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Senatobia, Mississippi 38668

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President

JEFF HORTON
Vice President for Administration and Finance

CONNIE JOSEPH
Director of Accounting

AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Fortenberry & Ballard, PC
Certified Public Accountants

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Northwest Mississippi Community College
Senatobia, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Northwest Mississippi Community College, the Northwest Mississippi Community College Foundation, as of and for the year ended June 30, 2021, and December 31, 2020, and the related notes to the financial statements, which collectively comprise the Northwest Mississippi Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Northwest Mississippi Community College Foundation 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.

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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Northwest Mississippi Community College and of its discretely presented component unit, as of June 30, 2021 and December 31, 2020, respectively, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of College's Contributions (PERS), the Schedule of the College's Proportionate Share of the Net OPEB Liability, and the Schedule of College Contributions (OPEB) on pages 8 to 21 and 59 to 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of the Northwest Mississippi Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northwest Mississippi 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 Northwest Mississippi Community College's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 6, 2022

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2021

This section of the Northwest Mississippi Community College (the "College") annual financial report presents our discussion and analysis of the financial performance of the College during the fiscal year ended June 30, 2021. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of the college's management.

Using this Report

This annual report consists of a series of financial statements, prepared in accordance with the Government Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

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

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

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

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

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Condensed Statement of Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	Increase (Decrease)
Assets			
Current Assets	\$ 26,712,579	\$ 21,616,109	\$ 5,096,470
Non Current Assets			
Other	42,406,106	39,390,737	3,015,369
Long-term Receivable	500,000	500,000	-
Capital, Net	<u>105,233,277</u>	<u>89,824,759</u>	<u>15,408,518</u>
 Total Assets	 <u>174,851,962</u>	 <u>151,331,605</u>	 <u>23,520,357</u>
 Deferred Outflows of Resources	 <u>12,659,237</u>	 <u>9,753,416</u>	 <u>2,905,821</u>
 Liabilities			
Current Liabilities	7,013,678	2,616,356	4,397,322
Noncurrent Liabilities	<u>116,475,304</u>	<u>112,765,222</u>	<u>3,710,082</u>
 Total Liabilities	 <u>123,488,982</u>	 <u>115,381,578</u>	 <u>8,107,404</u>
 Deferred Inflows of Resources	 <u>6,811,801</u>	 <u>6,897,251</u>	 <u>(85,450)</u>
 Net Position			
Net Investment in Capital Assets	96,956,909	89,824,759	7,132,150
Restricted			
Expendable	124,137	12,012,609	(11,888,472)
Unrestricted	<u>(39,870,630)</u>	<u>(63,031,176)</u>	<u>23,160,546</u>
 Total Net Position	 <u><u>\$ 57,210,416</u></u>	 <u><u>\$ 38,806,192</u></u>	 <u><u>\$ 18,404,224</u></u>

Assets

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the College's bank accounts that are unrestricted as to its use. The total amount of cash and cash equivalents reported as current assets on the College financial statements was \$21,124,283 at June 30, 2021, compared to the fiscal year 2020 amount of \$16,480,517. This increase is due to current year expenditures paid for in a subsequent period. In addition to an increase of net income, accounts payable increased proportionately to cash.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Management's Discussion and Analysis

For the Year Ended June 30, 2021

Accounts Receivable

Accounts receivable relate to several transactions including county appropriations, accrued interest, student tuition and fee billings, and auxiliary enterprise sales such as food service and bookstore. In addition, accounts receivable arise from grant awards and financial aid revenues. The receivables are shown net of an allowance for doubtful accounts. Accounts receivable was \$4,974,151 at June 30, 2021, compared to the fiscal year 2020 amount of \$4,466,692. This increase is a result of timing of fiscal year 2021 state aid. June state aid receipts were accrued at year end and received in the 2022 fiscal year.

Inventories

The College maintains inventories of merchandise for resale in the Northwest Bookstore. Books, student supplies, and institutional memorabilia make up the majority of the resale inventory. Inventories totaled \$500,087 at June 30, 2021, and \$557,172 at June 30, 2020. This decrease can be attributed to the College's expansion of to electronic books for the 2021 fiscal year, decreasing the amount of bookstore inventory necessary.

Long-term Receivable-Current Portion

Long-term receivable consists of the agreement with Marshall County to pay the College \$1,000,000 of back taxes over a period of ten years. The outstanding balance reported as a current asset at June 30, 2021 was \$100,000, which is due in the next fiscal year.

Prepaid Expenses

Prepaid Expenses consist of amounts paid for insurance premiums which cover the next fiscal year and amounts submitted to the Bureau of Buildings for the College's share of future construction projects. Prepaid expenses totaled \$14,058 at June 30, 2021, in comparison to \$11,728 at June 30, 2020.

Non-current Assets

Restricted Cash and Cash Equivalents

Cash and cash equivalents that are considered restricted, non-current assets include cash held in restricted funds to be used for the purpose of maintaining the required balance in the unemployment compensation fund and cash held in the unexpended plant fund for future capital improvements. The amount of restricted cash and cash equivalents at June 30, 2021 totaled \$42,406,106, in comparison to \$39,390,737 at June 30, 2020.

Long-term Receivable

Long-term receivable consists of the agreement with Marshall County to pay the College \$1,000,000 of back taxes over a period of ten years. The outstanding balance reported as a long-term asset at June 30, 2021 totaled \$500,000 and 2020 was \$500,000.

Capital Assets, Net

Capital assets, net, consist of land, livestock, construction in progress, improvements and infrastructure, buildings, equipment, and historical library holdings at June 30, 2021. The amount reported is net of accumulated depreciation. Capital assets, net, totaled to \$105,233,277 at June 30, 2021, in comparison to \$89,824,759 at June 30, 2020. The largest portion of capital assets of the College consists of buildings. The amount reported prior to depreciation at June 30, 2021 totaled \$106,355,663 or 73.55% of total capital assets compared to \$106,355,663 or 75.40% of total capital assets at June 30, 2020. These building are used for housing students, classrooms, and faculty and staff offices.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Management's Discussion and Analysis

For the Year Ended June 30, 2021

Deferred Outflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflow of resources consist Other Post Employment Benefits "OPEB" as well as pensions. The deferred outflow of resources related to OPEB totals \$780,629 at June 30, 2021 compared to \$573,888 at June 30, 2020. The deferred outflow of resources related to pension totals \$11,878,608 at June 30, 2021 compared to \$9,179,528 at June 30, 2020. This increase in deferred outflow is related to increases in deferred outflow from the State retirement system's performance in fiscal year 2020 (measurement period of PERS).

Liabilities

Current Liabilities

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts due at June 30, 2021 for employee benefits, accrued payroll, and for unpaid goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$5,875,140 at June 30, 2021, in comparison to \$2,109,434 at June 30, 2020. This increase is attributed to amounts expended for capital projects at year end paid for in a subsequent period.

Unearned Revenue

Unearned revenue represents revenue that was received by the College during the fiscal year that the College had not earned or expended by the end of the June 30, 2021 fiscal year. The unearned revenue totaled \$344,890 at June 30, 2021, and \$296,215 at June 30, 2020.

Bond Payable, current portion

The current portion of bond payable is \$450,000. A bond was issued in fiscal year 2020 for the purposes of financing college facility construction. The debt will mature on March 1, 2050.

Other Current Liabilities

Other current liabilities represent the amounts held in an agency capacity for student clubs and other organizations. The amount of other current liabilities at June 30, 2021 was \$84,552, as compared to \$63,850 at June 30, 2020.

Non-current Liabilities

Deposits Refundable

Deposits refundable represent assets belonging to an individual for which the College acts as custodian. Deposits refundable at June 30, 2021 consist of room deposits paid by dormitory students and held in reserve by the College for the students. The deposits are refunded once the student withdraws from the dormitory. The total amount held for others at June 30, 2021 was \$64,085 and \$137,160 at June 30, 2020.

Net OPEB Liability

This liability is the College's present obligation to pay OPEB in the future, which is calculated as the present value of the projected future benefit payments attributable to current and former employees' services rendered. This is also considered the part of an employees' compensation earned and deferred for future payment. The net OPEB liability was \$3,682,477 at June 30, 2021, with \$120,246 considered due within

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2021

the next fiscal year, while the at June 30, 2020 the net OPEB liability was \$4,012,590, plus \$146,857 considered due within the next fiscal year.

Net Pension Liability

This liability is the College's present obligation to pay pension benefits in the future, which is calculated as the present value of the projected future benefit payments attributable to current and former employees' services rendered. This is also considered the part of an employees' compensation earned and deferred for future payment. The net pension liability was \$85,411,194 at June 30, 2021 and \$80,588,828 at June 30, 2020. This increase is a direct result in the State retirement system's performance for the year ended June 30, 2020 (PERS measurement period).

Deferred Inflow of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The deferred inflow of resources related to OPEB totals \$916,044 at June 30, 2021 and \$276,012 at June 30, 2020. The deferred inflow of resources related to pensions totals \$5,895,757 at June 30, 2021 and \$6,621,239 at June 30, 2020. This decrease is a direct result in the State retirement system's performance for the year ended June 30, 2020 (PERS measurement period).

Net Position

Net position represents the difference between the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. During fiscal year 2021, total net position increased by \$18,404,224 or 47.43%. The College's net position is presented as unrestricted, restricted – expendable, and net investment in capital assets. This increase is a direct reflection on the College's ability to control finances during the COVID-19 pandemic. Further analysis of the College's net position is seen in the "Analysis of Net Position" and "Operating Expenses" sections below.

