	-	109	-	109	109
Supplies	-	-	-	1,060	-	1,060	1,060
Fundraiser Program:							
Baseball	-	-	-	-	41,795	41,795	41,795
Cheerleader	-	-	-	-	664	664	664
Football	-	-	-	-	940	940	940
Men's Basketball	-	-	-	-	9,907	9,907	9,907
Men's Soccer	-	-	-	-	8,378	8,378	8,378
Men's Tennis	-	-	-	-	1,360	1,360	1,360
Softball	-	-	-	-	25,886	25,886	25,886
Women's Basketball	-	-	-	-	5,870	5,870	5,870
Women's Soccer	-	-	-	-	24,375	24,375	24,375
Women's Tennis	-	-	-	-	1,633	1,633	1,633
	<u>202,553</u>	<u>199,515</u>	<u>402,068</u>	<u>3,612</u>	<u>120,808</u>	<u>124,420</u>	<u>526,488</u>

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

EAST CENTRAL COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2020

Cash Flows from Operating Activities:

Tuition and fees	\$ 804,799
Grants and contracts	11,929,691
Payments to suppliers	(6,525,505)
Payments to employees for salaries and benefits	(15,176,453)
Payments for utilities	(955,484)
Payments for scholarship and fellowships	(4,771,804)
Auxilliary enterprise charges:	
Student housing	683,794
Food services	775,140
Bookstore	1,639,534
Athletics	35,329
Other auxilliary enterprises	151,537
Sales and services of educational departments	227,453
Other receipts(payments)	42,547
Net Cash Used by Operating Activities	<u>(11,139,422)</u>

Cash Flows from Non-Capital Financing Activities:

State appropriations	9,281,156
Local appropriations	3,082,794
Federal loan program receipts	1,313,066
Federal loan program disbursements	(1,313,066)
Other receipts	269,829
Net Cash Provided by Non-Capital Financing Activities	<u>12,633,779</u>

Cash Flows from Capital and Related Financing Activities:

Cash paid for capital assets	(2,889,222)
Capital appropriations and donations received	492,360
Principal paid on capital debt and leases	(165,000)
Interest paid on capital debt and leases	(217,115)
Net Cash Used by Capital and Related Financing Activities	<u>(2,778,977)</u>

Cash Flows from Investing Activities:

Proceeds received from sales of short term investments	631,578
Interest received	29,525
Net Cash Provided by Investing Activities:	<u>661,103</u>

Net Decrease in Cash and Cash Equivalents (623,517)

Cash and Cash Equivalents - Beginning of the Year 8,681,474

Cash and Cash Equivalents - End of the Year \$ 8,057,957

Reconciliation of Cash and Cash Equivalents to Statement of Net Position:

Cash and cash equivalents - current assets	\$ 7,552,102
Restricted cash and cash equivalents - non-current assets	505,855
Total Cash and Cash Equivalents	<u>\$ 8,057,957</u>

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

EAST CENTRAL COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2020

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:

Operating loss	\$ (12,196,020)
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Adjustments to reconcile operating loss to net cash used by operating activities:

Depreciation expense	1,281,960
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables, net	(1,035,956)
Inventories and prepaid items	212,061
Increase (decrease) in liabilities:	
Accounts payables and accrued liabilities	(307,568)
Deferred revenues	2,243
Deposits refundable	38,358
Other liabilities	865,500
Total Adjustments	<u>1,056,598</u>
Net Cash Used by Operating Activities	<u>\$ (11,139,422)</u>

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

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC.

Statement of Cash Flows
For the Year Ended June 30, 2020

Cash Flows from Operating Activities:

Excess revenues over expenses	\$ 250,050
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:	
Gain on sale of assets	(54,806)
Decrease in contribution receivables	(647)
Decrease in accounts payable	56,037
Interest and dividends restricted for reinvestment	(209,909)
Unrealized holding gains on securities	(73,108)
Cash contributions restricted for endowments	(142,680)
Non-cash contributions	99,605
Non-cash expenses	(99,605)
Net Cash Used by Operating Activities	<u>(175,063)</u>

Cash Flows from Investing Activities:

Proceeds from sale of assets	2,021,975
Interest and dividends restricted for reinvestment	209,909
Purchase of investments	(2,385,243)
Net Cash Used by Investing Activities	<u>(153,359)</u>

Cash Flows from Financing Activities:

Proceeds from contributions restricted for:	
Investments in endowments	<u>142,680</u>
Net Cash Provided by Financing Activities	<u>142,680</u>

Net Decrease in Cash	(185,742)
Cash - Beginning of the Year	470,197
Cash - End of the Year	<u>\$ 284,455</u>

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

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies.

A. Financial Reporting Entity

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

East Central Community College is governed by a 29-member board of trustees, selected by the boards of supervisors of Leake, Neshoba, Newton, Scott and Winston 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, East Central 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.

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

East Central Community College Foundation – The Foundation is a legally separate, tax-exempt nonprofit organization under Section 501 (c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fund raising organization to supplement the resources available to East Central Community College in support of its programs.

Although the college does not control the timing or amount of receipts from the Foundation, the majority of resources that the Foundation holds and invests are restricted to support the activities of the College.

During the year ended June 30, 2020, the Foundation distributed \$148,700 in scholarships, \$1,994 in books and \$5,311 in equipment, supplies and services to the college. Significant note disclosures applicable to the Foundation's financial statements are presented at the end of the College's notes to financial statements.

