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**MISSISSIPPI DELTA COMMUNITY COLLEGE**  
**FINANCIAL AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2020**

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**INDEPENDENT AUDITORS' REPORT**

To the President and Board of Trustees  
Mississippi Delta Community College  
P.O. Box 668  
Moorhead, Mississippi 38761

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Mississippi Delta Community College as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mississippi Delta Community College Development Foundation, Inc. as of and for the year ended June 30, 2020, which represents 100 percent of the assets, net assets and revenues of Mississippi Delta Community College's discretely presented component unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included in the aforementioned component unit, is based solely upon the report of the other auditors. 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 Mississippi Delta Community College Development Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of Mississippi Delta Community College as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 13, the Schedules of the Proportionate Share of Net Pension Liability and PERS Contributions on pages 64 and 65, the Schedules of the Proportionate Share of Net OPEB Liability and OPEB Contributions on pages 66 and 67, and the notes related to these schedules on pages 68 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Mississippi Delta Community College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

The accompanying schedule of expenditures of 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 basic financial statements or to the basic 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reported dated April 12, 2021, on our consideration of Mississippi Delta 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 Mississippi Delta 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 Mississippi Delta Community College's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "J. E. Vance + Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi  
April 12, 2021

# MISSISSIPPI DELTA COMMUNITY COLLEGE MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

## Overview of the Financial Statements

The College's financial report consists of two sections – Management's Discussion and Analysis, which is required supplementary information (this section), and the basic financial statements including the notes to the financial statements. The annual report consists of a series of financial statements, prepared in accordance with the Governmental Auditing Standards Board Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These financial statements focus on the financial condition of the College, the results of its operations, and the cash flows of the College as a whole.

## Basic Financial Statements

The basic financial statements present information for the College as a whole. **The Statement of Net Position** presents the financial position at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position of the College. The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources (net position) is one measure of financial health or position, while the change in net position is a useful indicator of whether the financial condition is improving or deteriorating. Over time, increases or decreases in the College's net position can be useful in assessing whether its financial health is improving.

The **Statement of Revenues, Expenses and Changes in Net Position** presents the results of operations, as well as non-operating revenues and expenses. In general terms, operating revenues are received for providing goods and services and operating expenses are those incurred to acquire or produce the goods and services provided in return for the operating revenues. Non-operating revenues are those received for which goods and services are not provided as an exchange transaction. For example, State Appropriations revenue classified as non-operating revenues because the State Legislature provides them, without the legislature receiving commensurate goods or services in return. Due to this classification treatment, the College's financial statements typically depict an overall operating loss. Non-operating expenses are those incurred for which goods and services are not provided as an exchange transaction. Other revenue sources include gifts, grants and appropriations restricted for capital purposes.

The Statement of Cash Flows provides another perspective on the results of operations. This statement provides detailed information about the sources and uses of cash. Additional details concerning this statement are explained later in this analysis and discussion.

Other non-financial factors such as enrollment trends and the condition of the physical plant are also useful in evaluating the overall financial health of the College.

## Statement of Net Position

Net position is divided into three major categories:

- **Net Investment in Capital Assets** – represents the equity in property, plant and equipment owned by the College.
- **Restricted Net Position** – represents those assets that are not available for spending as a result of legislative requirements, donor agreements or grant requirements.
- **Unrestricted Net Position** – represents those assets that are available for any lawful purpose.

From the data presented, readers of the Statement of Net Position are able to determine the following:

- the assets available to continue the operations of the College,
- the liabilities of the College, which includes the amounts owed to vendors and lending institutions, and
- the net position available for expenditure by the College.

Current assets total \$20,486,129, and consist primarily of cash and cash equivalents, short-term investments, and net receivables. Current liabilities total \$2,493,395, and consist primarily of accounts payable, accrued liabilities, unearned revenues, and short-term bond and note obligations.

Non-current assets total \$44,654,369, and primarily includes capital assets, net of accumulated depreciation, in the amount of \$44,179,984. Other non-current assets include cash and investments that are restricted externally by endowment arrangements, or internally by management so as to maximize investment earnings.

Non-current liabilities total \$36,937,579, which includes faculty housing deposits in the amount of \$2,575, funds held for the Department of Corrections for vocational night instructional payroll in the amount of \$30,000, two General Obligation Notes totaling \$1,761,197, the net pension liability in the amount of \$33,424,749 and the other post-employment benefits liability of \$1,719,058.

Restricted non-expendable net position totals \$10,000 and consists of endowment and similar type funds, which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained intact and invested for the purpose of producing income that may either be expended or added to the principal.

The College's total net position of \$27,961,800 is made up of the net investment in capital assets of \$42,239,787, restricted expendable net positions of \$3,061,822, which included resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties, a GASB Statement No. 68 net pension liability of (\$31,256,769) and a GASB Statement No. 75 net other post-employment benefits liability of (\$1,699,783). The College's total net position and unrestricted net position without the effects of GASB Statement No. 68 and GASB Statement No. 75 is \$60,918,352 and \$15,606,743, respectively.

Deferred outflows of resources consist of pension related outflows in the amount of \$2,569,639 and other post-employment benefits outflows in the amount of \$235,567. Deferred inflows of resources consist of pension related inflows in the amount of \$401,659 and other post-employment benefits related inflows in the amount of \$151,271.

Condensed Statements of Net Position for the years ended June 30, 2020 and June 30, 2019 are shown below.

|                                  | <u>June 30, 2020</u>        | <u>June 30, 2019</u>        | <u>Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|----------------------------------|-----------------------------|-----------------------------|--------------------------------|---------------------------|
| <b>Assets</b>                    |                             |                             |                                |                           |
| Current Assets                   | \$ 20,486,129               | \$ 17,772,159               | \$ 2,713,970                   | 15.27%                    |
| Noncurrent Assets:               |                             |                             |                                |                           |
| Capital Assets, Net              | 44,179,984                  | 44,225,726                  | (45,742)                       | -0.10%                    |
| Other Assets                     | <u>474,385</u>              | <u>497,781</u>              | <u>(23,396)</u>                | -4.70%                    |
| <b>Total Assets</b>              | <u><u>65,140,498</u></u>    | <u><u>62,495,666</u></u>    | <u><u>2,644,832</u></u>        | 4.23%                     |
| <b>Deferred Outflows</b>         |                             |                             |                                |                           |
| Pensions                         | 2,569,639                   | 2,119,624                   | 450,015                        | 21.23%                    |
| Other Post-Employment Benefits   | <u>235,567</u>              | <u>74,744</u>               | <u>160,823</u>                 | 215.17%                   |
| <b>Total Deferred Outflows</b>   | <u><u>2,805,206</u></u>     | <u><u>2,194,368</u></u>     | <u><u>610,838</u></u>          | 27.84%                    |
| <b>Liabilities</b>               |                             |                             |                                |                           |
| Current Liabilities              | 2,493,395                   | 2,209,032                   | 284,363                        | 12.87%                    |
| Noncurrent Liabilities           | <u>36,937,579</u>           | <u>34,091,150</u>           | <u>2,846,429</u>               | 8.35%                     |
| <b>Total Liabilities</b>         | <u><u>39,430,974</u></u>    | <u><u>36,300,182</u></u>    | <u><u>3,130,792</u></u>        | 8.62%                     |
| <b>Deferred Inflows</b>          |                             |                             |                                |                           |
| Pensions                         | 401,659                     | 778,891                     | (377,232)                      | -48.43%                   |
| Other Post-Employment Benefits   | <u>151,271</u>              | <u>154,241</u>              | <u>(2,970)</u>                 | -1.93%                    |
| <b>Total Deferred Inflows</b>    | <u><u>552,930</u></u>       | <u><u>933,132</u></u>       | <u><u>(380,202)</u></u>        | -40.74%                   |
| <b>Net Position</b>              |                             |                             |                                |                           |
| Net Investment in Capital Assets | 42,239,787                  | 43,189,529                  | (949,742)                      | -2.20%                    |
| Restricted - Nonexpendable       | 10,000                      | 10,000                      | -                              | 0.00%                     |
| Restricted - Expendable          | 3,061,822                   | 2,450,622                   | 611,200                        | 24.94%                    |
| Unrestricted                     | <u>(17,349,809)</u>         | <u>(18,193,431)</u>         | <u>843,622</u>                 | -4.64%                    |
| <b>Total Net Position</b>        | <u><u>\$ 27,961,800</u></u> | <u><u>\$ 27,456,720</u></u> | <u><u>\$ 505,080</u></u>       | 1.84%                     |

## Condensed Statements of Net Position

The Statement of Revenues, Expenses and Changes in Net Position (SRECNP) displays information on how the College's assets changed as a result of current year operations. This statement presents the College's operating and non-operating revenues and expenditures.

The SRECNP at June 30, 2020 indicates a operating loss of \$14,851,618. The net loss does not include the 2020 effects of non-operating items, which include state and local appropriations, gifts or net investment earnings.

Condensed Statements of Revenues, Expense and Changes Net Position for the years ended June 30, 2020 and June 30, 2019 are shown below.

### Condensed Statements of Revenues, Expenses and Changes in Net Position

|   | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|---|----------------------|----------------------|--------------------------------|---------------------------|
| Operating Revenues                                      | \$ 17,018,630        | \$ 17,565,701        | \$ (547,071)                   | -3.11%                    |
| Operating Expenses                                      | <u>(31,870,248)</u>  | <u>(33,167,828)</u>  | <u>1,297,580</u>               | -3.91%                    |
| Operating Loss  | <u>(14,851,618)</u>  | <u>(15,602,127)</u>  | <u>750,509</u>                 | -4.81%                    |
| Nonoperating Revenues                                   | <u>15,356,698</u>    | <u>17,053,077</u>    | <u>(1,696,379)</u>             | -9.95%                    |
| Change in Net Position                                  | 505,080              | 1,450,950            | (945,870)                      | -65.19%                   |
| Net Position, Beginning of Year, As Previously Reported | 27,456,720           | 21,334,466           | 6,122,254                      | 28.70%                    |
| Prior Period Adjustment                                 | <u>-0-</u>           | <u>4,671,304</u>     | <u>(4,671,304)</u>             | -100.00%                  |
| Net Position, Beginning of Year, Restated               | <u>27,456,720</u>    | <u>26,005,770</u>    | <u>1,450,950</u>               | 5.58%                     |
| Net Position, End of Year                               | <u>\$ 27,961,800</u> | <u>\$ 27,456,720</u> | <u>\$ 505,080</u>              | 1.84%                     |

### Operating Revenues

Operating revenues for the College totaled \$17,018,630 at June 30, 2020. The following table summarizes the major categories of operating revenues for the years ended June 30, 2020 and June 30, 2019.