Analysis of Net Position

Unrestricted net position is net position available to the College for any lawful purpose. The following is a breakdown of unrestricted net position as of June 30, 2021 and June 30, 2020:

	June 30, 2021	June 30, 2020	Increase (Decrease)
Unrestricted General Fund	\$ 41,399,284	\$ 14,706,400	\$ 26,692,884
Unrestricted Debt Obligations	-	(895,947)	895,947
Unrestricted Auxiliary Fund	1,976,322	5,050,481	(3,074,159)
Unrestricted OPEB and Pension Fund	(83,246,236)	(81,892,110)	(1,354,126)
Total Unrestricted Net Position	<u>\$ (39,870,630)</u>	<u>\$ (63,031,176)</u>	<u>\$ 23,160,546</u>

The College was able to increase Unrestricted Net Position despite a net loss in OPEB and Pension Fund's Net Position. The College's pension expense related to the State retirement system was \$6.4 million in fiscal year 2021.

Restricted - expendable net position consist of gifts or grants from third-parties with specific expenditure and/or other legal restrictions. The following is a breakdown of Restricted – expendable net position as of June 30, 2021 and June 30, 2020:

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Management's Discussion and Analysis

For the Year Ended June 30, 2021

	June 30, 2021	June 30, 2020	Increase (Decrease)
Restricted - expendable for			
Unemployment benefits	\$ 124,137	\$ 119,850	\$ 4,287
Capital projects	<u>-</u>	<u>11,892,759</u>	<u>(11,892,759)</u>
Total Restricted - Expendable			
Net Position	<u>\$ 124,137</u>	<u>\$ 12,012,609</u>	<u>\$ (11,888,472)</u>

The increase in Restricted- Expendable Net Position is due to transfers from the general fund for capital projects.

Net investment in capital assets, consists of the College's net position invested in capital assets less the amount of outstanding capital related debt:

	June 30, 2021	June 30, 2020	Increase (Decrease)
Net investment in capital assets	<u>\$ 96,956,909</u>	<u>\$ 89,824,759</u>	<u>\$ 7,132,150</u>

This increase is due to the College's new additions exceeding depreciation on capital assets.

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

For the year ended June 30, 2021 with comparative information for the year ended June 30, 2020:

	June 30, 2021	June 30, 2020	Variance Positive (Negative)
Total Operating Revenues	\$ 59,789,583	\$ 43,089,311	\$ 16,700,272
Total Operating Expenses	<u>82,870,493</u>	<u>72,829,776</u>	<u>(10,040,717)</u>
Net Operating Loss	(23,080,910)	(29,740,465)	6,659,555
Nonoperating Revenues(Expenses):	<u>27,102,659</u>	<u>27,760,059</u>	<u>(657,400)</u>
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	4,021,749	(1,980,406)	6,002,155
Total Other Revenues, Expenses, Gains, or Losses	<u>14,382,475</u>	<u>7,447,324</u>	<u>6,935,151</u>
Change in Net Position	18,404,224	5,466,918	12,937,306
Net Position			
Net Position Beginning of Year	<u>38,806,192</u>	<u>33,339,274</u>	<u>5,466,918</u>
Net Position End of Year	<u>\$ 57,210,416</u>	<u>\$ 38,806,192</u>	<u>\$ 18,404,224</u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Total operating loss for the fiscal year 2021 was \$23,080,910, while the loss for fiscal year 2020 was \$29,740,465. Since the State of Mississippi appropriation is not included within operating revenue per GASB No. 35, the College will always show a significant operating loss.

The sources of operating revenue for the College are tuition and fees, grants and contracts, auxiliary services, and other operating revenue.

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

Total operating revenues for fiscal year 2021 were \$59,789,583, compared to \$43,089,311 for fiscal year 2020. Tuition and fees were \$14,009,248, compared to \$10,849,148 for fiscal year 2020, net of the tuition discount which was \$11,889,342 for fiscal year 2021, compared to \$12,125,997 for fiscal year 2020. The increase in operating revenue is due to an increase in tuition as well as adding several new fees for fiscal year 2021.

Operating expenses for fiscal year 2021, including depreciation and amortization of \$4,404,019, and pension expense of \$6,411,525, totaled \$82,870,493. Operating expenses for fiscal year 2020 totaled \$72,829,776, including depreciation and amortization of \$3,707,831, and pension expense of \$6,899,558. Operating expenses increased in the current fiscal year due to a decrease in capital related repairs and maintenance projects that did not meet capitalization thresholds.

Instructional expenditures composed 29.98% of the fiscal year 2021 operating expenses and 34.42% of the fiscal year 2020 operating expenses.

Revenues

Operating Revenues

Tuition and Fees

Tuition and fees includes all tuition and related fees assessed for educational purposes totaling \$25,898,590 for fiscal year 2021, in comparison to \$22,975,145 for fiscal year 2020. The tuition discount for the 2021 fiscal year was \$11,889,342 compared to the fiscal year 2020 tuition discount of \$12,125,997. The tuition and fees increase is a due to an increase in tuition costs as well as new fees charged in fiscal year 2021. This is also the cause for the increase in the tuition discount.

Grants and Contracts

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

The following table details the College's grant and contract awards for the fiscal years ended June 30, 2021 and June 30, 2020.

	June 30, 2021	June 30, 2020	Increase (Decrease)
Federal Sources	\$ 35,013,264	\$ 22,173,484	\$ 12,839,780
State Sources	4,029,881	4,289,820	(259,939)
Other Sources	514,490	618,019	(103,529)
Total All Sources	<u>\$ 39,557,635</u>	<u>\$ 27,081,323</u>	<u>\$ 12,476,312</u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Management's Discussion and Analysis

For the Year Ended June 30, 2021

The federal sources increased due to stimulus funds received related to the COVID-19 pandemic. State funds decreased due to the COVID-19 pandemic causing the College to be shut down for several months in fiscal year 2021. This decreased the amount of workforce training that could take place, therefore decreasing the amount of state sources received.

Sales and Services from Educational Activities

Sales and services from educational activities that totaled \$168,981 for the 2021 fiscal year as compared to \$222,597 for the 2020 fiscal year.

Sales and Services from Auxiliary Enterprises, Net

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

Auxiliary enterprises primarily include the Northwest Bookstore, student housing, and food services. Auxiliary enterprises revenue, net of scholarship allowances, totaled \$5,078,873 for the 2021 fiscal year as compared to \$4,056,022 for the 2020 fiscal year. The discount for scholarship allowance was \$3,630,135 for fiscal year 2021 and \$3,808,890 for fiscal year 2020.

Other operating revenues

Other operating revenues consist of income from various activities and miscellaneous sources. These revenues that totaled \$974,846 for the 2021 fiscal year as compared to \$880,221 for the 2020 fiscal year.

Operating Expenses

Operating expenses for fiscal year 2021 totaled \$82,870,493 including salaries and benefits of \$34,602,591, OPEB expense of \$96,646, pension expense of \$6,411,525, scholarships of \$9,130,857, utilities of \$1,505,254, commodities/supplies of \$13,087,485, contractual services of \$12,878,140, travel of \$292,067, depreciation and amortization of \$4,404,019, and other operating expense of \$461,909. Operating expenses for fiscal year 2020 totaled \$72,829,776 including salaries and benefits of \$34,975,438, OPEB expense of \$230,992, pension expense of \$6,899,558, scholarships of \$7,184,236, utilities of \$1,697,169, commodities/supplies of \$7,875,386, contractual services of \$9,337,927, travel of \$327,811, depreciation and amortization of \$3,707,831, and other operating expense of \$593,428.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Expenses by Function:

	June 30, 2021	June 30, 2020	Increase (Decrease)
Instruction	\$ 24,844,476	\$ 25,069,481	\$ (225,005)
Academic Support	1,008,762	1,060,498	(51,736)
Student Services	5,808,936	5,474,458	334,478
Institutional Support	14,351,748	8,016,809	6,334,939
Operations and Maintenance of Plant	10,530,685	9,916,750	613,935
Student Financial Aid	7,924,240	6,048,933	1,875,307
Auxiliary Enterprises	7,489,456	6,404,466	1,084,990
OPEB Expense	96,646	230,992	(134,346)
Pension Expense	6,411,525	6,899,558	(488,033)
Depreciation and amortization	4,404,019	3,707,831	696,188
Total Operating Expenses by Function	<u>\$ 82,870,493</u>	<u>\$ 72,829,776</u>	<u>\$ 10,040,717</u>

The increase in operating expenses is due to the continued implementation of a new ERP system. Expenses related to Student Financial Aid and Auxiliary Enterprises increased as a result of grant funds awarded to students and the college institution as financial support related to the COVID19 pandemic.

Non-operating Revenues (Expenses)

State Appropriations

The College's largest source of non-operating revenue is the State of Mississippi appropriations. These appropriations were for educational and general operations of the College. The College received \$20,828,949 for fiscal year 2021 compared to \$22,030,923 for fiscal year 2020.

Local Appropriations

The College also receives non-operating revenue of county appropriations from the eleven-county district in which the college resides. The College uses the education and general portion of the appropriations for salaries, benefits, and other operational purposes. The College receives the appropriation in monthly payments, beginning in July of each year. The College received \$6,745,599 in county appropriations for fiscal year 2021, compared to \$6,382,990 for fiscal year 2020.

Interest Income, Net

Interest income includes the amount earned on cash in the bank accounts and from certificates of deposit. The interest income for fiscal year 2021 was \$140,270, as compared to \$227,158 for fiscal year 2020.