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 look at the college's financial activities.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued).

C. Measurement Focus and Basis of Accounting

The basic financial statements of the college have been prepared using the economic resources measurement focus and the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay, which is in accordance with accounting principles generally accepted in the United States of America.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the College are charges to students for tuition sales and services and grants and contracts. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The College deposits excess funds in the financial institutions selected by the Board of Trustees. State statutes specify how these depositories are to be selected.

E. Short-term Investments

Investments that are not cash equivalents but mature within the next fiscal year are classified as short-term investments. The College can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100 percent of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

F. Accounts Receivables, Net

Accounts receivables 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 receivables are recorded net of an allowance for doubtful accounts, which is based on historical losses and an analysis of currently outstanding amounts.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued).

G. Student Notes Receivables, Net

Student notes receivables consist of federal, state and institutional loans made to students for the purpose of paying tuition and fee charges. Loan balances expected to be paid during the next fiscal year are presented on the statement of Net Position as current assets. Those balances that are either in deferment status or expected to be paid back beyond the next fiscal year are presented as noncurrent assets on the Statement of Net Position.

H. Inventories and Prepaid Items

Inventories consist of bookstore, physical plant and printing supplies. These inventories are valued at the lower of cost or market, on the first-in, first-out ("FIFO") basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

I. Restricted Cash and Cash Equivalents

Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as restricted cash and cash equivalents on the Statement of Net Position.

J. Capital Assets, Net of Accumulated Depreciation

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

K. 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.

L. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued).

L. Deferred outflows/inflows of resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

See Note 13 for further details.

M. Compensated Absences

Twelve-month employees earn annual personal leave at a rate of 10 days per year. There is no requirement that annual leave be taken and there is no maximum accumulation. At termination, these employees are paid for up to 30 days of accrued leave. The liability for accrued leave at June 30, 2020, is reported in the Statement of Net Position as a long-term liability in the amount of \$264,814. See Note 6 for additional details.

N. Classification of Revenues

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

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

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB 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.

O. State Appropriations

East Central 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. This formula is based entirely on full-time equivalent calculations.

P. Local Appropriations

East Central Community College receives funds from ad valorem taxes levied by the counties within the College's levying district for general support, maintenance, and capital improvements. Ad Valorem taxes are levied by the governing authority of each applicable county within the College's levying district. East Central Community College's levying district includes Leake, Neshoba, Newton, Scott and Winston Counties.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued).

Q. 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 not considered to be third party aid.

R. Pensions

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

S. Postemployment Benefits Other than Pensions (OPEB)

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

T. Net Position

GASB Statement No. 63, *Financial Reporting of Unearned Outflows of Resources, Unearned Inflows of Resources and Net Position*, reports equity as "Net Position" rather than "Net Assets". Net position is classified in three categories:

- a. Net investment in capital assets is the portion of net position that consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- b. Restricted expendable net position is noncapital assets (net of related liabilities) that must be used for a particular purpose as specified by creditors, grantors, or donors.
- c. Unrestricted net position is the remaining net position not restricted for any particular purpose.

The unrestricted net position balance of \$(22,539,151) at June 30, 2020, includes \$3,363,848 in an unrestricted auxiliary fund.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 2 - Cash

A. Cash and Cash Equivalents

Investment 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, 2020, the College had \$8,057,957 in cash and cash equivalents.

Deposits. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the college's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against 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 of collateral securities that are in the possession of an outside party. The College does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the College.

Note 3 - Accounts Receivable.

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

Student Tuition and Fees	\$ 5,767,590
Federal, State, Private Grants and Contracts	1,270,802
Local Appropriations	84,437
Other	<u>296,823</u>
Total Accounts Receivable	7,419,652
Less: Allowance for Doubtful accounts	<u>(4,924,134)</u>
Net Accounts Receivable	<u><u>\$ 2,495,518</u></u>

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 4 - Notes Receivable from Students.

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to twelve months from the date of separation from the institution. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the institution at June 30, 2020:

	Interest Rates	June 30, 2020	Current Portion	Non- Current Portion
Perkins Student Loans	3% - 9%	\$ 32,261	-	32,261
Total Notes Receivable		32,261	-	32,261
Less: Allowance for Doubtful Accounts		(32,236)	-	(32,236)
Net Notes Receivable		<u>\$ 25</u>	<u>-</u>	<u>25</u>

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 5 - Capital Assets.

A summary of changes in capital assets for the year ended June 30, 2020, is presented as follows:

	Beginning Balance	Additions	Deletions	*Adjustments	Ending Balance
Nondepreciable Capital Assets:					
Land	\$ 365,792	\$ -	\$ -	\$ -	\$ 365,792
Construction in progress	1,285,264	2,317,374	-	(3,161,899)	440,739
Total Nondepreciable Capital Assets	1,651,056	2,317,374	-	(3,161,899)	806,531
Depreciable Capital Assets:					
Buildings	37,770,441	-	-	2,847,421	40,617,862
Improvements other than buildings	7,145,125	150,999	-	314,478	7,610,602
Books and Films	543,743	8,780	(21,632)	-	530,891
Furniture and Equipment	6,274,034	412,070	(34,010)	-	6,652,094
Total Depreciable Capital Assets	51,733,343	571,849	(55,642)	3,161,899	55,411,449
Less Accumulated Depreciation for					
Buildings	11,408,700	720,766	-	-	12,129,466
Improvements other than buildings	1,915,875	276,458	-	-	2,192,333
Books and Films	488,265	13,944	(21,632)	-	480,577
Furniture and Equipment	5,149,996	270,792	(21,470)	-	5,399,318
Total Accumulated Depreciation	18,962,836	1,281,960	(43,102)	-	20,201,694
Total Depreciable Capital Assets	32,770,507	(710,111)	(12,540)	3,161,899	35,209,755
Total Capital Assets, net	\$34,421,563	\$ 1,607,263	\$ (12,540)	\$ -	\$ 36,016,286

* Adjustments column includes completed construction transferred to a depreciable capital asset category.