|                            | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|----------------------------|----------------------|----------------------|--------------------------------|---------------------------|
| Tuition and Fees, Net      | \$ 1,636,019         | \$ 1,780,686         | \$ (144,667)                   | -8.12%                    |
| Grants and Contracts       | 13,274,650           | 13,213,936           | 60,714                         | 0.46%                     |
| Auxiliary Enterprises, Net | 1,007,202            | 1,291,603            | (284,401)                      | -22.02%                   |
| Other Revenues             | <u>1,100,759</u>     | <u>1,279,476</u>     | <u>(178,717)</u>               | -13.97%                   |
| Total Operating Revenues   | <u>\$ 17,018,630</u> | <u>\$ 17,565,701</u> | <u>\$ (547,071)</u>            | -3.11%                    |

## Operating Expenses

Operating expenses for the College totaled \$31,870,248 at June 30, 2020. The following table summarizes the major categories of operating expenses and June 30, 2020 and June 30, 2019.

|  | For the Year Ended:  |                      | Increase<br>(Decrease) | Percent<br>Change |
|--|----------------------|----------------------|------------------------|-------------------|
|  | June 30, 2020        | June 30, 2019        |                        |                   |
| <b>Operating Expenses by Object:</b>       |                      |                      |                        |                   |
| Salaries and Wages                         | \$ 13,401,218        | \$ 13,242,283        | \$ 158,935             | 1.20%             |
| Fringe Benefits                            | 5,424,871            | 7,136,407            | (1,711,536)            | -23.98%           |
| Contractual Services                       | 4,062,056            | 4,014,400            | 47,656                 | 1.19%             |
| Commodities                                | 2,366,510            | 3,272,210            | (905,700)              | -27.68%           |
| Travel                                     | 232,010              | 377,202              | (145,192)              | -38.49%           |
| Utilities                                  | 890,706              | 973,364              | (82,658)               | -8.49%            |
| Scholarships and Fellowships               | 3,955,921            | 2,371,973            | 1,583,948              | 66.78%            |
| Depreciation                               | 1,391,127            | 1,360,900            | 30,227                 | 2.22%             |
| Other Operating Expenses                   | 145,829              | 419,089              | (273,260)              | -65.20%           |
| <b>Total Operating Expenses by Object:</b> | <b>\$ 31,870,248</b> | <b>\$ 33,167,828</b> | <b>\$ (1,297,580)</b>  | <b>-3.91%</b>     |

As an alternative presentation, the College's fiscal year 2020 and 2019 expenses are shown below by major function. Functional classifications are the traditional categories that Colleges have used. They represent the types of programs and services that Colleges provide.

|   | For the Year Ended:  |                      | Increase<br>(Decrease) |               |
|---|----------------------|----------------------|------------------------|---------------|
|   | June 30, 2020        | June 30, 2019        |                        |               |
| <b>Operating Expenses by Function:</b>      |                      |                      |                        |               |
| Instruction                                 | \$ 12,941,150        | \$ 14,102,503        | \$ (1,161,353)         | -8.24%        |
| Academic Support                            | 457,164              | 635,897              | (178,733)              | -28.11%       |
| Student Services                            | 2,859,170            | 3,449,120            | (589,950)              | -17.10%       |
| Institutional Support                       | 4,761,857            | 5,423,950            | (662,093)              | -12.21%       |
| Operation of Plant                          | 2,885,744            | 2,864,797            | 20,947                 | 0.73%         |
| Student Financial Aid                       | 3,944,241            | 2,370,723            | 1,573,518              | 66.37%        |
| Auxiliary Enterprises                       | 2,629,795            | 2,959,938            | (330,143)              | -11.15%       |
| Depreciation                                | 1,391,127            | 1,360,900            | 30,227                 | 2.22%         |
| <b>Total Operating Expenses by Function</b> | <b>\$ 31,870,248</b> | <b>\$ 33,167,828</b> | <b>\$ (1,297,580)</b>  | <b>-3.91%</b> |

## Capital Assets

At June 30, 2020, the College had invested in a broad range of capital assets. The assets are comprised of land, construction projects, buildings and improvements, equipment and library books. The schedule on the following page shows the cost of the major asset classifications and the accumulated depreciation for the years ended June 30, 2020 and June 30, 2019.

| <b>Classification</b>             | <b>June 30, 2020</b> | <b>June 30, 2019</b> | <b>Increase<br/>(Decrease)</b> | <b>Percent<br/>Change</b> |
|-----------------------------------|----------------------|----------------------|--------------------------------|---------------------------|
| Assets Not Depreciated            | \$ 1,716,729         | \$ 6,503,131         | \$ (4,786,402)                 | -73.60%                   |
| Depreciable Assets                |                      |                      |                                |                           |
| Intangibles                       | 1,113,228            | 1,113,228            | -0-                            | 0.00%                     |
| Improvements Other Than Buildings | 2,399,215            | 2,399,215            | -0-                            | 0.00%                     |
| Buildings                         | 59,100,030           | 53,989,027           | 5,111,003                      | 9.47%                     |
| Equipment                         | 6,489,257            | 6,597,879            | (108,622)                      | -1.65%                    |
| Library Books                     | 864,357              | 857,959              | 6,398                          | 0.75%                     |
| Total Cost of Capital Assets      | 71,682,816           | 71,460,439           | 222,377                        | 0.31%                     |
| Less: Accumulated Depreciation    | (27,502,832)         | (27,234,713)         | (268,119)                      | 0.98%                     |
| Capital Assets, Net               | \$ <u>44,179,984</u> | \$ <u>44,225,726</u> | \$ <u>(45,742)</u>             | -0.10%                    |

The assets totaling \$1,716,729 that are not depreciated at June 30, 2020 consist of land in the amount of \$285,247 and construction in progress in the amount of \$1,431,482.

### Statement of Cash Flows

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

- the ability to generate future cash flows,
- the ability to meet obligations as they become due, and
- the need for external financing.

The following schedule shows the major categories of cash flows for the years ended June 30, 2020 and June 30, 2019.

### Condensed Statements of Cash Flows (Direct Method)

|  | <b>For the Year Ended:</b> |                      | <b>Increase</b>     | <b>Percent</b> |
|--|----------------------------|----------------------|---------------------|----------------|
|  | <b>June 30, 2020</b>       | <b>June 30, 2019</b> | <b>(Decrease)</b>   | <b>Change</b>  |
| Cash and Cash Equivalents Provided (Used) By:        |                            |                      |                     |                |
| Operating Activities                                 | \$ (13,646,900)            | \$ (15,372,553)      | \$ 1,725,653        | -11.23%        |
| Noncapital Financing Activities                      | 14,733,478                 | 15,472,480           | (739,002)           | -4.78%         |
| Capital Financing Activities                         | 47,034                     | (2,046,818)          | 2,093,852           | -102.30%       |
| Investing Activities                                 | 205,235                    | 267,522              | (62,287)            | -23.28%        |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,338,847                  | (1,679,369)          | 3,018,216           | -179.72%       |
| Cash and Cash Equivalents, Beginning of Year         | 9,336,133                  | 11,015,502           | (1,679,369)         | -15.25%        |
| Cash and Cash Equivalents, End of Year               | \$ <u>10,674,980</u>       | \$ <u>9,336,133</u>  | \$ <u>1,338,847</u> | 14.34%         |

The major sources of cash represented in operating activities group include \$1,693,811 received for student tuition and fees, \$15,422,703 received for grants and contracts, \$1,007,602 received for auxiliary enterprises sales and services, and \$768,932 received for other operating revenues. The major uses of cash in operation activities group include \$17,778,302 for payments made to employees for wages and benefits, \$9,769,190 for payments made to suppliers and \$3,955,921 for payments made to students for financial aid.

The largest inflows of cash in the noncapital financing activities group was \$10,749,798 received for state appropriations and \$4,060,470 received for county appropriations. The largest inflow of cash in the capital and related financing activities group was \$1,000,000 of note proceeds for renovation of an administration building and construction of a new bookstore. The largest use of cash in the capital and related financing activities group was \$1,345,385 for the construction and purchase of capital assets.

### **Economic Outlook**

After many years of decreasing enrollment numbers, the College has experienced an increase in enrollment in recent years. The Mississippi Delta region is losing its population to other areas of the state, and, as a result, the College had suffered enrollment decreases for many years. The College has been looking for ways to generate new sources of revenue while still providing an excellent College experience for its vocational, technical and academic students. The College has also invested more resources in recruiting students.

## **FINANCIAL STATEMENTS**

**MISSISSIPPI DELTA COMMUNITY COLLEGE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

Assets

Current assets:

|                           |                   |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 10,674,980     |
| Short-term investments    | 2,225,000         |
| Accounts receivable, net  | 3,643,186         |
| Inventories               | 504,200           |
| Prepaid expenses          | <u>3,438,763</u>  |
| Total current assets      | <u>20,486,129</u> |

Noncurrent assets:

|   |                          |
|---|--------------------------|
| Long-term investments                           | 474,385                  |
| Capital assets, net of accumulated depreciation | <u>44,179,984</u>        |
| Total noncurrent assets                         | <u>44,654,369</u>        |
| Total assets                                    | <u><u>65,140,498</u></u> |

Deferred outflows of resources:

|  |                         |
|--|-------------------------|
| Deferred pension related outflows                        | 2,569,639               |
| Deferred other post employment benefits related outflows | <u>235,567</u>          |
| Total deferred outflows of resources                     | <u><u>2,805,206</u></u> |

Liabilities

Current liabilities:

|   |                  |
|---|------------------|
| Accounts payable and accrued liabilities                      | 1,696,895        |
| Unearned revenues   | 316,960          |
| Note payable, current portion                                 | 179,000          |
| Net other post-employment benefits liability, current portion | 65,021           |
| Other current liabilities                                     | <u>235,519</u>   |
| Total current liabilities                                     | <u>2,493,395</u> |

Noncurrent liabilities:

|  |                      |
|--|----------------------|
| Notes payable                                | 1,761,197            |
| Net pension liability                        | 33,424,749           |
| Net other post-employment benefits liability | 1,719,058            |
| Deposits refundable                          | <u>32,575</u>        |
| Total noncurrent liabilities                 | <u>36,937,579</u>    |
| Total liabilities                            | <u>\$ 39,430,974</u> |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2020**

|   |                             |
|---|-----------------------------|
| Deferred inflows of resources:                          |                             |
| Deferred pension related inflows                        | \$ 401,659                  |
| Deferred other post employment benefits related inflows | <u>151,271</u>              |
| Total deferred inflows of resources                     | <u><u>552,930</u></u>       |
| Net Position:   |                             |
| Net investment in capital assets                        | 42,239,787                  |
| Restricted for:   |                             |
| Nonexpendable:  |                             |
| Scholarships and fellowships                            | 10,000                      |
| Expendable:   |                             |
| Scholarships and fellowships                            | 228,393                     |
| Capital projects  | 2,728,249                   |
| Grants  | 9,111                       |
| Unemployment compensation                               | 96,069                      |
| Unrestricted  | <u>(17,349,809)</u>         |
| Total net position                                      | <u><u>\$ 27,961,800</u></u> |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