Other Revenues, Expenses, Gains, and Losses

State Appropriations Restricted for Capital Purposes

State appropriations restricted for capital purposes consist of construction and renovation expenditures made by the State Bureau of Buildings and Real Property Management on behalf of the College. The expenditures were from the State of Mississippi and were to construct, renovate, or repair capital assets. Total amount expended on behalf of the College during the fiscal year 2021 was \$7,390,036, as compared to \$540,465 for fiscal year 2020. This increase reflects expenses related to the construction of a new student housing facility.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Management's Discussion and Analysis

For the Year Ended June 30, 2021

Local Appropriations for Capital Purposes

The College receives non-operating revenue of county appropriations from the eleven county district in which the college resides. The College uses the improvement portion of the appropriations to repair, maintain, and improve campus facilities; and any debt service portion of appropriations for the payment of debt principal and interest. The College received \$6,990,039 in local appropriations for capital purposes for fiscal year 2021, compared to \$6,608,155 for fiscal year 2020.

Capital Grants and Gifts

Capital grants and gifts include revenue received from outside agencies restricted for capital projects during the fiscal year and the value of capital assets donated to the college. The amount of this grant totaled \$0 for fiscal year 2021 as compared to \$312,657 for fiscal year 2020. Capital grants consist of reimbursed career-technical equipment purchases.

Other Additions (Deletions), net

Other additions and deletions, net consist of amounts not reported elsewhere on the statements. Included in this amount are gain/(loss) on disposal of capital assets, increase/(decrease) in value of livestock inventory, as well as other miscellaneous non-operating revenues and (expenses). The total amount for fiscal year 2021 was \$2,400 compared to (\$13,953) for fiscal year 2020.

Statement of Cash Flows

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

The Statement of Cash Flows also helps the user to assess the College's:

- Ability to generate future cash flows,
- Ability to meet obligations as they come due, and
- Need for external financing.

Condensed Statement of Cash Flows (Direct Method)

For the fiscal year ended June 30, 2021 and June 30, 2020:

	June 30, 2021	June 30, 2020	Variance Positive (Negative)
Cash and Cash Equivalents Provided (Used) by:			
Operating Activities	\$ (13,493,026)	\$ (25,441,029)	\$ 11,948,003
Noncapital Financing Activities	27,169,660	28,546,790	(1,377,130)
Capital and Related Financing Activities	(6,157,769)	30,779,758	(36,937,527)
Investing Activities	140,270	227,158	(86,888)
Net Increase (Decrease) in Cash and Cash Equivalents	7,659,135	34,112,677	(26,453,542)
Cash and Cash Equivalents - Beginning of Year	55,871,254	21,758,577	34,112,677
Cash and Cash Equivalents - End of Year	\$ 63,530,389	\$ 55,871,254	\$ 7,659,135

The major sources of funds included in operating activities for fiscal year 2021 include student tuition and fees, \$8,893,377; auxiliary enterprises, \$5,081,983; and grants and contracts, \$39,626,655. The major uses

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2021

of funds for fiscal year 2021 were payments made to employees and benefit providers, \$39,137,407; payments made to suppliers, \$23,108,680; and for scholarships, \$4,202,769.

In comparison, the major sources of funds included in operating activities for fiscal year 2020 include student tuition and fees, \$5,595,530; auxiliary enterprises, \$4,010,741; and grants and contracts, \$26,690,146. The major uses of funds for fiscal year 2021 were payments made to employees and benefit providers, \$40,226,798; payments made to suppliers, \$18,416,545; and for scholarships, \$2,208,200.

The largest inflow of cash in the noncapital financing activities group is the State of Mississippi appropriation of \$20,555,096 in fiscal year 2021, as compared to \$22,215,202 in fiscal year 2020.

Significant Capital Asset and Related Financing Transactions

The College began or continued construction of multiple capital projects including a performing arts center using bond proceeds received in fiscal year 2020 as well as an excess of funds in unrestricted college funds.

Financial Implications of GASB Pronouncements

The College implemented GASB 68 in fiscal year 2015, and GASB 75 in fiscal year 2018. The objectives of these GASB Statements are to improve accounting and financial reporting by state and local governmental entities related to pensions and OPEB. The implications of these pronouncements distort the College's true activity and financial position; therefore, the following statements eliminate the impact of these GASB Statements to provide a more useful report on the College's operations and net position. Depreciation is also removed, as this expense is non-budgeted and non-cash.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2021

GASB 68 and 75 Impact on Net Position	June 30, 2021	June 30, 2020	Increase (Decrease)
Total Net Position	<u>\$ 57,210,416</u>	<u>\$ 38,806,192</u>	<u>\$ 18,404,224</u>
Deferred Outflows of Resource- Pension	(11,878,608)	(9,179,528)	(2,699,080)
Deferred Outflows of Resource- OPEB	(780,629)	(573,888)	(206,741)
Deferred Inflows of Resource- Pensions	5,895,757	6,621,239	(725,482)
Deferred Inflows of Resource- OPEB	916,044	276,012	640,032
Net Pension Liability	85,411,194	80,588,828	4,822,366
Net OPEB Liability	<u>3,682,477</u>	<u>4,159,447</u>	<u>(476,970)</u>
Total Impact on GASB 68 and 75	<u>83,246,235</u>	<u>81,892,110</u>	<u>1,354,125</u>
Net Position net of GASB 68 and 75	<u>140,456,651</u>	<u>120,698,302</u>	<u>19,758,349</u>
Less Net Investments in Capital Assets	(96,956,909)	(89,824,759)	(7,132,150)
Less Restricted Net Postion	<u>(124,137)</u>	<u>(12,012,609)</u>	<u>11,888,472</u>
Unrestricted Net of GASB 68 and 75	<u>\$ 43,375,605</u>	<u>\$ 18,860,934</u>	<u>\$ 24,514,671</u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2021

**GASB 68, GASB 75, and Other Non-cash
Items Impact on Change in Net Position**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Change in Net Position	\$ 18,404,224	\$ 5,466,918	\$ 12,937,306
GASB 68 Impact	1,257,479	1,667,305	(409,826)
GASB 75 Impact	96,646	230,992	(134,346)
Depreciation	<u>4,404,019</u>	<u>3,707,831</u>	<u>696,188</u>
Change in Net Position after GASB 68, GASB 75, and Other Non-cash Items	\$ 24,162,368	\$ 11,073,046	\$ 13,089,322
Change in Net Position- Operation	4,378,738	5,498,985	(1,120,247)
Change in Net Position- Plant	17,041,151	1,426,783	15,614,368

Factors Impacting Future Periods

There are a number of issues that are directly impacting the community college system as a whole. The sluggish economy at the local, state, and national level, the uncertainty in the level of State appropriations, the pressure to provide increases in employee compensation in order to retain and attract quality faculty and staff, and increases in retirement contributions, insurance and energy cost impact the College's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs, while minimizing increases in student tuition and fees. State appropriations are now the second largest source of revenue for the College and, therefore, one of the key factors influencing the College's financial condition.

In addition to these operational challenges, deferred maintenance and repairs, new technology, and new construction projects in order to adapt to industry standards and expectations are large challenges facing the College in the years to come. The College continues to assess its performance toward identified goals and seek ways to achieve greater efficiencies and reduce expenditures in an effort to assist in meeting the future challenges.

With the continued effects of COVID-19, the College is adapting to the need for remote learning options, by using federal grants to provide e-learning tools to faculty and students alleviating concerns about face to face instruction. Additionally, the College will continue to use pandemic related Federal grant funding to offset tuition cost incurred by students. Once the pandemic subsides, it is anticipated to see an uptick in enrollment.

The College is also accredited through the Southern Association of Colleges and Schools Commission on Colleges ("SACSCOC"). Continued accreditation is the backbone for a higher education institution like the College in order to assure the educational quality and improve effectiveness of the institution. The College's accreditation was reaffirmed by SACSCOC in June 2020. The next decision on reaffirmation of accreditation through the SACSCOC is scheduled for June of 2027.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Northwest Mississippi Community College is fortunate to have strong support from the local community through the foundation, individuals, and businesses, as well as the eleven county district. This support has been extremely helpful in providing our students with additional opportunities to further their educational goals and our ability to meet those goals.

FINANCIAL STATEMENTS

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Statement of Net Position

June 30, 2021

Assets

Current Assets

Cash and cash equivalents	\$ 21,124,283
Accounts receivables, net	4,974,151
Inventories	500,087
Long-term receivable, current portion	100,000
Prepaid expenses	14,058
Total Current Assets	<u>26,712,579</u>

Non-current Assets

Restricted cash and cash equivalents	42,406,106
Long-term receivable	500,000
Capital assets, net of accumulated depreciation	105,233,277
Total Non-current Assets	<u>148,139,383</u>

Total Assets	<u>174,851,962</u>
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Deferred Outflows of Resources

OPEB	780,629
Pensions	11,878,608
Total Deferred Outflows of Resources	<u>12,659,237</u>

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	5,875,140
Unearned revenue	344,890
Bond payable, current portion	450,000
Premium on bond, current portion	138,850
Net OPEB liability, current portion	120,246
Other current liabilities	84,552
Total Current Liabilities	<u>7,013,678</u>

Non-current Liabilities

Deposits refundable	64,085
Bond payable	23,550,000
Premium on bond	3,887,794
Net OPEB liability	3,562,231
Net pension liability	85,411,194
Total Non-current Liabilities	<u>116,475,304</u>

Total Liabilities	<u>123,488,982</u>
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Deferred Inflows of Resources

OPEB	916,044
Pensions	5,895,757
Total Deferred Inflows of Resources	<u>6,811,801</u>

Net Position

Net investment in capital assets	96,956,909
Restricted for	
Unemployment compensation	124,137
Unrestricted	<u>(39,870,630)</u>
Total Net Position	<u>\$ 57,210,416</u>

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

Northwest Mississippi Community College Foundation
(A component unit of Northwest Mississippi Community College)
Statement of Financial Position
December 31, 2020