Depreciation is computed on a straight-line basis with the exception of the library books category, which is computed using a composite method. The following useful lives, salvage values, and capitalization thresholds are used to compute depreciation:

	Useful Lives	Salvage Value	Capitalization Threshold
Buildings	40 Years	20%	\$ 50,000
Improvements other than buildings	20 years	20%	25,000
Equipment	3-15 Years	1 - 10%	5,000
Library books	10 Years	0%	-

See description of construction commitments at Note 8.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 6 - Long-term Liabilities.

Long-term liabilities of the college consist of bonds payable that are expected to be liquidated at least one year from June 30, 2020. Bond premiums are amortized over the life of the bonds using the straight line method.

Information regarding original issued amounts, interest rates and maturity dates for bonds included in the long-term liabilities balance at June 30, 2020, is listed in the following schedule. A schedule detailing the annual requirements necessary to amortize the outstanding debt is also provided.

Description and Purpose	Original Issue	Annual Interest Rate	Maturity	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Bonded Debt								
Mississippi Development Bank Special Obligation								
Bonds, Series 2016 (Dormitory Construction)	\$ 7,330,000	2%-4%	2046	\$ 7,010,000	\$ -	\$ (165,000)	\$ 6,845,000	\$ 170,000
Premium On Bond Issuance				219,341	-	(8,124)	211,217	8,124
Total Bonded Debt				7,229,341	-	(173,124)	7,056,217	178,124
Other Long-Term Liabilities								
Accrued Leave				227,975	36,839	-	264,814	-
Total Other Long-Term Liabilities				227,975	36,839	-	264,814	-
Total Long Term Liabilities				\$ 7,457,316	\$ 36,839	\$ (173,124)	\$ 7,321,031	\$ 178,124

The aggregate maturities of long-term liabilities for the years subsequent to June 30, 2020 are as follows:

Years Ending June 30	Bonded Debt	Premium	Interest	Total
2021	170,000	8,124	222,025	400,149
2022	175,000	8,124	218,575	401,699
2023	175,000	8,124	214,200	397,324
2024	180,000	8,124	208,875	396,999
2025	190,000	8,124	203,325	401,449
2026-2030	1,040,000	40,619	917,150	1,997,769
2031-2035	1,270,000	40,618	691,125	2,001,743
2036-2040	1,505,000	40,619	449,950	1,995,569
2041-2045	1,755,000	40,618	200,703	1,996,321
2046	385,000	8,123	6,016	399,139
Total	\$ 6,845,000	\$ 211,217	\$ 3,331,944	\$ 10,388,161

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 7 - Operating Expenses.

The Community College's operating expenses by functional classifications were as follows for the year ended June 30, 2020.

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation	Total
Instruction	\$ 5,921,802	2,365,145	58,290	548,512	17,245	-	463,271	-	9,374,265
Public Service	608,404	158,488	15,885	694	34	-	238,299	-	1,021,804
Academic Support	317,253	124,528	1,397	1,235	66	-	16,550	-	461,029
Student Services	1,742,972	714,848	57,204	161,423	1,241	-	128,567	-	2,806,255
Institutional Support	1,710,600	679,129	49,886	428,401	2,216	-	76,672	-	2,946,904
Operation of Plant	730,057	348,277	1,171	641,142	894,088	-	1,096,197	-	3,710,932
Student Aid	-	-	-	-	-	4,771,804	-	-	4,771,804
Auxiliary Enterprises	338,519	126,160	85	1,208,911	40,594	-	1,391,977	-	3,106,246
Depreciation	-	-	-	-	-	-	-	1,281,960	1,281,960
Total Operating Expenses	\$ 11,369,607	4,516,575	183,918	2,990,318	955,484	4,771,804	3,411,533	1,281,960	29,481,199

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 8 - Construction Commitments and Financing.

The college is in the process of completing three construction projects. The estimated costs to complete these projects and the sources of funding are presented below:

<u>Project Title</u>	<u>State Sources</u>	<u>Other</u>	<u>Sources of Funding</u>
Band Hall Addition	\$ 3,478,259	\$ -	Office of Buildings, Grounds & Real Property Management
Campus Wide Parking Lot Renovation	708,955	-	Office of Buildings, Grounds & Real Property Management
Total	<u>4,187,214</u>	<u>-</u>	

Note 9 - Defined Benefit 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 statements and required supplementary information. That report is available at www.pers.ms.gov.

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 colleges. 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.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 9 - Defined Benefit Pension Plan (Continued).

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, 2020 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' Authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the State of Mississippi Legislature. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The College's contributions to PERS for the fiscal years ending June 30, 2020, 2019 and 2018 were \$1,909,860, \$1,738,657, and \$1,692,159, respectively, which equaled the required contributions for each year.