Assets:

|  |                         |
|--|-------------------------|
| Cash                                       | \$ 273,988              |
| Certificates of deposit                    | 170,379                 |
| Investments                                | 2,110,319               |
| Unconditional promises to give             | 120,053                 |
| Equipment, net of accumulated depreciation | <u>3,782</u>            |
| Total assets                               | <u><u>2,678,521</u></u> |

Liabilities:

|                   |              |
|-------------------|--------------|
| Accounts payable  | <u>7,400</u> |
| Total liabilities | <u>7,400</u> |

Net assets:

|                                       |                     |
|---------------------------------------|---------------------|
| Net assets without donor restrictions | 1,160,052           |
| Net assets with donor restrictions    | <u>1,511,069</u>    |
| Total net assets                      | <u>2,671,121</u>    |
| Total liabilities and net assets      | <u>\$ 2,678,521</u> |

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

**MISSISSIPPI DELTA 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 \$5,933,387) | \$ 1,636,019           |
| Federal grants and contracts                                    | 12,421,139             |
| State grants and contracts                                      | 853,511                |
| Auxiliary enterprises:  |                        |
| Housing (net of scholarship allowances of \$280,041)            | 142,636                |
| Food services (net of scholarship allowances of \$618,603)      | 118,914                |
| Bookstore (net of scholarship allowances of \$360,407)          | 745,652                |
| Other operating revenues  | <u>1,100,759</u>       |
| Total operating revenues  | 17,018,630             |
| Operating expenses:   |                        |
| Salaries and wages  | 13,401,218             |
| Fringe benefits   | 5,424,871              |
| Contractual services  | 4,062,056              |
| Commodities   | 2,366,510              |
| Travel  | 232,010                |
| Utilities   | 890,706                |
| Scholarships and fellowships                                    | 3,955,921              |
| Depreciation expense  | 1,391,127              |
| Other operating expenses  | <u>145,829</u>         |
| Total operating expenses  | <u>31,870,248</u>      |
| Operating loss  | \$ <u>(14,851,618)</u> |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**(CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  |                             |
|--|-----------------------------|
| Nonoperating revenues (expenses):      |                             |
| State appropriations                   | \$ 10,703,905               |
| State bond monies                      | 466,169                     |
| Local appropriations                   | 4,081,575                   |
| Investment income                      | 205,235                     |
| Loss on disposal of assets             | (468,627)                   |
| Unrealized loss on valuation of stock  | (23,396)                    |
| Other nonoperating revenues (expenses) | <u>391,837</u>              |
| <br>                                   |                             |
| Total nonoperating revenues (expenses) | <u>15,356,698</u>           |
| <br>                                   |                             |
| Change in net position                 | 505,080                     |
| <br>                                   |                             |
| Net position, beginning of year        | <u>27,456,720</u>           |
| <br>                                   |                             |
| Net position, end of year              | \$ <u><u>27,961,800</u></u> |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Net assets without donor restrictions:

Revenues, gains and losses without donor restrictions:

|  |    |                 |
|--|----|-----------------|
| Contributions  | \$ | 24,865          |
| Investment income  |    |                 |
| Interest   |    | 2,626           |
| Dividends  |    | 35,036          |
| Realized capital gains (losses)  |    | 10,893          |
| Net depreciation in fair value of investments                              |    | (24,462)        |
| Investment fees  |    | <u>(10,523)</u> |
| Total revenues, gains and losses without donor restrictions                |    | 38,435          |
| Net assets released from restriction                                       |    | <u>165,465</u>  |
| Total revenues, gains, losses and other support without donor restrictions |    | 203,900         |

Expenses:

|  |  |               |
|--|--|---------------|
| Program services:  |  |               |
| Scholarship and student support                              |  | 149,533       |
| College athletics  |  | 4,563         |
| Instructional support  |  | 45,612        |
| Alumni activities  |  | 6,507         |
| College promotions   |  | 36,372        |
| Supporting services:   |  |               |
| Management and general                                       |  | <u>33,169</u> |
| Total expenses   |  | 275,756       |
| Increase (Decrease) in net assets without donor restrictions |  | (71,856)      |

Net assets with donor restrictions:

|   |    |                         |
|---|----|-------------------------|
| Contributions   |    | 174,477                 |
| Investment income   |    |                         |
| Dividends   |    | 36,023                  |
| Realized capital gains (losses)                           |    | 11,201                  |
| Net depreciation in fair value of investments             |    | (25,152)                |
| Net assets released from restriction                      |    | <u>(165,465)</u>        |
| Increase (Decrease) in net assets with donor restrictions |    | <u>31,084</u>           |
| Increase (Decrease) in net assets                         |    | (40,772)                |
| Net assets, beginning of year                             |    | <u>2,711,893</u>        |
| Net assets, end of year                                   | \$ | <u><u>2,671,121</u></u> |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

|  |                      |
|--|----------------------|
| Cash flows from operating activities:                        |                      |
| Tuition and fees   | \$ 1,693,811         |
| Grants and contracts   | 15,422,703           |
| Payments to suppliers  | (9,769,190)          |
| Payments to employees for salaries and benefits              | (17,778,302)         |
| Payments for utilities                                       | (890,706)            |
| Payments for scholarships and fellowships                    | (3,955,921)          |
| Auxiliary enterprises:                                       |                      |
| Housing  | 142,155              |
| Food services  | 121,282              |
| Bookstore  | 744,165              |
| Other operating revenues                                     | 768,932              |
| Other operating expenses                                     | <u>(145,829)</u>     |
| Net cash used by operating activities                        | <u>(13,646,900)</u>  |
| Cash flows from noncapital financing activities:             |                      |
| State appropriations   | 10,749,798           |
| Local appropriations   | 4,060,470            |
| Other nonoperating expenses                                  | <u>(76,790)</u>      |
| Net cash provided by noncapital financing activities         | <u>14,733,478</u>    |
| Cash flows from capital and related financing activities:    |                      |
| Cash paid for acquisition and construction of capital assets | (1,345,385)          |
| Capital grants and contracts received                        | 466,169              |
| General obligation note proceeds                             | 1,000,000            |
| Principal paid on capital debt                               | (96,000)             |
| Interest paid on capital debt                                | <u>22,250</u>        |
| Net cash used by capital and related financing activities    | <u>47,034</u>        |
| Cash flows from investing activities:                        |                      |
| Interest received on investments                             | 205,235              |
| Sale of investments  | 2,225,000            |
| Purchase of investments                                      | <u>(2,225,000)</u>   |
| Net cash provided by investing activities                    | <u>205,235</u>       |
| Net increase (decrease) in cash and cash equivalents         | 1,338,847            |
| Cash and cash equivalents, beginning of year                 | <u>9,336,133</u>     |
| Cash and cash equivalents, end of year                       | <u>\$ 10,674,980</u> |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

|   |                        |
|---|------------------------|
| Operating loss  | \$ (14,851,618)        |
| Adjustments to reconcile net loss to net cash used by operating activities: |                        |
| Depreciation expense  | 1,391,127              |
| Loss on disposal of capital assets  | 468,627                |
| Loss on investments   | 23,396                 |
| GASB pension and OPEB expense adjustments                                   | 1,027,316              |
| Other payments  | (538,478)              |
| Changes in assets and liabilities:  |                        |
| (Increase) decrease in assets:  |                        |
| Accounts receivable, net  | 1,830,422              |
| Inventories   | (5,536)                |
| Prepaid expenses  | (3,200,009)            |
| Increase (decrease) in liabilities  |                        |
| Accounts payable and accrued liabilities                                    | 117,402                |
| Unearned revenues   | 62,800                 |
| Refundable deposits   | 27,651                 |
| Total adjustments   | <u>1,204,718</u>       |
| Net cash used by operating activities                                       | <u>\$ (13,646,900)</u> |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Operating activities:

|                        |             |
|------------------------|-------------|
| Decrease in net assets | \$ (40,772) |
|------------------------|-------------|

Adjustments to reconcile decrease in net assets  
to cash provided by operating activities:

|  |              |
|--|--------------|
| Unrealized gains (losses) on investments                         | 49,614       |
| Realized loss (gain) on sale of investments                      | (22,094)     |
| Increase (decrease) in contributions receivable, net of discount | 3,814        |
| Increase (decrease) in accounts payable                          | (4,352)      |
| Depreciation   | <u>1,891</u> |

|  |                 |
|--|-----------------|
| Net cash provided (used) by operating activities | <u>(11,899)</u> |
|--|-----------------|

Cash flows from investing activities:

|   |                  |
|---|------------------|
| Reinvested interest earned on certificates of deposit | (1,897)          |
| Proceeds from sale of securities                      | 129,978          |
| Purchase of securities                                | <u>(217,268)</u> |

|  |                 |
|--|-----------------|
| Net cash provided (used) by investing activities | <u>(89,187)</u> |
|--|-----------------|

|  |           |
|--|-----------|
| Net increase (decrease) in cash and cash equivalents | (101,086) |
|--|-----------|

|  |                |
|--|----------------|
| Cash and cash equivalents, beginning of year | <u>375,074</u> |
|--|----------------|

|  |                          |
|--|--------------------------|
| Cash and cash equivalents, end of year | \$ <u><u>273,988</u></u> |
|--|--------------------------|