	<u>2020</u>
Assets	
Cash and cash equivalents	\$ 223,810
Unconditional promises to give, net	74,638
Investments	<u>13,775,451</u>
Total Assets	<u>14,073,899</u>
 Liabilities:	
Total Liabilities	<u>-</u>
 Net Assets:	
Without donor restrictions (See Note 2)	133,875
With donor restrictions (See Note 2)	<u>13,940,024</u>
Total Net Assets	<u>\$ 14,073,899</u>

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

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

Operating Revenues	
Tuition and fees (net of scholarship allowances of \$11,889,342)	\$ 14,009,248
Federal grants and contracts	35,013,264
State grants and contracts	4,029,881
Nongovernmental grants and contracts	514,490
Sales and services of educational departments	168,981
Auxiliary enterprises:	
Bookstore (net of scholarship allowances of \$2,274,952)	3,103,404
Food Services (net of scholarship allowances of \$719,724)	1,033,650
Student housing (net of scholarship allowances of \$635,459)	862,722
Other Auxiliary revenues	79,097
Other operating revenues	974,846
Total Operating Revenues	59,789,583
Operating Expenses	
Salaries and wages	29,836,284
Fringe benefits	4,766,307
OPEB Expense	96,646
Pension expense	6,411,525
Travel	292,067
Contractual services	12,878,140
Utilities	1,505,254
Scholarships and fellowships	9,130,857
Commodities	13,087,485
Depreciation and amortization expense	4,404,019
Other operating expenses	461,909
Total Operating Expenses	82,870,493
Operating Income (Loss)	(23,080,910)
Non-operating Revenues (Expenses)	
State Appropriations	20,828,949
Local Appropriations	6,745,599
Insurance loss recoveries	348,988
Interest income	140,270
Interest expense on capital asset-related debt	(961,147)
Net Non-operating Revenues (Expenses)	27,102,659
Income (Loss) Before Other Revenues, Expenses, Gains and Losses	4,021,749
Other Revenues, Expenses, Gains, and Losses	
State appropriations restricted for capital purposes	7,390,036
Local appropriations restricted for capital purposes	6,990,039
Other additions (deletions), net	2,400
Net Other Revenues, Expenses, Gains, and Losses	14,382,475
Changes in Net Position	18,404,224
Net Position - Beginning of year	38,806,192
Net Position - End of year	\$ 57,210,416

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

Northwest Mississippi Community College Foundation
(A component unit of Northwest Mississippi Community College)
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	\$ 72,596	\$ 858,507	\$ 931,103
Investment income, net	539	1,238,920	1,239,459
Special events, net	26,347	-	26,347
Net assets released from restrictions (See Note 2)	794,092	(794,092)	-
Total revenue	<u>893,574</u>	<u>1,303,335</u>	<u>2,196,909</u>
Expenses			
Program services			
Distributions for educational purposes	821,630	-	821,630
Total program services	<u>821,630</u>	<u>-</u>	<u>821,630</u>
Support services			
Management and general	73,136	-	73,136
Fundraising	292,545	-	292,545
Total support services	<u>365,681</u>	<u>-</u>	<u>365,681</u>
Total expenses (See Note 7)	<u>1,187,311</u>	<u>-</u>	<u>1,187,311</u>
Change in net assets before before contributed services	(293,737)	1,303,335	1,009,598
Contributed services from Northwest Community College	<u>365,681</u>	<u>-</u>	<u>365,681</u>
Change in Net Assets	<u>71,944</u>	<u>1,303,335</u>	<u>1,375,279</u>
Net Assets at Beginning of Year	61,931	12,636,689	12,698,620
Net Assets at End of Year	<u>\$ 133,875</u>	<u>\$ 13,940,024</u>	<u>\$ 14,073,899</u>

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

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Statement of Cash Flows - Direct Method
For the Year Ended June 30, 2021

Cash Flows from Operating Activities

Tuition and fees	\$ 8,893,377
Grants and contracts	39,626,655
Sales and services of educational departments	168,981
Payments to suppliers	(23,108,680)
Payments to employees for salaries and benefits	(39,137,407)
Payments for utilities	(1,505,254)
Payments for scholarships and fellowships	(4,202,769)
Auxiliary enterprise charges:	
Bookstore	3,103,404
Food services	1,033,650
Student housing	865,832
Other	79,097
Other receipts (payments)	690,088
Net Cash Provided (Used) by Operating Activities	<u>(13,493,026)</u>

Cash Flows from Noncapital Financing Activities

State appropriations	20,555,096
Local appropriations	6,593,862
Agency transfers (net)	20,702
Federal loan receipts	3,969,919
Federal loan disbursements	(3,969,919)
Net Cash Provided by Noncapital Financing Activities	<u>27,169,660</u>

Cash Flows from Capital and Related Financing Activities

Cash paid for capital assets	(12,420,101)
Capital appropriations received	6,845,592
Capital debt interest paid	(932,240)
Other sources (uses)	348,980
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,157,769)</u>

Cash Flows from Investing Activities

Interest received on investments	140,270
Net Cash Provided (Used) by Investing Activities	<u>140,270</u>

Net Increase (Decrease) in Cash and Cash Equivalents	7,659,135
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Cash and Cash Equivalents - Beginning of the Year	<u>55,871,254</u>
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Cash and Cash Equivalents - End of the Year	<u>\$ 63,530,389</u>
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continued

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

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Statement of Cash Flows - Direct Method
For the Year Ended June 30, 2021

**Reconciliation of Operating Income (Loss) to Net Cash
Provided (Used) by Operating Activities:**

Operating income (loss)	\$ (23,080,910)
Adjustments to reconcile net income (loss) to net cash provide (used) by operating activities	
Depreciation and amortization expense	4,404,019
Changes in assets and liabilities	
(Increase) decrease in assets:	
Receivables, net	62,586
Inventories	57,085
Prepaid expenses	(2,330)
Deferred outflows	(2,905,821)
Increase (decrease) in liabilities:	
Accounts payable	3,736,799
Unearned revenues	48,675
Deposits refundable	(73,075)
Deferred inflows	(85,450)
Net OPEB liability	(476,970)
Net pension liability	4,822,366
Total adjustments	<u>9,587,884</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (13,493,026)</u></u>

Supplemental Disclosure of Non-cash Operating, Capital, and Financing Activities

Tuition and fees	\$ 4,928,088
Institutional payments for scholarships and fellowships	(4,928,088)
Payments by State on construction	<u>7,390,036</u>
Total Non-cash Operating, Capital, and Financing Activities	<u><u>\$ 7,390,036</u></u>

Cash and Cash Equivalents

Cash and cash equivalents classified as current assets	\$ 21,124,283
Cash and cash equivalents classified as non-current assets	<u>42,406,106</u>
Total Cash and Cash Equivalents	<u><u>\$ 63,530,389</u></u>
	concluded

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

Northwest Mississippi Community College Foundation
(A component unit of Northwest Mississippi Community College)
Statement of Cash Flow
For the year ended December 31, 2020

	<u>2020</u>
Cash flows from operating activities:	
Increase (decrease) in net assets	\$ 1,375,279
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Realized and unrealized (gains) losses on investments, net	(970,580)
Contributions restricted for long-term purposes:	
Amortization of discount on unconditional promises to give	<u>778</u>
Net cash provided by operating activities	<u>405,477</u>
Cash flows from investing activities:	
Purchase of investments	(196,748)
Interest and dividends restricted for reinvestment	<u>(268,340)</u>
Net cash used in investing activities	<u>(465,088)</u>
Net increase (decrease) in cash	(59,611)
Cash at beginning of year	<u>283,421</u>
Cash at end of year	<u><u>\$ 223,810</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies.

- A. Nature of Operations – Northwest Mississippi Community College (the “College”) is a comprehensive two-year community and technical college. The College provides the students of its eleven county district and beyond with the opportunity to obtain an affordable quality education through academic and career technical curricula leading to certificates, diplomas, or associates degrees.
- B. Reporting Entity – The College was founded in 1928 and is one of Mississippi’s 15 public community colleges. The College operates at four campuses: the main campus in Senatobia, Mississippi, Desoto Center at Southaven and Olive Branch, Mississippi, and Lafayette-Yalobusha Technical Center at Oxford, Mississippi. The legal authority for the establishment of Northwest Mississippi Community College is found in Section 37-29-31, Miss. Code Ann. (1972).

The College is governed by a twenty-two member board of trustees, selected by the board of supervisors of Benton, Calhoun, Desoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica, and Yalobusha Counties who support the district through locally assessed ad valorem tax millage. One of the trustees from each of the supporting counties must be the county superintendent of education, unless the superintendent chooses not to serve, in which case, the county board of supervisors shall fill the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5-year term. In addition, the College works jointly with the Mississippi Community College Board, which coordinates the efforts of all 15 community and junior colleges as they serve the taxpayers of the State of Mississippi.

Northwest Mississippi Community College reports the following discretely presented component unit:

Northwest Mississippi Community College Foundation (the “Foundation”) - The Foundation is a non-profit organization founded in 1975 and located on the Northwest Mississippi Community College’s campus. Its purpose is to raise funds to assist the college perform its mission and to provide scholarships for qualifying students of the College. The Foundation raises funds primarily by seeking donations and sponsoring fund-raising events.

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

During the year ended June 30, 2021, the Foundation provided \$513,795 to the College in the form of scholarships to students. Significant note disclosures applicable to the Foundation’s financial statements are presented at the end of the College’s Notes to the Financial Statements. Complete financial statements for the Foundation can be obtained from: 4975 Highway 51 North – Senatobia, MS 38668.