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

At June 30, 2020, the college reported a liability of \$29,818,394 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The College's proportionate share used to calculate the June 30, 2020 net pension liability was .1695 percent, which was based on a measurement date of June 30, 2019. This was an increase of .0015 percent from its proportionate share used to calculate the June 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended June 30, 2020, the College recognized pension expense of \$2,746,712. At June 30, 2020 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,482	\$ 33,707
Net difference between projected and actual earnings on pension plan investments	-	361,567
Changes of assumptions	292,567	-
Changes in proportion and difference between College contributions and proportionate share of contributions	240,610	822,959
College contributions subsequent to the measurement date	1,909,860	-
Total	<u>\$ 2,460,519</u>	<u>\$ 1,218,233</u>

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 9 - Defined Benefit Pension Plan (Continued).

\$1,909,860 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2021	\$	(160,139)
2022		(778,665)
2023		135,092
2024		136,138

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Fixed Income	20.00		1.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.25	
Total	100	%		

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 9 - Defined Benefit Pension Plan (Continued).

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability	\$ 39,197,312	\$ 29,818,394	\$ 22,076,939

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

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (OPEB) (Continued):

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the College were \$56,311 for the year ended June 30, 2020.

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

At June 30, 2020, the College reported a liability of \$1,539,143 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the College's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the College's proportion was .1813698 percent. This was a decrease of .00581331 percent from the proportionate share as of the measurement date of June 30, 2018.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (OPEB) (Continued):

For the year ended June 30, 2020, the District recognized OPEB expense of \$84,963. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,327	\$ 22,031
Changes of assumptions	114,747	79,812
Net difference between projected and actual earnings on OPEB plan investments	29	-
Changes in proportion and differences between College contributions and proportionate share of contributions	49,498	45,283
College contributions subsequent to the measurement date	56,311	-
Total	\$ <u>222,912</u>	\$ <u>147,126</u>

\$56,311 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2021	\$ (2,832)
2022	(2,832)
2023	(2,832)
2024	272
2025	17,818
Thereafter	9,881

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (OPEB) (Continued):

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

Inflation	3.00 percent
Salary increases	3.25-18.20 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent
Year FNP is projected to be depleted	
Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2019 decreasing to an
Pre-Medicare	ultimate rate of 4.75 percent by 2028

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

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

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

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

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

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (OPEB) (Continued):

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

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 1,709,719	\$ 1,539,143	\$ 1,393,199

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 1,426,253	\$ 1,539,143	\$ 1,667,028

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

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 11 - Contingencies.

Federal Grants- the College has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the College.

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

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

Note 12 - Risk Management.

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

Note 13 - Effect of Deferred Amounts on Net Position.

The unrestricted net position amount of \$(22,539,151) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The total deferred outflows from pensions is \$2,460,519 at June 30, 2020. \$550,659 of the balance of the deferred outflow of resources at June 30, 2020 will be recognized as expenses and decrease unrestricted net position over the next 3 years. The remaining balance of \$1,909,860 in deferred outflows represents contributions made by the college into PERS after the measurement date and will be recognized as a reduction in the net pension liability in the fiscal year ended June 30, 2021.

The unrestricted net position amount of \$(22,539,151) includes the effect of deferring the recognition of expenses resulting from deferred outflow from OPEB. The total deferred outflows from OPEB is \$222,912 at June 30, 2020. \$166,601 of the balance of the deferred outflow of resources at June 30, 2020 will be recognized as expenses and decrease unrestricted net position over the next 6 years. The remaining balance of \$56,311 in deferred outflows represents contributions made by the college into the OPEB plan after the measurement date and will be recognized as a reduction in the net OPEB liability in the fiscal year ended June 30, 2021.

The unrestricted net position amount of \$(22,539,151) includes the effect of deferring the recognition of revenue resulting from deferred inflow from pensions. The \$1,218,233 balance of the deferred inflow of resources at June 30, 2020 will be recognized as revenue and increase unrestricted net position over the next 4 years.

The unrestricted net position amount of \$(22,539,151) includes the effect of deferring the recognition of revenue resulting from deferred inflow from OPEB. The \$147,126 balance of the deferred inflow of resources at June 30, 2020 will be recognized as revenue and increase unrestricted net position over the next 6 years.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 14 – Vocational School Consortium

The college has entered into a Vocational Educational Agreement dated August 17, 1982 creating the Philadelphia-Neshoba Vocational-Technical Center. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Neshoba County School District, Philadelphia Public School District and East Central Community College.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

East Central Community College has been designated as the fiscal agent for the Philadelphia-Neshoba Vocational-Technical Center, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the Philadelphia-Neshoba Vocational-Technical Center.

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2020

Revenues

Local sources:	
Tuition from other LEA's within the state:	
Philadelphia Public School District	\$ 180,282
Neshoba Central School District	270,813
Total tuition from other LEA's within the state	<u>451,095</u>
Interest	1,345
Other local sources	700
Total local sources	<u>453,140</u>
State sources	306,458
Federal sources	97,535
Total Revenues	<u>857,133</u>

Expenditures

Salaries	533,602
Employee benefits	182,269
Purchased property services	4,700
Other purchased services	104,087
Supplies	32,512
Property	43,551
Other	29,177
Total Expenditures	<u>929,898</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(72,765)</u>
Net Change in Fund Balance	<u>(72,765)</u>
Fund Balance:	
July 1, 2019,	<u>312,570</u>
June 30, 2020	<u>\$ 239,805</u>

EAST CENTRAL COMMUNITY COLLEGE
Notes To Financial Statements
For the Year Ended June 30, 2020

Note 15 - Subsequent Events.