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|   | Program Services                     |                      |                      |                       |                          | Supporting<br>Services    | Total             |
|---|--------------------------------------|----------------------|----------------------|-----------------------|--------------------------|---------------------------|-------------------|
|   | Student<br>Support &<br>Scholarships | Alumni<br>Activities | College<br>Athletics | College<br>Promotions | Instructional<br>Support | Management<br>and General |                   |
| Student scholarships                          | \$ 133,841                           |                      |                      |                       |                          |                           | \$ 133,841        |
| Special events                                | 8,794                                | 6,507                |                      |                       | 3,635                    |                           | 18,936            |
| Instructional support programs                |                                      |                      |                      |                       | 44,748                   |                           | 44,748            |
| Softball program support                      |                                      |                      | 3,939                |                       |                          |                           | 3,939             |
| Baseball program support                      |                                      |                      | 624                  |                       |                          |                           | 624               |
| Student book loan program                     | 3,398                                |                      |                      |                       |                          |                           | 3,398             |
| Faculty and staff professional<br>development |                                      |                      |                      |                       | 864                      |                           | 864               |
| College marketing and publicity               |                                      |                      |                      | 3,969                 |                          |                           | 3,969             |
| Faculty and staff recognition                 |                                      |                      |                      | 4,370                 |                          |                           | 4,370             |
| Scholarship database subscription<br>support  | 3,500                                |                      |                      |                       |                          |                           | 3,500             |
| Student recruiting and orientation            |                                      |                      |                      | 22,658                |                          |                           | 22,658            |
| Operating supplies                            |                                      |                      |                      |                       |                          | 3,506                     | 3,506             |
| Travel  |                                      |                      |                      |                       |                          | 3,531                     | 3,531             |
| Professional fees                             |                                      |                      |                      |                       |                          | 6,910                     | 6,910             |
| Insurance                                     |                                      |                      |                      |                       |                          | 3,355                     | 3,355             |
| Depreciation                                  |                                      |                      |                      |                       |                          | 1,891                     | 1,891             |
| Dues and memberships                          |                                      |                      |                      | 1,740                 |                          | 7,477                     | 9,217             |
| Postage and communications                    |                                      |                      |                      |                       |                          | 2,299                     | 2,299             |
| Storage rental                                |                                      |                      |                      |                       |                          | 4,200                     | 4,200             |
| Utilities                                     |                                      |                      |                      |                       |                          |                           | -                 |
| Bad debts                                     |                                      |                      |                      |                       |                          |                           | -                 |
| <b>Totals</b>                                 | <b>\$ 149,533</b>                    | <b>\$ 6,507</b>      | <b>\$ 4,563</b>      | <b>\$ 36,372</b>      | <b>\$ 45,612</b>         | <b>\$ 33,169</b>          | <b>\$ 275,756</b> |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Reporting Entity**

Sunflower Agricultural High School was established in Moorhead, Mississippi in 1911. Sunflower Junior College was founded in conjunction with the Agricultural High School in early 1926, with the first freshman class enrolling in September of the same year. The College was fully accredited as a two-year junior College in April 1928, by the Accrediting Commission of the Senior Colleges of Mississippi. It was admitted to full membership in the Southern Association of Colleges and Schools in December 1930 and is now a member of the American Association of Community and Junior Colleges. The name of the school was officially changed from Sunflower Junior College to Mississippi Delta Junior College at the beginning of the 1960-1961 session. On July 1, 1989, the name was changed to its present name of Mississippi Delta Community College.

Mississippi Delta Community College is one of Mississippi's 15 public community Colleges. The legal authority for the establishment of Mississippi Delta Community College is found in Section 37-29-31, Miss. Code Ann. (1972).

Mississippi Delta Community College is governed by an 18-member board of trustees, selected by the board of supervisors of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington Counties who support the district through locally assessed ad valorem tax millage. One trustee from each of the supporting counties must be the county superintendent of education, unless the superintendent chooses not to serve, in which case the county board of supervisors fills the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5-year term. In addition, Mississippi Delta Community College works jointly with the Mississippi Community College Board, 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 (GASB) Statement No. 29, *Determining Whether certain Organizations are Component Units, an Amendment to GASB Statement No. 14*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, the Mississippi Delta Community College Development Foundation, Inc. (the Foundation) is deemed a component unit of the institution and is included as a discretely presented component unit in the financial statements. 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 of Mississippi Delta Community College in support of its programs.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Reporting Entity (Continued)**

During the year ended June 30, 2020, the Foundation distributed \$242,587 to the College. The complete financial statements of the Foundation can be obtained by writing to P.O. Box 668, Moorhead, MS 38761.

**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 GASB, including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis of Public Colleges and Universities*, issued in June and November, 1999, respectively. Mississippi Delta Community 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.

Beginning June 30, 2015, the College was required to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* as well as GASB Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement No. 68*. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures for pension plans. For defined benefit pensions, these statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Beginning June 30, 2018, the College was required to implement GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employers Plans*. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures for other post-employment benefits. For defined benefit OPEBs, these statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Basis of Accounting**

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

**Cash Equivalents**

For purposes of the Statement of Cash Flows, the College considers cash on hand, demand deposits and short-term investments with an original maturity of three months or less to be cash equivalents.

**Short Term Investments**

Short term investments consist of certificates of deposits held at a local bank.

**Accounts Receivable, Net**

Accounts receivable consists of tuition and fees charged to students, state and county appropriations, and amounts due from federal, state and private grants and contracts and credits due to the College from vendors. Accounts receivable are recorded net of an allowance for doubtful accounts.

**Inventories**

Inventories consist of bookstore merchandise and supplies. Inventories are stated at cost, with cost being determined principally on the first-in, first-out (FIFO) basis.

**Prepaid Expenses**

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

**Endowment Investments**

Endowment investments are generally subject to the restrictions of donor gift instruments. Mrs. James W. Lucas, Jr. of Jackson, Mississippi established the James W. Lucas, Jr. Scholarship award in memory of her late husband. She donated \$10,000 with the restriction that only the income earned on the principal is to be utilized.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Other Long-Term Investments**

The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of Nonoperating Revenues on the Statement of Revenues, Expenses and Changes in Net Position.

**Capital Assets, Net of Accumulated Depreciation**

Capital assets are recorded at cost at the date of acquisition, or, if donated, at acquisition value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed for all assets, excluding land, using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 6 for additional details concerning useful lives, salvage values, and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until the applicable period.

In addition to liabilities, the Statement of Net Position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until the applicable period.

The Statement of Net Position will report deferred outflows and inflows of resources as they relate to the pension reporting requirements of GASB Statement Nos. 68 and other post-employment benefit reporting requirements of GASB Statement No. 75.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Unearned Revenues**

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

**Compensated Absences**

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

**Long-Term Notes Payable**

Long-term notes payable is the unmatured principal of General Obligation notes held by the College.

**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. Pension investments are reported at fair value.

**Post-Employment Benefits Other than Pensions (OPEB)**

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Net Position**

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

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

Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors. Restricted nonexpendable net position is noncapital investment assets that must be approved by the College board of trustees before they can be used.

Unrestricted net position is the remaining net position less remaining noncapital liabilities which are not restricted – expendable.

The net position balance of \$27,961,800 at June 30, 2020, includes \$42,239,787 invested in capital assets, net of depreciation and debt, \$10,000 reserved for endowment, \$228,393 reserved for scholarships, \$2,728,249 reserved for capital projects, \$9,111 reserved for grants, \$96,069 reserved for unemployment compensation, and an unrestricted net deficit of (\$17,349,809).

Restricted resources are used first to fund appropriations.

**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 (3) most federal, state and local grants and contracts.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Classification of Revenues (Continued)**

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

**State Appropriations**

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

**Local Appropriations**

Mississippi Delta Community College receives funds from taxes levied by the counties in the district for general support, maintenance and capital improvements.

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Use of Estimates**

The financial statements have been prepared in conformity with generally accepted accounting principles and include amounts that are based on management's informed judgments and estimates. Accordingly, actual results could differ from those estimates.

**Fair Value Inputs and Methodologies and Hierarchy**

Fair value is defined as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value as follows:

Level 1 – Unadjusted price quotations in active market/exchanges for identical assets or liabilities that each fund has the ability to access.

Level 2 – Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets and liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 – Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the College's own assumptions used in determining the fair value of investments).

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). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 2: Cash and Cash Equivalents and Investments**

Cash and Cash Equivalents and Short-Term Investments:

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 ending June 30, 2020, the College had \$10,674,980 in cash and cash equivalents and \$2,225,000 in short-term investments.

The collateral pledged for the College 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 funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

*Custodial Credit Risk – Deposits* – Custodial credit risk is defined as risk that, in the event of the failure of a financial institution, the College will not be able to recover deposits or collateral securities that are in the possession of an outside party. The College does not have a formal deposit 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 institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the College. As of June 30, 2020, none of the College's bank balance of \$11,426,071 was exposed to custodial credit risk.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

At June 30, 2020, the College had the following certificates of deposits with a local bank.

| <u>Investment Type</u>       | <u>Interest Rate</u> | <u>Maturity</u>  | <u>Fair Value</u>   |
|------------------------------|----------------------|------------------|---------------------|
| Certificate of Deposit       | 0.75%                | October 26, 2020 | \$ 1,000,000        |
| Certificate of Deposit       | 0.75%                | October 26, 2020 | 1,225,000           |
| Total Short-Term Investments |                      |                  | <u>\$ 2,225,000</u> |

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

As of June 30, 2020, Mississippi Delta Community College held the following long-term investments:

| <u>Classification</u>       | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>      |
|-----------------------------|-------------------|----------------|----------------|-------------------|
| Stocks                      | \$ 4,691          | \$             | \$             | \$ 4,691          |
| Mutual Funds                | 469,694           |                |                | 469,694           |
| Total Long-Term Investments | <u>\$ 474,385</u> | <u>\$ -0-</u>  | <u>\$ -0-</u>  | <u>\$ 474,385</u> |

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

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

*Custodial Credit Risk* – Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Mississippi Delta Community College does not have a formal investment policy that addresses custodial credit risk. Of the College’s \$474,385 investment, \$292,433 is invested in Lord Abbet Affiliated Fund, \$177,261 is invested in the Columbia Balanced Fund with the balance invested in other stocks that are held by investment companies in the name of the College.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

*Concentration of Credit Risk* – Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. Mississippi Delta Community College does not have a formal investment policy that addresses concentration of credit risk. As of June 30, 2020, the College did not have any investments requiring disclosure in accordance with the disclosure requirements described above.

**Note 3: Accounts Receivable**

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

|   | Balance<br>06/30/20 |
|---|---------------------|
| Student tuition and fees                                | \$ 812,223          |
| Auxiliary enterprises and other operating activities    | 35,496              |
| Federal, state and nongovernmental grants and contracts | 2,295,936           |
| State appropriations                                    | 152,294             |
| Local appropriations                                    | 105,937             |
| Other receivables                                       | 624,879             |
| Total accounts receivable                               | 4,026,765           |
| Less: Allowance for doubtful accounts                   | (383,579)           |
| Net accounts receivable                                 | \$ 3,643,186        |

**Note 4: Inventory**

Inventory consists of bookstore inventory, which includes, books, clothing, supplies, memorabilia and refreshments. Total bookstore inventory at June 30, 2020 was \$504,200.