- C. Basis of Presentation – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (“GASB”), including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis of Public College and Universities*, issued June and November, 1999, respectively.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

The College prepares its financial statements as a business-type activity in conformity with applicable pronouncements of GASB. The College has the option to apply any other accounting literature unless the literature conflicts with or contradicts a GASB pronouncement.

- E. Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.
- F. Accounts Receivable – Accounts receivable consist of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts, local governments, and credits due to the College from vendors. Accounts receivables are recorded net of an allowance for doubtful accounts.
- G. Inventories – Inventories consist of books, supplies, and dry goods in the bookstore. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out (“FIFO”) basis or the average cost basis.
- H. Prepaid Expenses – Prepaid expenses include insurance premiums paid during the current fiscal year which are applicable to the succeeding fiscal year(s).
- I. Restricted Cash and Cash Equivalents – Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other non-current assets, are classified as restricted cash and cash equivalents on the Statement of Net Position. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.
- J. Long-term Receivable – Long-term receivable consists of the agreement with Marshall County to pay the College \$1,000,000 of back taxes over a period of ten years. These payments are in equal annual installments of \$100,000, and split equally between the College’s General and Unexpended Plant funds.
- K. Capital Assets, Net of Accumulated Depreciation – Capital assets are recorded at cost on the date of acquisition, or, if donated, at fair value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance costs are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 7 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.
- L. Deferred outflows/inflows of resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows for the College are pension related as well as OPEB related.

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

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

be recognized as an inflow of resources (revenue) until that time. Deferred inflows for the College are future pension related as well as OPEB related.

See Note 13 and 14 for further details.

- M. Bond Payable and Bond Premium – The College has a bond payable with a thirty-year life. The bond premium is being amortized over the remaining life of the issued bond using the straight-line method.
- N. Unearned Revenues – Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but are related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.
- O. Compensated Absences – The College Board of Trustees leave policy provides for personal and sick leave for all nine, ten, and twelve-month employees. The College’s policy does not provide for payment of accumulated leave beyond the current fiscal year. Therefore, no accrual for compensated absences has been recorded in the financial statements.
- P. Non-current Liabilities – Non-current liabilities include dormitory housing deposits.
- Q. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees’ Retirement System (“PERS”) and additions to/deductions from PERS’ fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- R. Postemployment Benefits Other than Pensions (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees’ Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. Fiduciary net position was zero as of the measurement date of June 30, 2020. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.
- S. Classification of Revenues – The College has classified its revenues as either operating or non-operating 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. Gifts (pledges) that are received on an installment basis are recorded at net present value.

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

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

- T. Tax Revenues (Local Appropriations) – The College receives ad valorem taxes from each county in its eleven county district. Each county assesses a tax millage in support of the College as required by state law.
- U. State Appropriations – The College receives funds from the State of Mississippi through the Mississippi Community College Board. The appropriations are distributed based on a full-time equivalent funding formula which is based on total credit hours generated by all students with special consideration given only to high cost programs. Currently, the first 15% of the appropriations are split equally among the colleges, and the remaining 85% of the appropriations are allocated based on the college's full-time equivalency.
- V. Scholarship Discounts and Allowances – Financial aid to students is reported in the financial statements according to GASB guidance and under the alternative method as prescribed by the National Association of College and University Business Officers ("NACUBO"). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.
- W. 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 "Fund Balance". Net Position is classified in three categories:
- a. Net investment in capital assets is the portion of net position that consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
 - b. Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors.
 - c. Unrestricted net position is the remaining net position less remaining noncapital liabilities which are not restricted – expendable.
- The unrestricted net position balance of (\$39,870,630) at June 30, 2021, includes \$500,087 reserved for inventories and a remaining amount of (\$40,370,717).
- X. Income Taxes – The College is recognized a local governing authority and is excluded by the Internal Revenue Service from federal income taxation.
- Y. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to use estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Cash and Cash Equivalents.

Cash, 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.

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

The carrying amount of the College's deposits with financial institutions reported was \$21,124,283.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a financial institutions failure, the college's deposits may not be returned to it. The College does not have a formal deposit policy for custodial credit risk. As of June 30, 2021, none of the College's bank balance of \$35,149,225 was exposed to custodial credit risk.

3. Accounts Receivable.

Accounts receivable consist of the following at June 30, 2021:

Student tuition	\$ 7,858,328
Federal, state, and private grants and contracts	3,411,512
State appropriations	625,075
Local appropriations	630,258
Other	<u>198,978</u>
Total Accounts Receivable	12,724,151
Less allowance for doubtful accounts	<u>(7,750,000)</u>
Net Accounts Receivable	<u><u>\$ 4,974,151</u></u>

All accounts receivable reported are considered current assets of the College.

4. Long-term Receivable.

Long-term receivable as of June 30, 2021 consists of the following:

Current portion	\$ 100,000
Non-current portion	<u>500,000</u>
Total Notes Receivable	<u><u>\$ 600,000</u></u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Notes to the Financial Statements For the Year Ended June 30, 2021

5. Inventory.

Inventory as of June 30, 2021 consists of the following:

Bookstore	\$ 500,087
Total Inventory	<u>\$ 500,087</u>

6. Prepaid Expenses.

Prepaid expense as of June 30, 2021 consists of the following:

Insurance and bonds	\$ 14,058
Total Prepaid Expenses	<u>\$ 14,058</u>

7. Capital Assets.

A summary of changes in capital assets for the year ended June 30, 2021, is presented as follows:

	Beginning Balance June 30, 2020	Additions	Dispositions	Completed Construction/ Adjustments	Ending Balance June 30, 2021
Nondepreciable Capital Assets:					
Land	\$ 6,789,072	\$ -	\$ -	\$ -	\$ 6,789,072
Construction in progress	2,979,440	16,201,757	-	(3,376,465)	15,804,732
Livestock	116,600	14,532	10,832	-	120,300
Total Nondepreciable Capital Assets	<u>9,885,112</u>	<u>16,216,289</u>	<u>10,832</u>	<u>(3,376,465)</u>	<u>22,714,104</u>
Depreciable Capital Assets:					
Improvements other than buildings	16,453,573		-	3,376,465	19,830,038
Buildings	106,355,663	-	-	-	106,355,663
Equipment	16,048,827	3,550,079	13,000	-	19,585,906
Library books	2,239,595	58,301	88,662	-	2,209,234
Total Depreciable Capital Assets	<u>141,097,658</u>	<u>3,608,380</u>	<u>101,662</u>	<u>3,376,465</u>	<u>147,980,841</u>
Less Accumulated Depreciation for:					
Improvements other than buildings	7,474,935	667,031	-	-	8,141,966
Buildings	38,814,301	1,863,031	-	-	40,677,332
Equipment	13,099,549	1,763,098	11,700	-	14,850,947
Library books	1,769,226	110,859	88,662	-	1,791,423
Total Accumulated Depreciation	<u>61,158,011</u>	<u>4,404,019</u>	<u>100,362</u>	<u>-</u>	<u>65,461,668</u>
Total Depreciable Capital Assets, Net	<u>79,939,647</u>	<u>(795,639)</u>	<u>1,300</u>	<u>3,376,465</u>	<u>82,519,173</u>
Capital Assets, Net	<u>\$ 89,824,759</u>	<u>\$ 15,420,650</u>	<u>\$ 12,132</u>	<u>\$ -</u>	<u>\$ 105,233,277</u>

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

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

8. Construction Commitments and Financing.

The College has contracted for various construction projects as of June 30, 2021. Estimated cost to complete the various projects and the sources of anticipated funding are presented below:

<u>Project Title</u>	<u>Funded by</u>	<u>State Sources</u>	<u>Other</u>
Student Housing Facility	State and NWCC	\$ 208,830	\$ 3,660,669
Performing Arts Center	NWCC	-	18,566,194
Football Field Phase III	NWCC	-	2,017,945
Soccer & Softball Complex	NWCC	-	2,527,976
Campus Entrances & Fencing	NWCC	-	266,710
Totals		<u>\$ 208,830</u>	<u>\$ 27,039,494</u>

9. Operating Lease

The University of Mississippi entered into a 5-year operating lease with the College during the 2021 fiscal year in order to occupy a portion of the College's DeSoto Center location. The College received \$350,000 in lease revenue from the University of Mississippi for the year ended June 30, 2021. The College extended the lease for one additional year after June 30, 2021 while they negotiate with the University of Mississippi on a long-term lease going forward.

10. Accounts Payable and Accrued Liabilities.

Accounts payable and accrued liabilities consist of the following at June 30, 2021. All accounts payable and accrued liabilities are considered current liabilities of the College.

Employee salary and benefits	\$ 1,733,986
Payments to suppliers and contractors	3,739,459
Student payables	76,495
Interest on capital related debt	<u>325,200</u>
Total Accounts Payable and Accrued Liabilities	<u>\$ 5,875,140</u>

11. Unearned Revenue

Unearned revenue consists of the following at June 30, 2021:

Summer II tuition and fees	\$ 262,405
Summer II room and board	<u>82,485</u>
Total Unearned Revenue	<u>\$ 344,890</u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

12. Long-term Liabilities.

Long-term liabilities of the College consist of bonds payable and refundable student dormitory housing deposits that are expected to be liquidated at least one year from June 30, 2021. The bond premium is amortized over the life of the bond using the straight-line method.

Information regarding the issue amounts, interest rates, and maturity dates for the bond included in the long-term liabilities balance at June 30, 2021, is listed in the following schedule. A schedule detailing the annual requirements necessary to amortize the outstanding debt is also provided.