Events that occur after the statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition of financial statement 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 East Central Community College evaluated the activity of the College through September 23, 2021, and determined that there were no subsequent events which would require disclosure in the notes to financial statements.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies.

A. Description of Business Activities

The East Central Community College Foundation, Inc. is a nonprofit organization organized for the purpose of assisting individuals in pursuing their collegiate education and training by providing scholarships and awards to individuals on the basis of academic achievement and need. East Central Community College Foundation, Inc. provides leadership in attracting private investment to East Central Community College. The Foundation is exempt from federal income tax in accordance with Section 501(c) (3) of the Internal Revenue Code.

B. Form of Governance

The foundation is governed by a fourteen member board at this time. The President of the college and the President of the Board of Trustees serve on the board. The Vice President of the Business Operations of the college also serves on the board. All board members are appointed to the board by current foundation board members. The By-Laws of the foundation state that the board can have no more than thirty members. Board members serve on the board for an indefinite time period.

C. Reporting Entity

For financial reporting purposes, the Foundation is considered to be a component unit of East Central Community College.

D. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets that represent resources generated from operations or that are not subject to donor-imposed stipulations. Net assets without donor restrictions include contributions designated to a particular program or unit for which the use or purpose is unrestricted.

Net assets with donor restrictions – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and or the passage of time. Net assets in this class include unconditional gifts for restricted purposes and donor-restricted endowment funds.

Generally, the donor of these assets permits the Foundation to use all or part of the income earned on related investments for general or specific purposes in support of the College.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. These reclassifications are reported in the Statement of Activities as transfers.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies (Continued).

D. Basis of Accounting (Continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as contribution revenue and recognized in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Income and realized and unrealized gains (losses) on investments of net assets with donor restrictions are reported as follows:

- As increases (decreases) in net assets with donor restrictions if the terms of the gift or the Foundation's interpretation of relevant state law require that they be added to the principal of a permanent endowment fund, or in net assets with donor restrictions if the terms of the gift impose restrictions on their use;
- As increases (decreases) net assets without donor restrictions in all other cases.

E. Revenue Recognition

Contributions received are recorded as without donor restriction or with donor restriction support depending on the existence and nature of any donor restrictions. When a stipulated time restriction ends or when a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and are reported in the Statement of Activities as "net assets released from restrictions."

F. Public Support and Revenue

Monthly and annual contributions are generally available for unrestricted use in the current year unless specifically restricted by the donor. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long term promises to give and are recorded at net present value of their net realizable value applicable to the years in which the promises are received to discount the amounts.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies (Continued).

F. Public Support and Revenue (Continued)

Endowment contributions and investments are permanently restricted by the donor. Investments earnings available for distribution are recorded in net assets without donor restrictions. Investment earnings with donor restrictions are recorded in net assets with donor restrictions based on the nature of the restrictions.

Contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Contributions of property, equipment, marketable securities and other non-cash donations are recorded as contributions at their estimated fair values in the period received. Such contributions are reported as without donor restricted support unless the donor has restricted the donated assets to a specific purpose.

G. Donated Assets

Donated assets are recorded at fair market value at the date of gift.

H. Cash

The Foundation recognizes all demand deposit accounts as cash and cash equivalents. It is the policy of the Foundation to consider money market accounts with brokers as other short-term investments.

I. Investments

Investments are recorded at fair value. The fair values of all investments other than real estate are based on quoted market prices and other observable inputs such as quoted prices for similar assets, quoted prices in inactive markets, or inputs corroborated by observable market data. Both realized and unrealized gains and losses are reflected in the accompanying statement of activities based on restrictions put in place by the donor.

J. Fair Value of Financial Instruments

The carrying amounts at June 30, 2020 for cash and cash equivalents, investments, pledges receivable, and accounts payable, approximate their fair values. See Note 6 for investments.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies (Continued).

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of financial position.

L. Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are reported at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. Management has determined that no allowance for uncollectible accounts is necessary.

M. Income Taxes

Income taxes are not provided for in the financial statements since the Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Foundation is not classified as a private foundation. The Foundation files its Form 990 annually with the Internal Revenue Service. The Foundation believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation's Form 990's are subject to examination by the Internal Revenue Service generally for three years after they were filed. The returns for the fiscal years ended June 30, 2018, June 30, 2019 and June 30, 2020 are still subject to examination as of the date of this report.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements

Note 2 - Net Assets with Donor Restrictions.

Net assets were released from donor restriction by incurring expenses satisfying the purpose specified by donors as follows at June 30:

	<u>2020</u>
Purpose restriction accomplished:	
Scholarship programs	\$ 148,700
Other program services	50,815
	<u>\$ 199,515</u>

Net assets with donor restrictions were for the following purposes at June 30:

	<u>2020</u>
Scholarships	\$ 7,295,400
Other program services	1,520,590
Management and general	2,231
	<u>\$ 8,818,221</u>

Note 3 - Concentration of Credit Risk.

The Foundation maintains cash balances at one financial institution. The account at the institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, the Foundation did have cash in excess of the insurance limit. As of June 30, 2020, the bank balance of cash held in financial institutions was \$287,761. These deposits are insured up to \$250,000 which leaves a balance of \$37,761 as uncollateralized and uninsured deposits.

The Foundation maintains a significant portion of its investments with one brokerage firm.

Note 4 - Non-Cash Contributions.