**Note 5: Prepaid Expenses**

Prepaid expenses consist primarily of insurance and service contracts and construction costs paid in the current year that will not be expensed until future years. Prepaid expenses at June 30, 2020 were \$3,438,763.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 6: Capital Assets**

A summary of the College's changes in capital assets for the year ended June 30, 2020, is shown below.

|                                       | Balance<br>07/01/19  | Additions           | Deletions             | Adjustments       | Balance<br>06/30/20  |
|---------------------------------------|----------------------|---------------------|-----------------------|-------------------|----------------------|
| Nondepreciable capital assets:        |                      |                     |                       |                   |                      |
| Land                                  | \$ 285,247           | \$                  | \$                    | \$                | \$ 285,247           |
| Construction in progress              | <u>6,217,884</u>     | <u>490,882</u>      | <u>(5,277,284)</u>    | <u></u>           | <u>1,431,482</u>     |
| Total nondepreciable capital assets   | <u>6,503,131</u>     | <u>490,882</u>      | <u>(5,277,284)</u>    | <u>-0-</u>        | <u>1,716,729</u>     |
| Depreciable capital assets:           |                      |                     |                       |                   |                      |
| Intangibles                           | 1,113,228            |                     |                       |                   | 1,113,228            |
| Improvements other than buildings     | 2,399,215            |                     |                       |                   | 2,399,215            |
| Buildings                             | 53,989,027           | 5,116,401           |                       | (5,398)           | 59,100,030           |
| Equipment                             | 6,597,879            | 586,654             | (506,472)             | (188,804)         | 6,489,257            |
| Library books                         | <u>857,959</u>       | <u>8,181</u>        | <u>(1,783)</u>        | <u></u>           | <u>864,357</u>       |
| Total depreciable capital assets      | 64,957,308           | 5,711,236           | (508,255)             | (194,202)         | 69,966,087           |
| Less accumulated depreciation for:    |                      |                     |                       |                   |                      |
| Intangibles                           | 1,113,228            |                     |                       |                   | 1,113,228            |
| Improvements other than buildings     | 1,299,502            | 46,075              |                       |                   | 1,345,577            |
| Buildings                             | 19,137,513           | 900,765             |                       | (455,468)         | 19,582,810           |
| Equipment                             | 4,853,766            | 443,647             | (487,365)             | (180,175)         | 4,629,873            |
| Library books                         | <u>830,704</u>       | <u>640</u>          | <u></u>               | <u></u>           | <u>831,344</u>       |
| Total accumulated depreciation        | <u>27,234,713</u>    | <u>1,391,127</u>    | <u>(487,365)</u>      | <u>(635,643)</u>  | <u>27,502,832</u>    |
| Total depreciable capital assets, net | <u>37,722,595</u>    | <u>4,320,109</u>    | <u>(20,890)</u>       | <u>441,441</u>    | <u>42,463,255</u>    |
| Total capital assets, net             | <u>\$ 44,225,726</u> | <u>\$ 4,810,991</u> | <u>\$ (5,298,174)</u> | <u>\$ 441,441</u> | <u>\$ 44,179,984</u> |

Amounts in the adjustments column reflect adjustments made to correct the cost of various assets placed in service in previous years and correct depreciation amounts recorded on manual summary schedules to agree with the amounts computed by the college's asset management software.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 6: Capital Assets (Continued)**

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:

| <u>Classification</u>                | <u>Estimated<br/>Useful<br/>Lives</u> | <u>Salvage<br/>Value</u> | <u>Capitalization<br/>Threshold</u> |
|--------------------------------------|---------------------------------------|--------------------------|-------------------------------------|
| Buildings                            | 40 Years                              | 20%                      | \$50,000                            |
| Improvements Other<br>Than Buildings | 20 Years                              | 20%                      | \$25,000                            |
| Equipment                            | 3 to 15 Years                         | 1% to 10%                | \$5,000                             |
| Library Books                        | 10 Years                              | 0%                       | \$0                                 |
| Intangibles                          | 5 Years                               | 0%                       | \$100,000                           |

**Note 7: Accounts Payable and Accrued Liabilities**

The accounts payable and accrued liabilities of the College primarily consist of amounts due to outside vendors for products, services, payroll related liabilities and sales taxes. Accrued liabilities includes amounts due to employees. The total amount of accounts payable and accrued liabilities at June 30, 2020 was \$1,696,895.

**Note 8: Deposits Refundable**

Deposits refundable represent faculty housing deposits of \$2,575 and funds held on deposit for the Department of Corrections from vocational night instructional payroll in the amount of \$30,000.

**Note 9: Other Current Liabilities**

Other current liabilities consist of agency fund monies in the amount of \$183,738 and interest payable in the amount of \$51,781.

**Note 10: Operating Leases**

The College leases a building in Greenwood, Mississippi. The lease expense for the year was \$122,882. The current lease agreement, which became effective on July 1, 2014, has a termination date of June 30, 2021. The remaining payments under the lease are shown on the following page.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 10: Operating Leases (Continued)**

| <u>Fiscal Year Ending</u> | <u>Lease Obligation</u>  |
|---------------------------|--------------------------|
| June 30, 2021             | \$ <u>122,822</u>        |
| Total lease obligation    | \$ <u><u>122,822</u></u> |

**Note 11: Notes Payable**

Notes payable consist of a general obligation notes. General obligation notes are direct obligations and pledge the full faith and credit of the College. General obligation notes currently outstanding is as follows:

| <u>Description</u>                     | <u>Balance<br/>07/01/19</u> | Additions    | <u>Reductions</u> | <u>Balance<br/>06/30/20</u> |
|--|-----------------------------|--------------|-------------------|-----------------------------|
| General Obligation Note<br>Series 2013 | \$ 1,036,197                | \$           | \$ (96,000)       | \$ 940,197                  |
| General Obligation Note<br>Series 2019 | \$ -0-                      | \$ 1,000,000 | \$                | 1,000,000                   |
| Less: Amounts due within one year      |                             |              |                   | <u>(179,000)</u>            |
| Long-term general obligation notes     |                             |              |                   | \$ <u><u>1,761,197</u></u>  |

The General Obligation Note, Series 2013 was issued on August 9, 2013 in the amount of \$1,550,000. The GO Note was financed over a period of 15 years at 3.2192296 percent interest and matures on August 9, 2028. The purpose of the note was to provide funding for the construction, equipping and furnishing of a student activity center, the Vandiver Student Union, on the main campus of the Mississippi Delta Community College and the payment of the issuance cost of the note. The amounts due and the dates due are shown below.

| <u>Due Date</u> | <u>Principal</u>         | <u>Interest</u>          | <u>Total</u>               |
|-----------------|--------------------------|--------------------------|----------------------------|
| August 9, 2020  | \$ 99,000                | \$ 34,039                | \$ 133,039                 |
| August 9, 2021  | 102,000                  | 31,613                   | 133,613                    |
| August 9, 2022  | 106,000                  | 28,910                   | 134,910                    |
| August 9, 2023  | 109,000                  | 25,836                   | 134,836                    |
| August 9, 2024  | 113,000                  | 22,348                   | 135,348                    |
| 2025 to 2028    | <u>411,197</u>           | <u>44,688</u>            | <u>455,885</u>             |
| Totals          | \$ <u><u>940,197</u></u> | \$ <u><u>187,434</u></u> | \$ <u><u>1,127,631</u></u> |

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 11: Notes Payable (Continued)**

The General Obligation Note, Series 2019 was issued on July 18, 2019 in the amount of \$1,000,000. The GO Note was financed over a period of 10 years at 2.4 percent interest and matures on July 18, 2029. The purpose of the note was to provide funding for the renovation, equipping and furnishing of an administration building and construction of a new bookstore, on the main campus of the Mississippi Delta Community College and the payment of the issuance cost of the note. The amounts due and the dates due are shown below.

| <u>Due Date</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|-----------------|---------------------|-------------------|---------------------|
| July 18, 2020   | \$ 80,000           | \$ 24,000         | \$ 104,000          |
| July 18, 2021   | 85,000              | 22,080            | 107,080             |
| July 18, 2022   | 90,000              | 20,040            | 110,040             |
| July 18, 2023   | 95,000              | 17,880            | 112,880             |
| July 18, 2024   | 100,000             | 15,600            | 115,600             |
| 2025 to 2029    | <u>550,000</u>      | <u>40,800</u>     | <u>590,800</u>      |
| Totals          | \$ <u>1,000,000</u> | \$ <u>140,400</u> | \$ <u>1,140,400</u> |

Total amounts due for both notes by fiscal year end are shown below.

| <u>Due in FY</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|------------------|---------------------|-------------------|---------------------|
| 2021             | \$ 179,000          | \$ 58,039         | \$ 237,039          |
| 2022             | 187,000             | 53,693            | 240,693             |
| 2023             | 196,000             | 48,950            | 244,950             |
| 2024             | 204,000             | 43,716            | 247,716             |
| 2025             | 213,000             | 37,948            | 250,948             |
| 2026 to 2030     | <u>961,197</u>      | <u>85,488</u>     | <u>1,046,685</u>    |
| Totals           | \$ <u>1,940,197</u> | \$ <u>327,834</u> | \$ <u>2,268,031</u> |

Total interest expense for all College debt the year ended June 30, 2020 was \$55,416.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 12: Pension Plan**

**General Information About the Pension Plan**

**Plan Description** – Mississippi Delta Community College contributes to the Public Employees’ Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees’ authority to determine contribution rates established by Miss. Code Ann. Section 25-11-1 et seq. (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees’ Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS and also at [www.pers.ms.gov](http://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-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entities participation in PERS by the PERS’ Board of Trustees. If approved, membership for the entity’s employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011) plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that a member is below 65, whichever is less. Average compensation is the average of the employee’s earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual allowance for each full year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 12: Pension Plan (Continued)**

**Contributions** – PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer’s rate as of June 30, 2020 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees’ authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The College’s contributions to PERS for the years ending June 30, 2020, 2019, and 2018, were \$2,222,165, \$1,962,434, and \$1,935,101, respectively, which equaled the required contributions for each year.