Description and Purpose	Original Issue	Annual Interest Rate	Maturity	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Bonded Debt								
Special Obligation Bond								
Series 2020	\$24,000,000	3.0% - 5.0%	2050	\$24,000,000	\$ -	\$ -	\$ 24,000,000	\$ 450,000
Total Bonded Debt				<u>24,000,000</u>	<u>-</u>	<u>-</u>	<u>24,000,000</u>	<u>450,000</u>
Other Long-term Liabilities								
Deposits refundable				\$ 137,160	\$ 14,102	\$ 87,177	\$ 64,085	\$ -
Premium on bond				<u>4,026,644</u>	<u>-</u>	<u>-</u>	<u>4,026,644</u>	<u>138,850</u>
Total Other Long-term Liabilities				<u>4,163,804</u>	<u>14,102</u>	<u>87,177</u>	<u>4,090,729</u>	<u>138,850</u>
Total				<u>\$28,163,804</u>	<u>\$ 14,102</u>	<u>\$ 87,177</u>	<u>\$ 28,090,729</u>	<u>\$ 588,850</u>
				Years Ending June 30	Bonded Debt	Interest	Total	
				2022	450,000	975,600	\$ 1,425,600	
				2023	460,000	962,100	1,422,100	
				2024	475,000	948,300	1,423,300	
				2025	490,000	934,050	1,424,050	
				2026	505,000	919,350	1,424,350	
				2027-2031	2,930,000	4,192,000	7,122,000	
				2032-2036	3,660,000	3,456,600	7,116,600	
				2037-2041	4,450,000	2,664,000	7,114,000	
				2042-2046	5,415,000	1,699,800	7,114,800	
				2047-2050	<u>5,165,000</u>	<u>526,800</u>	<u>5,691,800</u>	
				Totals	<u>\$ 24,000,000</u>	<u>\$17,278,600</u>	<u>\$ 41,278,600</u>	

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

13. Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the College is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The College's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$5,013,721, \$5,111,616, and \$4,698,531, respectively, which equaled the required contributions for each year.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

At June 30, 2021, the College reported a liability of \$85,411,194 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The College's proportionate share with a measurement date of June 30, 2020 was 0.4412 percent, which was a decrease from the proportionate share with a measurement date of June 30, 2019 of 0.4581 percent.

For the year ended June 30, 2021, the College recognized pension expense of \$6,411,525. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Measurement Period	Amortization Period	Ending Balance June 30, 2020	Additions	Deletions	Ending Balance June 30, 2021
Deferred Outflows of Resources:						
Difference between expected and actual experience	2018	3.90	\$ 49,265	\$ -	\$ 25,929	\$ 23,336
	2020	3.66	-	990,168	270,538	719,630
			<u>49,265</u>	<u>990,168</u>	<u>296,467</u>	<u>742,966</u>
Changes in proportion and differences between college contribution and proportionate share of contributions	2017	3.37	81,513	-	81,513	-
			<u>81,513</u>	<u>-</u>	<u>81,513</u>	<u>-</u>
Net difference between projected and actual investment earnings on pension plan investments	2016	5.00	1,674,757	-	1,674,757	-
	2019	5.00	1,471,718	-	367,929	1,103,789
	2020	5.00	-	5,652,549	1,130,510	4,522,039
			<u>3,146,475</u>	<u>5,652,549</u>	<u>3,173,196</u>	<u>5,625,828</u>
Changes of assumptions	2017	3.37	12,696	-	12,696	-
	2019	3.76	777,963	-	281,870	496,093
			<u>790,659</u>	<u>-</u>	<u>294,566</u>	<u>496,093</u>
College contributions subsequent to the measurement date	2019	1.00	5,111,616	-	5,111,616	-
	2020	1.00	-	5,013,721	-	5,013,721
			<u>5,111,616</u>	<u>5,013,721</u>	<u>5,111,616</u>	<u>5,013,721</u>
Total Deferred Outflows of Resources			<u>\$ 9,179,528</u>	<u>\$ 11,656,438</u>	<u>\$ 8,957,358</u>	<u>\$ 11,878,608</u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

	Measurement Period	Amortization Period	Ending Balance June 30, 2020	Additions	Deletions	Ending Balance June 30, 2021
Deferred Inflows of Resources:						
Difference between expected and actual experience	2017	3.37	\$ 90,707	\$ -	\$ 90,707	\$ -
Changes in proportion and differences between college contribution and proportionate share of contributions	2018	3.90	482,160	-	253,767	228,393
	2019	3.76	1,909,896	-	691,991	1,217,905
	2020	3.66	-	3,031,431	828,260	2,203,171
			<u>2,392,056</u>	<u>3,031,431</u>	<u>1,774,018</u>	<u>3,649,469</u>
Net difference between projected and actual investment earnings on pension plan investments	2017	5.00	3,076,169	-	1,538,086	1,538,083
	2018	5.00	1,062,307	-	354,102	708,205
			<u>4,138,476</u>	<u>-</u>	<u>1,892,188</u>	<u>2,246,288</u>
Changes of assumptions	2016	3.48	-	-	-	-
Total Deferred Inflows of Resources			<u>\$ 6,621,239</u>	<u>\$ 3,031,431</u>	<u>\$ 3,756,913</u>	<u>\$ 5,895,757</u>

\$5,013,721 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Deferred Outflows	Deferred Inflows	Total
2022	\$ 2,074,183	\$ (3,640,831)	\$ (1,566,648)
2023	1,983,199	(1,708,276)	274,923
2024	1,676,995	(546,650)	1,130,345
2025	<u>1,130,510</u>	<u>-</u>	<u>1,130,510</u>
Totals	<u>\$ 6,864,887</u>	<u>\$ (5,895,757)</u>	<u>\$ 969,130</u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

Actuarial assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019. The following actuarial assumptions are applied to all periods included in the measurements:

Inflation	2.75%
Salary increases	3.00% to 18.25%, including inflation
Investment rate of return	7.75%, 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 actuarial assumption used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	27%	4.90%
International Equity	22%	4.75%
Global	12%	5.00%
Fixed Income	20%	0.50%
Real Estate	10%	4.00%
Private Equity	8%	6.25%
Cash	1%	0.00%
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.75%. 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 employer 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.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

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%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate (7.75%)	1% Increase 8.75%
College's proportionate share of the net pension liability	\$ 110,554,294	\$ 85,411,194	\$ 64,658,032

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

14. Other Postemployment Benefits (OPEB).

General Information about the OPEB Plan.

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

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

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the College were \$120,246 for the year ended June 30, 2021.

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

At June 30, 2021, the College reported a liability of \$3,682,477 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the College's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2020, the College's proportion was 0.4732 percent. This was an decrease from 0.4902 percent from the proportionate share as of the measurement date of June 30, 2019.

For the year ended June 30, 2021, the College recognized OPEB expense of \$96,646. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Total</u>
Differences between expected and actual experience	\$ 4,694	\$ 640,849	\$ 645,543
Change of assumptions	571,739	155,617	727,356
Net difference between projected and actual earnings on OPEB plan investments	116		116
Change in proportion and differences between College contributions and proportionate share of contributions	83,834	119,578	203,412
College's contributions subsequent to the measurement date	<u>120,246</u>	<u></u>	<u>120,246</u>
	<u>\$ 780,629</u>	<u>\$ 916,044</u>	<u>\$ 1,696,673</u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

\$120,246 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Deferred Outflows	Deferred Inflows	Total
2022	149,392	(206,633)	\$ (57,241)
2023	149,392	(206,633)	(57,241)
2024	146,370	(196,595)	(50,225)
2025	128,463	(160,620)	(32,157)
2026	86,766	(145,563)	(58,797)
Totals	\$ 660,383	\$ (916,044)	\$ (255,661)

Actuarial assumptions. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases, including wage inflation	3.00-18.25%, including wage inflation
Municipal Bond Index Rate:	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Year FNP is projected to be depleted:	
Measurement Date	2020
Prior Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation:	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Health Care Cost Trends:	
Medicare Supplemental Claims Pre-Medicare	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2030

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2020 valuation were based on the results of an actuarial experience study dated April 2, 2019.

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

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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.19 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.19%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2020, the trust has \$1,037,371. 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, 2019 and the June 30, 2020 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2020 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

	1% Decrease ▼ (3.50%)	Current Discount Rate (4.50%)	1% Increase ▲ (5.50%)
Net OPEB liability	\$ 4,069,392	\$ 3,682,477	\$ 3,350,615

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

	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 3,400,207	\$ 3,682,477	\$ 4,002,283

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

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

15. Functional Classification of Expenses.

The College's operating expenses by functional classification were as follows for the year ended June 30, 2021:

Functional Classification	Salaries and Wages	Fringe Benefits	OPEB and Pension	Travel	Contractual Services	Utilities	Scholarships and Fellowships	Commodities	Depreciation and Amortization	Other	Total
Instruction	\$ 17,589,830	\$ 2,432,625	\$ -	\$ 45,544	\$ 2,737,926	\$ 32,036	\$ 514,472	\$ 1,492,043	\$ -	\$ -	\$ 24,844,476
Academic support	769,148	126,047	-	195	24,058			89,314	-	-	1,008,762
Student services	3,044,547	495,366	-	200,344	610,947		725,498	709,291	-	22,943	5,808,936
Institutional support	4,184,574	681,036	-	44,307	7,230,581		-	1,805,907	-	405,343	14,351,748
Operation of plant	3,041,229	694,019	-	1,384	1,508,048	1,163,691		4,122,044	-	270	10,530,685
Student aid			-				7,890,887		-	33,353	7,924,240
Auxiliary enterprises	1,206,956	337,214	-	293	766,580	309,527	-	4,868,886	-	-	7,489,456
OPEB expense	-	-	96,646	-	-	-	-	-	-	-	96,646
Pension expense	-	-	6,411,525	-	-	-	-	-	-	-	6,411,525
Depreciation and amortization	-	-	-	-	-	-	-	-	4,404,019	-	4,404,019
Total Operating Expenses	<u>\$ 29,836,284</u>	<u>\$ 4,766,307</u>	<u>\$ 6,508,171</u>	<u>\$ 292,067</u>	<u>\$ 12,878,140</u>	<u>\$ 1,505,254</u>	<u>\$ 9,130,857</u>	<u>\$ 13,087,485</u>	<u>\$ 4,404,019</u>	<u>\$ 461,909</u>	<u>\$ 82,870,493</u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Notes to the Financial Statements

For the Year Ended June 30, 2021

16. Risk Management.

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

17. Unemployment Compensation Trust Fund.

The College maintains a self-funded unemployment compensation fund. This 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 college employees; rather it reimburses the Mississippi Employment Security Commission for benefits it pays directly to these individuals. The fund is required to be maintained at a level equal to 2% of the first \$6,000 of salary for each full-time employee. At June 30, 2021, the fund was adequately funded with a balance of \$120,402.