The Foundation receives a variety of non-cash contributions. For the year ended June 30, 2020, the foundation received \$7,305 in non-cash contributions that were included in revenues and expensed in the statement of activities. Following is a summary of these items:

Equipment and Supplies	\$ 3,811
Books	1,994
Services	1,500
Total	<u>\$ 7,305</u>

Note 5 - Contingencies.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of financial position.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements

Note 5 – Contingencies (Continued)

On March 11, 2020 the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on the entity's operations. As of September 23, 2021, there have been no adverse effects on revenue or related expenses incurred by the foundation; however there is still uncertainty regarding the long term effects the pandemic will have on the entity's revenues and related expenses.

Note 6 - Investments.

The Foundation's investments recorded at market value consist of the following at June 30, 2020:

	Cost	Market	Unrealized Appreciation (Depreciation)
Merril Lynch - Cash / Money Market Fund	\$ 962,826	\$ 962,826	\$ -
Merril Lynch - Corporate Bonds	1,428,830	1,634,222	205,392
Merril Lynch - Mutual Funds	3,232,557	3,626,729	394,172
Merril Lynch - Govt. and Agency Securities	1,093,913	1,226,739	132,826
Merril Lynch - Equity Securities	1,111,720	1,107,903	(3,817)
Total	<u>\$ 7,829,846</u>	<u>\$ 8,558,419</u>	<u>\$ 728,573</u>
Current Investments		\$ 1,115,942	
Noncurrent Investments		7,442,477	
Total		<u>\$ 8,558,419</u>	

Due to the level of risk associated with certain securities, it is at least possible that changes in values in investments will occur in the near term and that such changes could materially affect the amount reported in the statement of financial position.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements

Note 7 - Fair Value Measurements.

FASB ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The fair value hierarchy established in FASB ASC 820-10 prioritizes the inputs used in valuation techniques into three levels as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. |
| Level 2 | Inputs to valuation methodology include:
Quoted prices for similar assets or liabilities in active markets.
Quoted prices for identical or similar assets or liabilities in inactive markets.
Inputs other than quoted prices that are observable for the asset or liability.
Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2020:

June 30, 2020	Level 1	Level 2	Level 3	Total
Cash / Money Market	\$ 962,826	\$ -	\$ -	\$ 962,826
Corporate Bonds	1,634,222	-	-	1,634,222
Mutual Funds	3,626,729	-	-	3,626,729
Govt. and Agency Securities	1,226,739	-	-	1,226,739
Equity Securities	1,107,903	-	-	1,107,903
Total	\$ 8,558,419	\$ -	\$ -	\$ 8,558,419

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements

Note 8 - Contributions Receivable.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When the restriction expires, the net assets are reclassified to net assets without donor restrictions. Contributions receivable at June 30, 2020, amounted to \$55,000, and are due in increments of \$5,000 through the fiscal year ended June 30, 2031. These receivables have been discounted at 1.2% which is the estimated annual rate of return on an annuity at June 30, 2020.

A breakdown of the calculation of the net present value of contributions receivable due is as follows:

Fiscal Year Ended June 30:	Total Amount to be Received	Discounted Present Value	Discounted Value
2021	\$ 5,000	\$ (39)	\$ 4,961
2022	5,000	(562)	4,438
2023	5,000	(509)	4,491
2024	5,000	(455)	4,545
2025	5,000	(401)	4,599
Thereafter	30,000	(1,221)	28,779
Total	<u>\$ 55,000</u>	<u>\$ (3,187)</u>	<u>\$ 51,813</u>

Note 9 - Economic Dependence and Concentration.

The organization receives its contributions mainly from Leake, Neshoba, Newton, Scott and Winston counties in East Central Mississippi which is the area served by East Central Community College.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements

Note 10 - 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 of financial statement disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the statement of financial position date, require disclosure in the accompanying notes. Management of East Central Community College Foundation, Inc. evaluated the activity of the foundation through September 23, 2021, and determined that there were no subsequent events which would require disclosure in the notes to financial statements.

EAST CENTRAL COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

EAST CENTRAL COMMUNITY COLLEGE
Required Supplementary Information
Schedule Of The College's Proportionate Share Of The Net Pension Liability
PERS
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportion of the net pension liability (asset)	0.1695%	0.1680%	0.1780%	0.1740%	0.1720%	0.1770%
College's proportionate share of the net pension liability (asset)	\$ 29,818,394	\$ 27,943,391	\$ 29,589,641	\$ 31,080,745	\$ 26,587,808	\$ 21,484,559
College's covered payroll	\$ 11,039,087	\$ 10,743,867	\$ 11,423,308	\$ 11,159,369	\$ 10,721,023	\$ 10,818,398
College's proportionate share of the net pension liability as a percentage of its covered payroll	270.12%	260.09%	259.03%	278.52%	248.00%	198.59%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

EAST CENTRAL COMMUNITY COLLEGE
Required Supplementary Information
Schedule of College Contributions
PERS
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,909,860	\$ 1,738,657	\$ 1,692,159	\$ 1,799,168	\$ 1,757,602	\$ 1,688,561
Contribution in relation to the contractually required contribution	\$ 1,909,860	\$ 1,738,657	\$ 1,692,159	\$ 1,799,168	\$ 1,757,602	1,688,561
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
College's covered payroll	10,976,080	11,039,087	10,743,867	11,423,308	11,159,369	10,721,023
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