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

At June 30, 2020, the College reported a liability of \$33,424,749 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The College’s portion 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, as actuarially determined. The College’s proportionate share used to calculate the June 30, 2020 net pension liability was .19 percent, which was based on a measurement date of June 30, 2019. There was no change from its proportionate share of .19 percent used to calculate the June 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended June 30, 2020, the College recognized pension expense of \$3,217,022. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown on the next page.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 12: Pension Plan (Continued)**

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

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 19,773                                 | \$ 35,979                                |
| Net difference between expected and actual earnings on pension plan investments                      |   | 365,680                                  |
| Changes of assumptions   | 327,701                                   |  |
| Changes in proportion and differences between contributions and proportionate share of contributions |   |  |
| Contributions subsequent to the measurement date   | <u>2,222,165</u>                          |  |
| Total  | <u>\$ 2,569,639</u>                       | <u>\$ 401,659</u>                        |

The \$2,222,165 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

| <u>Fiscal year ending June 30:</u> | <u>Amount</u>      |
|------------------------------------|--------------------|
| 2021                               | \$ 167,223         |
| 2022                               | (473,340)          |
| 2023                               | 99,331             |
| 2024                               | <u>152,601</u>     |
| Total                              | <u>\$ (54,185)</u> |

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 12: Pension Plan (Continued)**

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

|                           |   |
|---------------------------|---|
| Inflation                 | 2.75 percent  |
| Salary increases          | 3.00 to 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 the best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <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                 | <u>1.00</u>              | 0.25 %  |
| Total                | 100.00 %                 |   |

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 12: 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%). 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 one (1) percentage-point lower (6.75 percent) or one (1) percentage-point higher (8.75 percent) than the current rate (7.75 percent):

|  | 1%<br>Decrease<br><u>6.75%</u> | Current<br>Discount Rate<br><u>7.75%</u> | 1%<br>Increase<br><u>8.75%</u> |
|--|--------------------------------|--|--------------------------------|
| Proportionate share of net pension liability | \$ 43,937,990                  | \$ 33,424,749                            | \$ 24,747,012                  |

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 13: Other Post-Employment Benefits**

**General Information About the OPEB Plan**

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

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 13: Other Post-Employment Benefits (Continued)**

**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 \$65,021 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 \$1,784,079 for its proportionate share of the net OPEB liability. The net OPEB liability was measured at June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the College's portion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the College's proportionate share was .21025254 percent, an increase of .00498764 percent from the College's proportionate share of .20526490 percent as of the measurement date of June 30, 2018.

For the year ended June 30, 2020, the College recognized OPEB expense of \$97,482. At June 30, 2020 the College reported the deferred outflows of resources and deferred inflows of resources related to OPEB from the sources shown on the following page:

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 13: Other Post-Employment Benefits (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB (Continued)**

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 2,698                                  | \$ 25,537                                |
| Net difference between expected and actual earnings on OPEB plan investments                         | 34  |  |
| Changes of assumptions   | 133,008                                   | 92,513                                   |
| Changes in proportion and differences between contributions and proportionate share of contributions | 34,806                                    | 33,221                                   |
| Contributions subsequent to the measurement date   | <u>65,021</u>                             |  |
| Total  | <u>\$ 235,567</u>                         | <u>\$ 151,271</u>                        |

The \$65,021 reported as deferred outflows of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as shown on the following page:

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 13: Other Post-Employment Benefits (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB (Continued)**

| <u>Fiscal year ending June 30:</u> | <u>Amount</u>    |
|------------------------------------|------------------|
| 2021                               | \$ (4,285)       |
| 2022                               | (4,285)          |
| 2023                               | (4,285)          |
| 2024                               | 767              |
| 2025                               | 20,825           |
| Thereafter                         | <u>10,538</u>    |
| Total                              | <u>\$ 19,275</u> |

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

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 13: Other Post-Employment Benefits (Continued)**

**Actuarial Assumptions (Continued)**

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 expected rate of return on OPEB plan investments is 4.50%.

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

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 13: Other Post-Employment Benefits (Continued)**

**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%) or 1-percentage-point higher (4.50%) than the current discount rate:

|   | <u>1%<br/>Decrease<br/>2.50%</u> | <u>Current<br/>Discount Rate<br/>3.50%</u> | <u>1%<br/>Increase<br/>4.50%</u> |
|---|----------------------------------|--|----------------------------------|
| Proportionate share of net OPEB liability | \$ 1,981,800                     | \$ 1,784,079                               | \$ 1,614,910                     |

**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:

|   | <u>1%<br/>Decrease</u> | <u>Healthcare<br/>Cost Trend<br/>Rate - Current</u> | <u>1%<br/>Increase</u> |
|---|------------------------|---|------------------------|
| Proportionate share of net OPEB liability | \$ 1,653,224           | \$ 1,784,079  | \$ 1,932,315           |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 14: Effect of Deferred Amounts on Net Position**

The unrestricted net deficit amount of (\$17,349,809) includes the effect of deferring the recognition of expenses resulting from deferred outflows of resources from the College's pension and other post-employment benefits (OPEB) plans. A portion of the deferred outflows of resources related to pensions is in the amount of \$2,222,165 and resulted from the College's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Another portion of the deferred outflows of resources related to OPEB and is in the amount of \$65,021 and resulted from plan contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

The unrestricted net position also includes the effect of deferring the recognition of the net difference between expected and actual experience relating to the pension and OPEB plans. The \$16,206 net balance of the deferred outflows and inflows of resources at June 30, 2020 relating to the pension plan will be recognized as income and increase unrestricted net position over the next two years. The \$22,839 net balance of the deferred outflows and inflows of resources at June 30, 2020 relating to the OPEB plan and will be recognized as income and increase unrestricted net position over the remaining six years.

Unrestricted net position also includes the effect of deferring the recognition of the net difference between expected and actual earnings on the pension and OPEB plan investments. The \$365,680 balance of the deferred inflows of resources at June 30, 2020 relating to the pension plan will be recognized as expense and decrease unrestricted net position over the next four years. The \$34 balance of the deferred outflows of resources at June 30, 2020, relating to the OPEB plan will be recognized as expense and decrease the unrestricted net position over the remaining six years.

Unrestricted net position also includes the effect of deferring the recognition of the changes in actuarial assumptions utilized in developing the net pension and OPEB liabilities. The \$327,701 balance of the deferred outflows of resources at June 30, 2020 relating to the pension plan will be recognized as income and increase unrestricted net position over the next four years. The \$40,495 balance of the deferred inflows of resources related to other post-employment benefits will be recognized as expense and decrease the unrestricted net position over the remaining six years.

Unrestricted net position also includes the effect of the changes in the proportionate share of OPEB plan investments. The \$1,585 balance of the net deferred outflows and inflows of resources at June 30, 2020, relating to the OPEB plan will be recognized as expense and decrease the unrestricted net position over the remaining six years.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 15: Natural Classifications with Functional Classifications**

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

| Functional Classification       | Year Ended June 30, 2020 |                     |                         |                     |                   |                   |                               |                     |                   |                      |
|---------------------------------|--------------------------|---------------------|-------------------------|---------------------|-------------------|-------------------|-------------------------------|---------------------|-------------------|----------------------|
|                                 | Natural Classification   |                     |                         |                     |                   |                   |                               |                     |                   |                      |
|                                 | Salaries<br>& Wages      | Fringe<br>Benefits  | Contractual<br>Services | Commodities         | Travel            | Utilities         | Scholarships<br>& Fellowships | Depreciation        | Other             | Total                |
| Instruction                     | \$ 7,990,496             | \$ 3,560,648        | \$ 527,840              | \$ 568,813          | \$ 113,674        | \$ 107,232        | \$ 11,680                     | \$ -0-              | \$ 60,767         | \$ 12,941,150        |
| Academic Support                | 293,452                  | 101,800             | 39,510                  | 18,223              | 2,368             | -0-               | -0-                           | -0-                 | 1,811             | 457,164              |
| Student Services                | 1,677,463                | 568,818             | 278,436                 | 240,747             | 70,779            | -0-               | -0-                           | -0-                 | 22,927            | 2,859,170            |
| Institutional Support           | 2,436,157                | 824,696             | 1,061,694               | 204,397             | 41,888            | 187,809           | -0-                           | -0-                 | 5,216             | 4,761,857            |
| Operation of Plant              | 734,439                  | 274,124             | 1,113,364               | 273,030             | 3,301             | 433,956           | -0-                           | -0-                 | 53,530            | 2,885,744            |
| Student Aid                     | -0-                      | -0-                 | -0-                     | -0-                 | -0-               | -0-               | 3,944,241                     | -0-                 | -0-               | 3,944,241            |
| Auxiliary Enterprises           | 269,211                  | 94,785              | 1,041,212               | 1,061,300           | -0-               | 161,709           | -0-                           | -0-                 | 1,578             | 2,629,795            |
| Depreciation                    | -0-                      | -0-                 | -0-                     | -0-                 | -0-               | -0-               | -0-                           | 1,391,127           | -0-               | 1,391,127            |
| <b>Total Operating Expenses</b> | <b>\$ 13,401,218</b>     | <b>\$ 5,424,871</b> | <b>\$ 4,062,056</b>     | <b>\$ 2,366,510</b> | <b>\$ 232,010</b> | <b>\$ 890,706</b> | <b>\$ 3,955,921</b>           | <b>\$ 1,391,127</b> | <b>\$ 145,829</b> | <b>\$ 31,870,248</b> |

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 16: Greenville Higher Education Center**

Enacted into law in the 2007 Legislative Session of the State of Mississippi was a bill that transferred ownership of the Greenville Higher Education Center (GHEC) to Mississippi Delta Community College. The effective date of this change was July 1, 2007. The value of the building along with its contents is approximately thirteen (13) million dollars. The operation of the center is funded through a combination of state support and self-generated monies. The previous employees of the GHEC all became full time employees of Mississippi Delta Community College on the same transition date of July 1, 2007.

Since its inception in 2001, the GHEC has been a collaborative endeavor of three educational facilities, which are Mississippi Delta Community College, Mississippi Valley State University and Delta State University. Currently Mississippi Delta Community College offers the first two years of undergraduate work and Mississippi Valley State University and Delta State University offer junior and senior year studies as well as some graduate work at the center.

**Note 17: Unemployment Compensation Trust Fund**

The College maintains a self-funded unemployment compensation fund. The fund exists to provide a mechanism for the College to fund and budget the cost of providing unemployment benefits to eligible former employees. The fund does not pay benefits directly to these former employees; rather it reimburses the Mississippi Department of Employment Security for benefits it pays directly to these individuals. The fund is required to be maintained at a level of 2% of the first \$6,000 of salary for each full-time employee of the College. At June 30, 2020, the fund was adequately funded with a balance of \$96,069.

**Note 18: Insurance Recoveries**

Mississippi Delta Community College received total insurance recoveries in the amount of \$391,837 during the year; of this amount \$384,926 was received as reimbursement for fire damage to the Stauffer-Wood Administration Building, and \$6,911 was received as reimbursement for damage to College vehicles. These amounts are included as part of Other Nonoperating Revenues in the Statement of Revenues, Expenses and Changes in Net Position.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 19: Concentrations**

Mississippi Delta Community College receives a significant portion of its revenues from federal and state funding programs and grants. Future funding of these programs is necessary for the College to continue the current level of its programs and courses offered.

**Note 20: Risk Management**

Mississippi Delta Community 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 three past fiscal years.