18. Concentrations.

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

19. Contingencies.

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

Litigation - The College is party to legal proceedings, many of which occur in the normal course of operations. It is not possible at the present time to estimate the ultimate outcome or liability, if any, to the College with respect to the various proceedings. However, the College's legal counsel believes that the ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial position of the College.

20. Consistency Between Reporting Periods.

Due to the classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses, immaterial inconsistencies may exist between reporting periods.

21. Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$39,870,630) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$5,013,721 resulting from the College contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$6,864,887 balance of deferred outflow of resources related to pensions, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$39,870,630) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$5,895,757 balance of deferred inflow of resources related to pensions, at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$39,870,630) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to pension in the amount of \$120,246 resulting from the College contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$660,383 balance of

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Financial Statements
For the Year Ended June 30, 2021

deferred outflow of resources related to pensions, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$39,870,630) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$916,044 balance of deferred inflow of resources related to OPEB, at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

22. Subsequent Events.

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

Northwest Mississippi Community College Foundation
Notes to the Financial Statements

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Northwest Mississippi Community College Foundation (the Foundation), is a non-profit organization located on the Northwest Mississippi Community College's (NWCC) campus. The Foundation's purpose is to raise funds to assist NWCC in performing its mission and to provide scholarships for qualifying students of Northwest Mississippi Community College. The Foundation is a component unit of NWCC. The Foundation raises funds by seeking donations and sponsoring fund-raising events.

B. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2018, the Foundation adopted the provisions of Accounting Standards Update ("ASU") 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the consolidated financial statements and notes about the Foundation's liquidity, financial performance, and cash flows.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

D. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

E. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the on the existence or nature of any donor restrictions.

G. Income Tax Status

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

H. Estimates

The preparation of 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.

I. Contributed Services

Employees of NWCC perform services for the Foundation. The services performed are recorded at fair market value. The fair market values were determined by using rates paid to these individuals by NWCC.

J. Premises

The Foundation receives free use of office space in the NWCC's administration building. No amount has been included in the financial statements for this use of facilities.

NOTE 2 - RESTRICTIONS ON NET ASSETS

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

Donor-restricted for other educational purposes	\$ 699,029
Donor-restricted for purchase of scoreboard	74,638
Donor-restricted endowment	<u>13,166,357</u>
Total net assets with donor restrictions	<u>\$ 13,940,024</u>

NOTE 3 - ENDOWMENT

The Foundation's endowment consists of approximately 345 individual donor-restricted endowment funds established for a variety of purposes. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Foundation indefinitely, and the income from the fund is expended for scholarships and other NWCC related educational expenses. As required by generally accepted accounting principles,

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Foundation appropriated amounts for expenditure and any purpose restrictions have been met. The Foundation has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Foundation would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

At December 31, 2020, the endowment fund is composed of:

Amounts required to be invested in perpetuity	<u>\$ 13,166,357</u>
Total donor-restricted endowment	<u><u>\$ 13,166,357</u></u>

The composition of endowment net assets for this fund and the changes in endowment net assets as December 31, 2020, is as follows:

Endowment net assets, January 1, 2020	\$ 11,692,576
Contributions	470,258
Investment return (net)	1,238,920
Amounts appropriated for expenditure	<u>(235,397)</u>
Endowment net assets, December 31, 2020	<u><u>\$ 13,166,357</u></u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 - INVESTMENTS

Investments made by the Foundation that are included on the statement of net position are summarized below at fair market values:

	Fair Value (Level 1)
Bank certificate of deposit	\$ 104,183
Merrill Lynch managed holdings:	
TMA / Lord Abbett	3,232,404
TMA / Neuberger Berman	2,710,780
TMA / MFS LCV	1,095,136
TMA / Loomis Sayles large cap growth	1,086,169
Foreign holdings:	
TMA / MFS International Growth	421,944
TMA / London Co. Dividend Focused	887,577
TMA / RBA Risk-Bal. GLBL ETF Strategy	1,909,577
TMA / Blackrock TACT WDP BAL 60/40	1,908,861
TMA / Lazard International	418,820
Total managed holdings	<u>13,671,268</u>
Total Investments	<u>\$ 13,775,451</u>

Level 1: Bank certificate of deposit and the Merrill Lynch managed funds are valued at the closing price reported in the active market on which the individual securities or funds are traded.

The following schedule summarizes net investment income and its classification in the statement of activities for the year ended December 31, 2020:

	With Donor Restrictions	Without Donor Restrictions	Total
Interest and dividend income	\$ 268,340	\$ 539	\$ 268,879
Net realized and unrealized gains (losses)	970,580	-	970,580
	<u>\$ 1,238,920</u>	<u>\$ 539</u>	<u>\$ 1,239,459</u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 - PROMISES TO GIVE

Unconditional promises to give, net, are summarized as follows for December 31, 2020:

Amounts to be collected in:	
Less than one year	\$ 36,416
One to five years	<u>39,000</u>
	75,416
Less unamortized discount	<u>(778)</u>
	74,638
Less allowance for uncollectible promises to give	<u>-</u>
	<u>\$ 74,638</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate range of 1.58 % to 1.62%, when the donor makes an unconditional promise to give to the Foundation.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end	\$ 14,073,899
Less those unavailable within one year, due to:	
Donor-restricted for distributions for education purposes	699,029
Donor-restricted for purchase of scoreboard	74,638
Donor-restricted to maintain as an endowment	<u>13,166,357</u>
Financial assets available to meet cash needs for	
General expenses within one year	<u>\$ 133,875</u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 - ANALYSIS OF EXPENSES

The table below presents the Foundation's expenses by both their function and nature for fiscal year December 31, 2020:

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Scholarships	\$ 470,258	\$ -	\$ -	\$ 470,258
Education supplies and activities	351,372	-	-	351,372
Salaries and benefits	-	45,107	180,429	225,536
Postage and printing	-	13,674	54,695	68,369
Office supplies and equipment	-	5,127	20,508	25,635
Meals	-	677	2,710	3,387
Services and professional fees	-	7,976	31,902	39,878
Travel	-	575	2,301	2,876
Total expenses	<u>\$ 821,630</u>	<u>\$ 73,136</u>	<u>\$ 292,545</u>	<u>\$ 1,187,311</u>

NOTE 8 - SPECIAL EVENT REVENUES AND EXPENSES

The following revenues and expenses are a result of special events for fiscal year December 31, 2020:

	Revenues	Expenses	Net
2 + 2 golf tournament	\$ 35,260	22,886	\$ 12,374
Bull-o-rama	8,250	1,019	7,231
Rodeo	12,025	5,283	6,742
Total	<u>\$ 55,535</u>	<u>\$ 29,188</u>	<u>\$ 26,347</u>

NOTE 9 - RELATED PARTY TRANSACTIONS

One board member's family member owns and operates a golfing facility in the area, Cherokee Valley Golf Club. The Foundation paid \$6,594 for 2020, in connection with a golf tournament held on one of the golf courses to raise money for the 2 + 2 Scholarship Initiative.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 10 - 2 + 2 SCHOLARSHIP INITIATIVE

In 2003, the Foundation's board approved a partnership arrangement with the University of Mississippi Foundation (UM). The goal of this arrangement is to raise \$1,125,000 to use for scholarships to benefit residents of Desoto County attending the Desoto Center campus.

Northwest Mississippi Community College provides the first two years of education and the UM provides the next two years. This partnership is known as the 2 + 2 Scholarship Initiative. The UM will receive 75% of these funds and the Foundation will receive 25%.

The NWCC Foundation receives funds and pays all expenses related to the 2 + 2 scholarship golf tournament. The tournament revenues are split 50% to each the UM Foundation and the NWCC Foundation. The UM Foundation receives other contributions related to the 2 + 2 Scholarship Initiative. The Foundation sent UM \$12,325 during 2020.

NOTE 11 - ROYALTY AGREEMENT

In May, 2005, the Foundation entered an agreement with Pearson Education Publishing allowing NWCC to customize mathematics and biology textbooks. The Foundation receives a \$10 per book royalty. The royalty income is designed for use by the mathematics and biology departments. The Foundation received \$5,000 for 2020.

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially expose the Foundation to concentrations of credit risk include cash and cash equivalents, investments in marketable securities, and pledges receivable. As a matter of policy, the Foundation only maintains cash balances with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by both the distribution of investment funds among asset managers and the overall diversification of managed investment portfolios.