EAST CENTRAL COMMUNITY COLLEGE
Required Supplementary Information
Schedule Of The College's Proportionate Share Of The Net OPEB Liability
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
College's proportion of the net OPEB liability	0.1813698%	0.17555649%	0.18354433%
College's proportionate share of the net OPEB liability	\$ 1,539,143	\$ 1,358,017	1,440,105
College's covered-employee payroll	\$ 11,442,583	\$ 11,095,972	11,584,200
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.45%	12.24%	12.43%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%	0.00%

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

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

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

EAST CENTRAL COMMUNITY COLLEGE
Required Supplementary Information
Schedule of College Contributions (OPEB)
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 56,311	\$ 61,694	\$ 61,394
Contribution in relation to the actuarially determined contribution	56,311	61,694	61,394
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
College's covered-employee payroll	11,369,607	11,442,583	11,095,972
Contributions as a percentage of covered-employee payroll	0.50%	0.54%	0.55%

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

The schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

EAST CENTRAL COMMUNITY COLLEGE
Notes To Required Supplementary Information
For the Year Ended June 30, 2020

Note 1 – Pension Schedules

A. Changes of assumptions

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

2019:

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

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

EAST CENTRAL COMMUNITY COLLEGE
Notes To Required Supplementary Information
For the Year Ended June 30, 2020

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

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

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

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

B. Changes of benefit terms

2016:

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

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

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

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

Note 2 – OPEB Schedules

A. Changes of assumptions

2017:

The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018: The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

2019: The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Required Supplementary Information
For the Year Ended June 30, 2020

B. Changes in benefit provisions

2017: None

2018: None

2019: None

C. Methods and assumptions used in calculations of Actuarially Determined Contributions.

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

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates	
Medicare Supplement Claims	7.25%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.89%

EAST CENTRAL COMMUNITY COLLEGE

SUPPLEMENTARY INFORMATION

EAST CENTRAL COMMUNITY COLLEGE
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	Agency or Pass- Through Number	Federal Expenditures	State/Local Expenditures	Total Expenditures
Student Financial Aid Cluster:					
U.S. Department of Education					
Federal Pell Grant Program	84.063		\$ 6,226,084	\$ -	\$ 6,226,084
Federal Work-Study Program	84.033		66,723	-	66,723
Federal Supplemental Educational Opportunity Grants	84.007		89,477	-	89,477
Federal Direct Student Loans	84.268		1,313,066	-	1,313,066
Total U.S. Department of Education			<u>7,695,350</u>	<u>-</u>	<u>7,695,350</u>
Total Student Financial Aid Cluster			<u>7,695,350</u>	<u>-</u>	<u>7,695,350</u>
Other Programs:					
U.S. Department of Education					
COVID-19-Education Stabilization Fund-Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E		1,303,155	-	1,303,155
Total Direct Programs			<u>1,303,155</u>	<u>-</u>	<u>1,303,155</u>
Passed Through Mississippi Department of Education:					
Adult Education - Basic Grants to States	84.002	V002A190025	392,485	-	392,485
Career and Technical Education - Basic Grants to States	84.048	V048A190024	246,611	-	246,611
Total Passed through Mississippi Department of Education			<u>639,096</u>	<u>-</u>	<u>639,096</u>
Passed Through Mississippi Department of Rehabilitation Services:					
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		21,349	-	21,349
Total Passed Through Mississippi Department of Rehabilitation Services			<u>21,349</u>	<u>-</u>	<u>21,349</u>
Total U.S. Department of Education			<u>1,963,600</u>	<u>-</u>	<u>1,963,600</u>
US Department of Labor:					
WIA Cluster:					
Passed Through Mississippi Department of Employment Security:					
WIOA Adult Program	17.258		2,333	-	2,333
Passed Through Mississippi Department of Employment Security:					
WIOA Dislocated Worker Formula Grants	17.278		12,167	-	12,167
Passed Through Mississippi Community College Board:					
WIOA Dislocated Worker Formula Grants	17.278		30,216	-	30,216
Passed Through Southern Mississippi Planning and Development District:					
WIOA Dislocated Worker Formula Grants	17.278	18-3528-17-571	5,978	-	5,978
WIOA Dislocated Worker Formula Grants	17.278	18-3528-17-110	22,484	-	22,484
WIOA Dislocated Worker Formula Grants	17.278	18-3528-17-569	10,500	-	10,500
WIOA Dislocated Worker Formula Grants	17.278	19-3529-17-701	27,514	-	27,514
WIOA Dislocated Worker Formula Grants	17.278	19-3529-17-570	37,345	-	37,345
Total WIA Cluster			<u>148,537</u>	<u>-</u>	<u>148,537</u>
Total U.S. Department of Labor			<u>148,537</u>	<u>-</u>	<u>148,537</u>
Appalachian Regional Commission					
Passed Through Holmes Community College					
Appalachian Area Development	23.002		108,122	-	108,122
Total Appalachian Regional Commission			<u>108,122</u>	<u>-</u>	<u>108,122</u>
U.S. Department of Health & Human Services:					
Passed Through Mississippi Community College Board:					
Child Care and Development Block Grants	93.575		229,773	-	229,773
Total U.S. Department of Health and Human Services			<u>229,773</u>	<u>-</u>	<u>229,773</u>
Total Other Programs			<u>2,450,032</u>	<u>-</u>	<u>2,450,032</u>
Total Expenditures of Federal Awards			<u>10,145,382</u>	<u>-</u>	<u>10,145,382</u>

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

EAST CENTRAL COMMUNITY COLLEGE
Notes To Supplementary Information
For the Year Ended June 30, 2020

Note 1 – Basis of Presentation

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

Note 2 – Basis of Accounting

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

Note 3 – Program Costs

Expenditures reported on the schedule are reported on the accrual basis of accounting. Entire program costs, including the College's portion, are more than shown. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to its reimbursements.