**Note 21: Contingencies**

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

**Note 22: Accounting Standards Update**

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

**Note 23: Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Mississippi Delta Community College evaluated the activity of the College through April 12, 2021 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Note 1: Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities**

The Mississippi Delta Community College Development Foundation, Inc. (the Foundation) was incorporated on April 5, 1989. The Foundation is a tax-exempt non-profit corporation within the meaning of Internal Revenue Code Section 501(c)(3). The major purpose of the Foundation is to raise funds for capital improvements and to provide scholarships for the students of Mississippi Delta Community College.

**Financial Statement Presentation**

The Foundation implemented the revised financial reporting and disclosure provisions of Financial Accounting Standards Update (ASU) No. 2016-14 for the year ended June 30, 2019. The new standard requires the presentation of two classes of net assets which are based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is when the stipulated time has elapsed, when the stipulated purpose for the resource was restricted has been fulfilled, or both.

The Foundation reports contributions received by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purposed restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-imposed contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

**Use of Estimates**

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

**Contributions**

All contributions received are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions support that increase that net asset class. However, if a restriction is fulfilled in the same period in which the contribution is received, the Foundation reports the support as net assets without donor restrictions.

**Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises that are to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included in support until the conditions are substantially met.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Property and Equipment**

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. The Foundation capitalizes all property and equipment additions with a useful life of more than one year. Donated property and equipment is capitalized at its estimated fair value on the date of its donation.

**Income Taxes**

The Foundation is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of Internal Revenue Code. The State of Mississippi's income tax laws also recognize the Foundation as a tax-exempt organization for Mississippi income tax purposes.

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, the Foundation considers cash and all unrestricted highly liquid investments purchased with an initial maturity date of three months or less to be cash equivalents.

**Note 2: Restrictions on Net Assets**

Net assets with donor restrictions are available for the following purposes:

|   |                     |
|---|---------------------|
| Student scholarships                            | \$ 1,240,823        |
| Athletic programs                               | 37,449              |
| Phi Theta Kappa                                 | 5,804               |
| Faculty development                             | 83,259              |
| Various academic and administration departments | 51,192              |
| Contribution pledges receivable                 | <u>92,542</u>       |
| Total net assets with donor restrictions        | <u>\$ 1,511,069</u> |

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 3: Investments**

The Foundation's investments at June 30, 2020 consisted of the following:

|                                 |                         |
|---------------------------------|-------------------------|
| Mutual funds:                   |                         |
| Stock funds                     | \$ 696,276              |
| Bond funds                      | <u>631,151</u>          |
| Total mutual funds              | 1,327,427               |
| Exchange traded products        |                         |
| Equity exchange traded products | 620,958                 |
| Other exchange traded products  | <u>161,934</u>          |
| Total exchange traded products  | <u>782,892</u>          |
| <br>Total investments           | <br>\$ <u>2,110,319</u> |

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2020:

|   | Net Assets<br>Without Donor<br>Restrictions | Net Assets<br>With Donor<br>Restrictions | Total            |
|---|---|--|------------------|
| Interest income                                 | \$ 2,626                                    | \$                                       | \$ 2,626         |
| Dividend income                                 | 35,036                                      | 36,023                                   | 71,059           |
| Realized capital gains (losses)                 | 10,893                                      | 11,201                                   | 22,094           |
| Increase (decrease) in unrealized capital gains | <u>(24,462)</u>                             | <u>(25,152)</u>                          | <u>(49,614)</u>  |
| Total investment return                         | 24,093                                      | 22,072                                   | 46,165           |
| Less: Investment fees expense                   | <u>(10,523)</u>                             | <u></u>                                  | <u>(10,523)</u>  |
| Net investment return                           | \$ <u>13,570</u>                            | \$ <u>22,072</u>                         | \$ <u>35,642</u> |

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Note 4: Fair Value Measurements**

FASB ASC Topic 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 three levels of the fair value hierarchy under FASB ASC Topic 820-10 are described 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 the 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

*Mutual Funds* – Mutual funds are valued at the closing price quoted in the active markets in which the individual securities are traded.

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Note 4: Fair Value Measurements (Continued)**

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following schedule sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value at June 30, 2020.

|   | Level 1             | Level 2    | Level 3    | Total               |
|---|---------------------|------------|------------|---------------------|
| Mutual funds and<br>exchange traded funds | \$ <u>2,110,319</u> | <u>-0-</u> | <u>-0-</u> | \$ <u>2,110,319</u> |

**Note 5: Promises to Give**

Unconditional promises to give consist of the following at June 30, 2020:

|                                    |                   |
|------------------------------------|-------------------|
| Unconditional promises to give     | \$ 124,750        |
| Less: Unamortized discount         | <u>(4,697)</u>    |
| Net unconditional promises to give | \$ <u>120,053</u> |
| Amounts due in:                    |                   |
| Less than one year                 | \$ 89,750         |
| One to five years                  | 33,000            |
| More than five years               | <u>2,000</u>      |
| Net amount                         | \$ <u>124,750</u> |

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 5% when the donor makes an unconditional promise to give to the Foundation.

**MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Note 6: Equipment**

Equipment at June 30, 2020 consists of the following:

|                                |                 |
|--------------------------------|-----------------|
| Vehicle                        | \$ 9,456        |
| Less: Accumulated depreciation | <u>(5,674)</u>  |
| Net amount                     | <u>\$ 3,782</u> |

**Note 7: Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the Statement of Net Position date, include the following:

|  |                     |
|--|---------------------|
| Cash                                       | \$ 273,988          |
| Certificates of deposit                    | 170,379             |
| Investments                                | 2,110,319           |
| Promises to give                           | 120,053             |
| Less accounts payable                      | (7,400)             |
| Less net assets with<br>donor restrictions | <u>(1,511,069)</u>  |
|  | <u>\$ 1,156,270</u> |

**Note 8: Concentration of Credit Risk**

The Foundation maintains its cash balances in a local bank and at a brokerage firm. At various times throughout the year and at year end the balance in the bank exceeded the FDIC insurance limit of \$250,000.

**Note 9: Subsequent Events**

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of Mississippi Delta Community College Development Foundation, Inc. has evaluated the activity of the Foundation through April 12, 2021 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Proportionate Share of Net Pension  
Liability for the Last Ten Fiscal Years\***

|  | <b>2020</b>   | <b>2019</b>   | <b>2018</b>   | <b>2017</b>   | <b>2016</b>   | <b>2015</b>   |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Proportion of net pension liability  | 0.19%         | 0.19%         | 0.19%         | 0.19%         | 0.21%         | 0.22%         |
| Proportionate share of net pension liability   | \$ 33,424,749 | \$ 31,602,645 | \$ 31,584,448 | \$ 33,938,745 | \$ 32,461,859 | \$ 26,703,971 |
| Covered payroll  | \$ 12,459,884 | \$ 12,277,346 | \$ 12,681,346 | \$ 12,375,919 | \$ 13,031,194 | \$ 13,583,913 |
| Proportionate share of the net pension liability<br>(asset) as a percentage of its covered payroll | 268.26%       | 257.41%       | 249.06%       | 274.23%       | 249.11%       | 196.59%       |
| Plan fiduciary net position as a percentage of<br>the total pension liability                      | 61.59%        | 62.54%        | 61.49%        | 57.47%        | 61.70%        | 67.21%        |

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

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

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. However, GASB Statement No. 68 was implemented for the fiscal year ending June 30, 2015 and, until the full ten-year trend is compiled, the information is only presented for the years in which the information is available.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of PERS Contributions  
for the Last Ten Fiscal Years**

|   | <b>2020</b>    | <b>2019</b>    | <b>2018</b>    | <b>2017</b>    | <b>2016</b>    | <b>2015</b>    |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contributions                                    | \$ 2,222,165   | \$ 1,962,434   | \$ 1,935,101   | \$ 1,997,306   | \$ 1,952,308   | \$ 2,052,413   |
| Contributions in relation to the<br>contractually required contribution | \$ (2,222,165) | \$ (1,962,434) | \$ (1,935,101) | \$ (1,997,306) | \$ (1,952,308) | \$ (2,052,413) |
| Contribution deficiency (excess)  | -0-            | -0-            | -0-            | -0-            | -0-            | -0-            |
| Covered payroll   | \$12,772,513   | \$12,459,884   | \$12,277,346   | \$12,681,617   | \$12,375,919   | \$13,031,194   |
| Contributions as a percentage<br>of covered payroll                     | 17.40%         | 15.75%         | 15.76%         | 15.75%         | 15.78%         | 15.75%         |

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

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. However, GASB Statement No. 68 was implemented for the fiscal year ending June 30, 2015, and, until the full ten-year trend is compiled, the information is only presented for the years in which the information is available.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Proportionate Share of Net OPEB  
Liability for the Last Ten Fiscal Years\***

|  | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|-------------|
| Proportion of net OPEB liability   | 0.21%       | 0.21%       | 0.21%       |
| Proportionate share of net OPEB liability  | \$1,784,079 | \$1,587,827 | \$1,645,752 |
| Covered-employee payroll   | \$9,628,359 | \$9,345,571 | \$9,423,690 |
| Proportionate share of net OPEB liability (asset)<br>as a percentage of its covered-employee payroll | 18.53%      | 16.99%      | 17.46%      |
| Plan fiduciary net position as a percentage of<br>the total OPEB liability                           | 0.12%       | 0.13%       | 0.00%       |

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

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

The amounts used to calculate the covered-employee payroll were based on the College's proportionate share of the plan's covered employee payroll as of the measurement date.

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. However, GASB Statement No. 75 was implemented for the fiscal year ending June 30, 2018, and, until the full ten-year trend is compiled, the information is only presented for the years in which the information is available.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of OPEB Contributions  
for the Last Ten Fiscal Years**

|   | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        |
|---|--------------------|--------------------|--------------------|
| Actuarially determined contributions                                      | \$ 65,021          | \$ 71,511          | \$ 70,161          |
| Contributions in relation to the<br>contractually determined contribution | <u>\$ (65,021)</u> | <u>\$ (71,511)</u> | <u>\$ (70,161)</u> |
| Contribution deficiency (excess)  | -0-                | -0-                | -0-                |
| Covered-employee payroll  | \$9,628,359        | \$9,345,571        | \$9,423,690        |
| Contributions as a percentage of<br>covered-employee payroll              | 0.68%              | 0.77%              | 0.74%              |

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

The amounts used to calculate the covered-employee payroll were based on the College's proportionate share of the plan's covered employee payroll as of the measurement date.

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. However, GASB Statement No. 75 was implemented for the fiscal year ending June 30, 2018, and, until the full ten-year trend is compiled, the information is only presented for the years in which the information is available.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Pension Schedules**

**Note 1: Changes of Benefit Terms**

There are no changes of benefit terms to report.