NOTE 13 – OTHER MATTERS

The onset of the recent COVID-19 pandemic has resulted in a volatile investment market currently. The resulting impact of this pandemic upon the operations of the Foundation and the College are uncertain at this time.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Required Supplementary Information
Year Ended June 30, 2021

Schedule of the College's Proportionate Share of the Net Pension Liability:

Last 10 Fiscal Years*	2015	2016	2017	2018	2019	2020	2021
College's proportion of the net pension liability	0.4780%	0.4830%	0.4746%	0.4790%	0.4734%	0.4581%	0.4412%
College's proportionate share of the net pension liability	\$ 58,020,449	\$ 74,662,277	\$ 84,775,411	\$ 79,626,057	\$ 78,740,484	\$ 80,588,828	\$ 85,411,194
College's covered payroll	29,179,453	30,312,201	30,231,738	30,718,147	30,231,697	29,831,938	29,378,582
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.84%	246.31%	280.42%	259.22%	260.46%	270.14%	290.73%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.70%	57.47%	61.49%	62.54%	61.59%	61.59%

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

Schedule of College Contributions (PERS):

Last 10 Fiscal Years*	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 4,774,177	\$ 4,761,501	\$ 4,838,109	\$ 4,761,198	\$ 4,698,531	\$ 5,111,616	\$ 5,013,721
Contributions in relation to the contractually required contribution	4,774,177	4,761,501	4,838,109	4,761,198	4,698,531	5,111,616	5,013,721
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll	30,312,201	30,231,738	30,718,147	30,231,697	29,831,938	29,378,582	28,814,469
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%	15.75%	17.40%	17.40%

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

These schedules are presented to illustrate the requirement to show information for 10 years. However, GASB No. 68 was implemented in the fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Required Supplementary Information
Year Ended June 30, 2021

Schedule of the College's Proportionate Share of the Net OPEB Liability:

Last 10 Fiscal Years*	2018	2019	2020	2021
College's proportion of the total OPEB liability	0.4774%	0.4903%	0.4902%	0.4732%
College's proportionate share of the net OPEB liability	\$ 3,745,544	\$ 3,792,722	\$ 4,159,447	\$ 3,682,477
College's covered-employee payroll	30,231,697	29,831,938	29,378,582	28,814,469
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	12.39%	12.71%	14.16%	12.78%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.13%	0.12%	0.13%

Schedule of College Contributions (OPEB):

Last 10 Fiscal Years*	2018	2019	2020	2021
Contractually required contribution	\$ 159,678	\$ 166,724	\$ 146,857	\$ 120,246
Contributions in relation to the contractually required contribution	159,678	166,724	146,857	120,246
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll	30,231,697	29,831,938	29,378,582	28,814,469
Contributions as a percentage of covered-employee payroll	0.53%	0.56%	0.50%	0.42%

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

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

These schedules are presented to illustrate the requirement to show information for 10 years. However, GASB No. 75 was implemented in the fiscal year ended June 30, 2018, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to Required Supplementary Information
Year Ended June 30, 2021

Pension Schedules

1) 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 female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- 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, 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 7% to 9%.

2017:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

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 increases 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.

2) Change 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 31st of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to Required Supplementary Information
Year Ended June 30, 2021

3) Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 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	30.9 years
Asset valuation method	5-year smoothed market
Price inflation	3.00%
Salary increase	3.25% to 18.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense including inflation

OPEB Schedules

1) Changes of assumptions

2020:

- The Single Equivalent Interest Rate (SEIR) was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

2019:

- The Single Equivalent Interest Rate (SEIR) was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

2018:

- The Single Equivalent Interest Rate (SEIR) 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.

2) Change in benefit provisions.

2019, 2018 and 2017:

- None

2020:

- The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

3) Method and assumptions used in calculations of actuarially determined contributions

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2019 actuarial valuation) were used to determine contribution rates reported in the schedule for the year ending June 30, 2020:

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to Required Supplementary Information
Year Ended June 30, 2021

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	█ 2.75%
Salary increase, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates Medicare Supplement Claims Pre-Medicare	█ 7.00%
Ultimate health care cost trend rates Medicare Supplement Claims Pre-Medicare	█ 4.75%
Year of ultimate trend rates Medicare Supplement Claims Pre-Medicare	█ 2028
Long-term investment rate of return, net of pension plan investment expense, including price inflation	█ 3.50%

SUPPLEMENTARY INFORMATION

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity/Grant Identifying Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Pass-through programs from:			
Mississippi Department of Public Safety			
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	20LX4331	\$ 9,998
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19LB4261	<u>3,750</u>
Total U.S. Department of Justice			<u>13,748</u>
 WIOA - Cluster:			
Pass-through programs from:			
Mississippi Department of Employment Security			
WIOA - Adult Program	17.258	N/A	38,541
WIOA - Dislocated Workers Formula Grant	17.278	N/A	36,207
South Delta Planning and Development District			
WIOA - Adult Program	17.258	20-701-200	373,177
WIOA - Dislocated Worker Formula Grant	17.278	20-701-200	212,982
Three Rivers Planning and Development District			
WIOA - Adult Program	17.258	20-09-10	543,935
WIOA - Youth Activities	17.259	20-07-30	325,375
WIOA - Dislocated Worker Formula Grant	17.278	20-09-10	<u>199,286</u>
Total WIA/WIOA Cluster			<u>1,729,503</u>
 Pass-through programs from:			
Mississippi Community College Board			
WIOA National Dislocated Worker Grant/ WIA National Emergency Grants Opioid	17.277	19-S90-004-6109-1	<u>83,738</u>
Total U.S. Department of Labor			<u>1,813,241</u>
 <u>U.S. Department of Treasury</u>			
Pass-through programs from:			
Mississippi Department of Finance and Administration			
COVID-19 - Coronavirus Relief Fund	21.019	CJC-Northwest	3,821,826
South Delta Planning and Development District			
COVID-19 - Coronavirus Relief Fund	21.019	Cares 2020-02	213,285
Three Rivers Planning and Development District			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	<u>2,217,506</u>
Total U.S. Department of Treasury			<u>6,252,617</u>
 <u>Veterans Administration</u>			
Post-9/11 Veteran Educational Assistance	64.027		<u>3,216</u>
			continued

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity/Grant Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Student Financial Aid - Cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		327,402
Federal Work-study Program (FWS)	84.033		136,417
Federal Pell Grant Program	84.063		13,232,227
Federal Direct Student Loans	{2} 84.268		1,584,030
Total Student Financial Aid Cluster			15,280,076
TRIO - Student Support Services	84.042		290,674
Pass-through programs from:			
Mississippi Community College Board			
Adult Education - State Grant Program	84.002	V002A170025	525,448
Mississippi Department of Education			
Vocational Education - Basic Grants to States	84.048	V048A200024	329,541
Coronavirus Aid, Relief, and Economic Security (CARES)			
HEERF Student Emergency Grant	84.425E		4,366,766
HEERF Institutional Funds	84.425F		7,152,762
Strengthening Institutions Program	84.425M		134,220
Total CARES Funds			11,653,748
Total U.S. Department of Education			28,079,487
<u>U.S. Department of Health and Human Services</u>			
Pass-through programs from:			
Mississippi Community College Board			
Child Care and Development Block Grant (CCDBG)	93.575	1701MSCCDF	257,048
Temporary Assistance for Needy Families	93.558	1701MSTANF	60,568
Total Mississippi Community College Board			317,616
South Delta Planning and Development District			
Temporary Assistance for Needy Families	93.558	N/A	101,601
Three Rivers Planning and Development District			
Temporary Assistance for Needy Families	93.558	N/A	15,768
Total U.S. Department of Health and Human Services			434,985
Total			\$ 36,597,294
			concluded

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Notes to the Schedule of Expenditures of Federal Awards:

1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Northwest Mississippi Community College under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3) Indirect Cost Rate

The College has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance; however for fiscal year 2022, the College has secured a negotiated indirect cost rate of 40%.

4) Loan or loan guarantee programs

The federal award programs of the College had no outstanding loan balances nor were there any loan guarantees as of June 30, 2021.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Northwest Mississippi Community College
Senatobia, Mississippi

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 its discretely presented component unit of Northwest Mississippi Community College, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Northwest Mississippi Community College's basic financial statements, and have issued our report thereon dated December 6, 2022. The financial statements of the Northwest Mississippi Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northwest Mississippi Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of the Northwest Mississippi Community College's internal control.

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

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

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not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northwest Mississippi Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Northwest Mississippi Community College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fortenberry & Ballard, PC |

Fortenberry & Ballard, PC
December 6, 2022

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Northwest Mississippi Community College
Senatobia, Mississippi

Report on Compliance For Each Major Federal Program

We have audited the Northwest Mississippi 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 Northwest Mississippi Community College's major federal programs for the year ended June 30, 2021. The Northwest Mississippi Community College's major federal programs are identified in the summary of the 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 Northwest Mississippi Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Northwest Mississippi 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 on the Northwest Mississippi Community College's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Northwest Mississippi 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 major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Northwest Mississippi 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 Northwest Mississippi Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Northwest Mississippi Community College's internal control over compliance.

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 6, 2022

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Northwest Mississippi Community College
Senatobia, Mississippi

We have audited the financial statements of the business-type of Northwest Mississippi Community College and its discretely presented component unit as of and for the year ended June 30, 2021 and have issued our report thereon dated December 6, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Northwest Mississippi Community College Foundation were not audited in accordance with *Government Auditing Standards*.

We have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

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

This report is intended solely for the information and use of the College and management, entities with accreditation overview, federal awarding agencies, the Office of 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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 6, 2022

Certified Public Accountants

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Northwest Mississippi Community College

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major programs:

CFDA Numbers:	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund
84.007, 84.033, 84.063 & 84.268	Student Financial Aid - Cluster
84.425E, 84.425F & 84.425M	Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act

8. Dollar threshold used to distinguish between type A and type B programs: \$1,097,919.
9. Auditee qualified as low-risk auditee? Yes.
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b). No.

Section II: Financial Statements Findings

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

Section III: Federal Awards Findings and Questioned Costs

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