Note 4 – Indirect Cost Rate

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

Note 5 – Federal Direct Student Loan

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

Federal grants per this schedule	\$	10,145,382
Less: Student Loans		1,313,066
Federal grants and contracts	\$	<u>8,832,316</u>

EAST CENTRAL COMMUNITY COLLEGE

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

James L. Stafford, CPA	Stephen D. Flake, CPA
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of East Central Community College
P.O. Box 129
Decatur, Mississippi 39327

We have audited the financial statements of East Central Community College, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise East Central Community College's basic financial statements and have issued our report thereon dated September 23, 2021. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of East Central Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the East Central Community College Foundation, Inc.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Central 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 East Central Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of East Central 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item **2020-001** that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Central 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*

College's Response to Finding

East Central Community College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. East Central Community College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Watkins, Ward and Stafford, PLLC

Louisville, Mississippi
September 23, 2021

Watkins Ward and Stafford, PLLC



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

To the Board of Trustees of East Central Community College
P.O. Box 129
Decatur, Mississippi 39327

Report on Compliance for Each Major Federal Program

We have audited East Central 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 East Central Community College's major federal programs for the year ended June 30, 2020. East Central 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 applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of East Central 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 East Central Community 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 of East Central Community College's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of East Central 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 East Central Community College's internal control over compliance with the types of requirements that could have a direct and material effect on its 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 East Central Community 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Watkins, Ward and Stafford, PLLC

Louisville, Mississippi
September 23, 2021

Watkins Ward and Stafford, PLLC

EAST CENTRAL COMMUNITY COLLEGE

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



WATKINS, WARD and STAFFORD
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Certified Public Accountants

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

Board of Trustees of East Central Community College
P. O. Box 129
Decatur, Mississippi 39327

We have audited the financial statements of East Central Community College as of and for the year ended June 30, 2020, which collectively comprise East Central Community College's basic financial statements and have issued our report thereon dated September 23, 2021. We conducted our audit in accordance with 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 East Central Community College Foundation, Inc., were not audited in accordance with *Government Auditing Standards*.

We have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with 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 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 Board of Trustees and management, others within the entity, entities with accreditation overview, and federal awarding agencies, the Office Of the State Auditor, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Watkins, Ward and Stafford, PLLC

Louisville, Mississippi
September 23, 2021

Watkins Ward and Stafford, PUC

EAST CENTRAL COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

EAST CENTRAL COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section 1: Summary of Auditors' Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified | No |
| b. Significant deficiencies identified that are not considered to be a material weakness | Yes |
| 3. Noncompliance material to the financial statements? | None |

Federal Awards:

- | | |
|--|---------------|
| 4. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified that are not considered to be a material weakness | None Reported |
| 5. Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit finding(s) disclosed that are reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Federal programs identified as major programs: | |
| a. Student financial aid cluster: | |
| CFDA #84.007 Federal Supplemental Educational Opportunity Grants | |
| CFDA #84.033 Federal Work-Study Program | |
| CFDA #84.063 Federal Pell Grant Program | |
| CFDA #84.268 Federal Direct Student Loans | |
| b. CFDA #84.425E COVID -19 – Education Stabilization Fund -Higher Education
Emergency Relief Fund (HEERF) Student Aid Portion | |
| 8. The dollar threshold used to distinguish between type A and B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |

EAST CENTRAL COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section 2: Financial Statement Findings

Significant Deficiency Not Considered To Be A Material Weakness

Finding 2020-001 The College Should Strengthen Controls Over Monthly Bank Reconciliations

Criteria: The College should implement adequate internal controls over monthly bank reconciliations. This would include reconciliations being prepared that reconcile to financial information reported to the board of trustees on a timely basis with proper supervisory approval.

Condition: During our audit testwork performed over cash and cash equivalent we noted there were discrepancies between the monthly bank reconciliation for the operating account and the client general ledger. These discrepancies occurred all during the year. Also the bank reconciliations were not completed on a timely basis. None of the reconciliation discrepancies were material in nature and some were corrected in the following months.

Effect: Lack of adequate controls over monthly bank reconciliations could result in incorrect financial information being presented to the board of trustees and also could result in the misappropriation of college funds.

Cause: Condition occurred due to a change in business office personnel at the beginning of the year. The College lost a long time key employee due to death who reconciled the statement. The College had to hire new personnel to perform this responsibility and this employee is still learning their job responsibilities.

Recommendation

We recommend the College implement controls to insure that all monthly bank reconciliations be prepared on a timely basis and proper supervisory approval over the reconciliation occurs prior to presentation to the Board of Trustees.

Section 3: Federal Award Findings and Questioned Costs

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

EAST CENTRAL

COMMUNITY COLLEGE

Auditee's Corrective Action Plan For the Year Ended June 30, 2020

FINDING 2020-001: The College should strengthen controls over monthly bank reconciliations.

College Response:

- A. What Corrective Action will be taken? We will establish internal controls to insure that all monthly bank reconciliations are prepared on a timely basis and properly approved by Supervisory personal prior to presentation to the Board of Trustees.
- B. Who Is responsible? Mickey Vance, Vice President of Business Operations
- C. When will the plan be implemented? Immediately