**Note 2: Changes of Assumptions**

- 2019
  - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
    - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
    - For females, 85% of females rates from ages 18 to 65 scaled up to 102% from ages 75 to 119.
    - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
  - The expectation of disabled mortality was changed to PubT.H-2010 Retiree Table for disabled retirees with the following adjustments:
    - For males, 137% of male rates at all ages.
    - For females, 115% of female rates at all ages.
    - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
  - 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%.
  
- 2017
  - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
  - The inflation assumption was reduced from 3.75% to 3.25%.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

**Pension Schedules (Continued)**

**Note 2: Changes of Assumptions (Continued)**

- 2016
  - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
  
- 2015
  - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
  - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
  - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
  - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

**Note 3: Changes in Benefit Provisions**

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

**Pension Schedules (Continued)**

**Note 4: 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 evaluation 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 |

**OPEB Schedules**

**Note 1: Changes of Benefit Terms**

There are no changes of benefit terms to report.

**Note 2: Changes of Assumptions**

- 2019
  - The discount rate was changed from 3.89% for the prior measurement date to 3.50% 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.
- 2017
  - The discount rate was changed from 3.01% for the prior measurement date to 3.56% for the current measurement date.

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

**OPEB Schedules (Continued)**

**Note 3: Changes in Benefit Provisions**

There are no changes of benefit provisions to report for 2017 through 2019.

**Note 4: Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

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

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

**SUPPLEMENTARY INFORMATION**

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title                                 | Pass-Through<br>Entity/Grant<br>Identifying Number | Federal<br>CFDA<br>Number | Federal<br>Expenditures |
|--|--|---------------------------|-------------------------|
| <u>U.S. Department of Education</u>  |  |                           |                         |
| Student Financial Assistance Cluster:  |  |                           |                         |
| Federal Supplemental Educational Opportunity Grants  | P007A192252  | 84.007                    | \$ 148,389              |
| Federal Work-Study Program   | P033A192252  | 84.033                    | 49,661                  |
| Federal Pell Grant Program   | P063P191711  | 84.063                    | <u>7,795,505</u>        |
| Total Student Financial Assistance Cluster   |  |                           | <u>7,993,555</u>        |
| Other U.S. Department of Education Programs:   |  |                           |                         |
| Strengthening Minority Serving Institutions  | P382A150005  | 84.382                    | 806,833                 |
| COVID-19 - Education Stabilization Fund  | P425E203248  | 84.425E                   | 1,371,972               |
| COVID-19 - Education Stabilization Fund  | P425F200949  | 84.425F                   | <u>293,290</u>          |
| Total COVID-19 - Education Stabilization Fund  |  |                           | 1,665,262               |
| Pass-Through Programs From:  |  |                           |                         |
| Mississippi Community College Board - Adult<br>Education - Basic Grants to States                | V002A190025  | 84.002                    | 228,119                 |
| Mississippi Department of Education - Career and<br>Technical Education - Basic Grants to States | None Assigned                                      | 84.048                    | <u>1,172,541</u>        |
| Total Other U.S. Department of Education Programs:   |  |                           | <u>3,872,755</u>        |
| Total U.S. Department of Education   |  |                           | \$ <u>11,866,310</u>    |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title   | Pass-Through<br>Entity/Grant<br>Identifying Number | Federal<br>CFDA<br>Number | Federal<br>Expenditures |
|--|--|---------------------------|-------------------------|
| <u>U.S. Department of Agriculture</u>  |  |                           |                         |
| Community Facilities Loans and Grants  | 60405  | 10.766                    | \$ 35,900               |
| Pass-Through Programs From:  |  |                           |                         |
| Mississippi Department of Human Services -<br>Pilot Projects to Reduce Dependence and to<br>Increase Requirements and Work Efforts<br>Under SNAP | None Assigned                                      | 10.596                    | <u>10,350</u>           |
| Total U.S. Department of Agriculture   |  |                           | 46,250                  |
| <u>U.S. Department of Labor</u>  |  |                           |                         |
| WIOA Cluster:  |  |                           |                         |
| Pass-Through Programs From:  |  |                           |                         |
| Mississippi Department of Employment Security -<br>Various WIA/WIOA Programs   | None Assigned                                      | 17.XXX                    | 258,415                 |
| Pass-Through Programs From:  |  |                           |                         |
| South Delta Planning and Development District:   |  |                           |                         |
| WIOA Adult Program   | 19-511-200   | 17.258                    | 24,890                  |
| WIOA Adult Program   | 19-551-201   | 17.258                    | 77,436                  |
| WIOA Adult Program   | MFG 19-511   | 17.258                    | <u>764</u>              |
| Total WIOA Adult Program   |  |                           | <u>103,090</u>          |
| Pass-Through Programs From:  |  |                           |                         |
| South Delta Planning and Development District:   |  |                           |                         |
| WIOA Dislocated Worker Formula Grants  | 19-511-200   | 17.278                    | 19,557                  |
| WIOA Dislocated Worker Formula Grants  | 19-551-201   | 17.278                    | 60,843                  |
| WIOA Dislocated Worker Formula Grants  | MFG 19-511   | 17.278                    | 601                     |
| Mississippi Community College Board:   |  |                           |                         |
| WIOA Dislocated Worker Formula Grants  | None Assigned                                      | 17.278                    | <u>1,247</u>            |
| Total WIOA Dislocated Worker Formula Grants  |  |                           | <u>82,248</u>           |
| Total WIOA Cluster:  |  |                           | \$ <u>443,753</u>       |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title                  | Pass-Through<br>Entity/Grant<br>Identifying Number | Federal<br>CFDA<br>Number | Federal<br>Expenditures            |
|---|--|---------------------------|------------------------------------|
| <u>U.S. Department of Treasury</u>  |  |                           |                                    |
| Pass-Through Programs From:   |  |                           |                                    |
| Mississippi Department of Finance and Administration -<br>Coronavirus Relief Fund | None Assigned                                      | 21.019                    | \$ <u>18,134</u>                   |
| Total U.S. Department of Treasury   |  |                           | 18,134                             |
| <u>U. S. Department of Veterans Affairs</u>                                       |  |                           |                                    |
| Post-Vietnam Era Veterans' Education Assistance                                   | None Assigned                                      | 64.120                    | <u>705</u>                         |
| Total U. S. Department of Veterans Affairs  |  |                           | <u>705</u>                         |
| <u>U.S. Department of Health and Human Services</u>                               |  |                           |                                    |
| Pass-Through Programs From:   |  |                           |                                    |
| Mississippi Community College Board - Temporary<br>Assistance for Needy Families  | None Assigned                                      | 93.558                    | <u>9,150</u>                       |
| Total U.S. Department of Health and Human Services                                |  |                           | <u>9,150</u>                       |
| <u>U.S. Department of Homeland Security</u>                                       |  |                           |                                    |
| Pass-Through Programs From:   |  |                           |                                    |
| Mississippi Office of Homeland Security - Homeland<br>Security Grant Program      | 19LE700  | 97.067                    | <u>23,586</u>                      |
| Total U.S. Department of Homeland Security  |  |                           | <u>23,586</u>                      |
| Total Other Programs  |  |                           | 541,578                            |
| <b>Total Expenditure of Federal Awards</b>  |  |                           | <b>\$ <u><u>12,407,888</u></u></b> |

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

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
NOTES TO THE SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020**

**Notes to the Schedule of Expenditures of Federal Awards**

**Note 1: Basis of Presentation**

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mississippi Delta Community College under programs of the federal and state governments for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Mississippi Delta Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Mississippi Delta Community College.

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Indirect Cost Rate**

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

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

**J. E. VANCE & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

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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 President and Board of Trustees  
Mississippi Delta Community College  
P.O. Box 668  
Moorhead, Mississippi 38761

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of Mississippi Delta Community College as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Mississippi Delta Community College's basic financial statements, and have issued our report thereon dated April 12, 2021. The financial statements of Mississippi Delta Community College Development Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Mississippi Delta 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 Mississippi Delta Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Mississippi Delta 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mississippi Delta Community College's financial statements are free of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of 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.

A handwritten signature in black ink that reads "J. E. Vance + Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi  
April 12, 2021

**J. E. VANCE & COMPANY, P.A.**  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE**

To the President and Board of Trustees  
Mississippi Delta Community College  
P.O. Box 668  
Moorhead, Mississippi 38761

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

We have audited Mississippi Delta Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mississippi Delta Community College's major federal programs for the year ended June 30, 2020. Mississippi Delta 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.

**Auditor's Responsibility**

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

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control Over Compliance**

Management of Mississippi Delta 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 Mississippi Delta Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mississippi Delta 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 as that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*J&E Vance + Company*

Tupelo, Mississippi  
April 12, 2021

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

To the President and Board of Trustees  
Mississippi Delta Community College  
P.O. Box 668  
Moorhead, Mississippi 38761

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Mississippi Delta Community College as of and for the year ended June 30, 2020, which collectively comprise Mississippi Delta Community College's basic financial statements and have issued our report thereon dated April 12, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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



Tupelo, Mississippi  
April 12, 2021

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Section 1: Summary of Auditor's Results**

Financial Statements:

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued on the financial statements:                              | Unmodified    |
| 2. Material Noncompliance relating to the financial statements?                              | No            |
| 3. Internal control over financial reporting:  |               |
| a. Material weakness(es) identified?   | No            |
| b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- |  |   |
|--|---|
| 4. Type of auditor's report issued on compliance for major programs:                         | Unmodified  |
| 5. Internal control over major programs:   |   |
| a. Material weakness(es) identified?   | No  |
| b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? | None Reported                                       |
| 6. Any audit finding(s) reported as required by 2 CFR 200.516(a)?                            | No  |
| 7. Federal programs identified as major programs:  |   |
| a. Student Financial Assistance Cluster:   |   |
| CFDA 84.007  | Federal Supplemental Educational Opportunity Grants |
| CFDA 84.033  | Federal Work-Study Program                          |
| CFDA 84.063  | Federal Pell Grant Program                          |
| b. Strengthening Minority Serving Institutions   |   |
| CFDA 84.382  |   |

**MISSISSIPPI DELTA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

- c. Educational Stabilization Fund Under the Coronavirus Aid Relief and Economic Act:  
 CFDA 84.425E COVID-19 – Education Stabilization Fund  
 CFDA 84.425F COVID-19 – Education Stabilization Fund
8. The dollar threshold used to distinguish between Type A and Type B programs: \$750,000
9. Auditee qualified as low-risk auditee? Yes
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? No

**Section 2: Financial Statement Findings**

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

**Section 3: Federal Award Findings and Questioned Costs**

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