COPIAH-LINCOLN COMMUNITY COLLEGE
Audited Financial Statements
For the year ended June 30, 2022

Copiah-Lincoln Community College
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Copiah-Lincoln Community College

Independent Auditor's Report

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Independent Auditor's Report

Dr. Dewayne Middleton, President
And Board of Trustees
Copiah-Lincoln Community College
Wesson, Mississippi 39191

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Copiah-Lincoln Community College (the "College") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

We did not audit the financial statements of Copiah-Lincoln Community College Foundation, Inc. (the "Foundation"), the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during fiscal year 2022, the College adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Prior-Year Comparative Information

The financial statements include prior-year comparative information of the Foundation only. Such information does not include all of the information required or sufficient detail to constitute a presentation of the College in accordance with GAAP. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2021, from which such information was derived.

Required Supplementary Information

GAAP requires that the management's discussion and analysis, pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information mentioned above are 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 February 13, 2024, on our consideration of the 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 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 College's internal control over financial reporting and compliance.

Lowery, Payn, Leggett & Bellipanni, CPAs
Brookhaven, Mississippi
February 13, 2024

Copiah-Lincoln Community College

Management's Discussion and Analysis

Copiah-Lincoln Community College
Management's Discussion and Analysis
For the year ended June 30, 2022

The following discussion and analysis of Copiah-Lincoln Community College's (the "College") financial performance provides an overview of the College's financial activities for the fiscal year ended June 30, 2022. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with these financial statements and footnotes. A comparative analysis will be presented with figures from fiscal year ended June 30, 2021. The financial statements, notes and this discussion are the responsibility of management.

This annual report consists of a series of financial statements, prepared in accordance with the Government Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The College implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, and has incorporated one nongovernmental component unit, Copiah-Lincoln Community College Foundation, Inc. (the "Foundation"). The financial statements of the Foundation may be obtained by contacting the Foundation's administrative office.

Overview of the Financial Statements

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

Statement of Net Position

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The College's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one indicator of the College's financial health. Over time, increases or decreases in net position is an indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities. A summary of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2022 and 2021 is presented on the following page.

Copiah-Lincoln Community College
Management's Discussion and Analysis
For the year ended June 30, 2022

Condensed Statement of Net Position

	June 30, 2022	June 30, 2021*	Increase (decrease)
Assets			
Current assets	$ 17,091,756	$ 13,388,198	$ 3,703,558
Non-current assets:			
Capital assets, net of accumulated depreciation	60,205,104	60,197,809	7,295
Lease assets, net of accumulated amortization	124,554	-	124,554
Total Assets	77,421,414	73,586,007	3,835,407
Deferred Outflows of Resources	6,021,827	6,572,003	(550,176)
Liabilities			
Current liabilities	4,193,817	3,295,083	898,734
Non-current liabilities	11,977,223	12,175,981	(198,758)
Net pension liability	31,482,331	42,792,131	(11,309,800)
Net OPEB liability, net of current portion	1,615,877	2,012,923	(397,046)
Total Liabilities	49,269,248	60,276,118	(11,006,870)
Deferred Inflows of Resources	11,603,088	2,206,273	9,396,815
Net Position			
Net investment in capital assets	47,146,456	46,869,692	276,764
Restricted portion for capital projects and debt service	4,835,922	4,835,922	-
Unrestricted portion	(29,411,473)	(34,029,995)	4,618,522
Total Net Position	$ 22,570,905	$ 17,675,619	$ 4,895,286

*2021 has not been restated for the adoption of GASB 87.

Assets

Current Assets

<u>Cash and Cash Equivalents</u>
Cash and cash equivalents consist of cash in the College's bank accounts and various petty cash accounts. The total amount of cash and cash equivalents reported as current assets on the College's financial statements at June 30, 2022 and 2021, were $10,264,336 and $7,817,371, respectively. This represents a $2,446,965 increase in cash and cash equivalents.

<u>Short-term Investments</u>
Short-term investments at June 30, 2022 and 2021 were $73,039, representing no change from the previous year.

<u>Accounts Receivable</u>
Accounts receivable relate to several transactions including county appropriations, student tuition and fee billings, and auxiliary enterprise sales such as food service and bookstore. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowance for doubtful accounts. The College net receivables at June 30, 2022 and 2021 totaled $6,420,759 and $5,098,560, respectively. This represents a $1,322,199 increase in accounts receivable.

Inventories

The College maintains inventories of resale merchandise as well as items for internal consumption. Books, student supplies and food service supplies make up the majority of the resale inventory. Inventories maintained for internal departmental use include office and copier supplies which make up the balance of the recorded inventory. At June 30, 2022 and 2021, inventories totaled $186,563 and $202,506, respectively. This represents a $15,943 decrease in inventories.

Construction Deposits

Funds on deposit with the Mississippi Bureau of Buildings & Grounds totaled $21,319 at June 30, 2022 and 2021, representing no change from the previous year. The balance will be used on future projects.

Prepaid Expenses

Prepaid expenses consist of transactions such as membership renewals, maintenance agreements, and other payments for the 2023 fiscal year for which payment to vendors occurred before July 1, 2022. Prepaid expenses at June 30, 2022 and 2021 totaled $125,740 and $175,403, respectively. This represents a $49,663 decrease in prepaid expenses.

Non-current Assets

Capital Assets, Net of Accumulated Depreciation

Capital assets consist of land, construction in progress, buildings, other improvements, equipment, and historical library holdings at June 30, 2022 and 2021. The total capital assets, net of accumulated depreciation, at June 30, 2022 and 2021 was $60,205,104 and 60,197,809, respectively. This represents a $7,295 increase in capital assets.

Capital Assets, Net of Accumulated Depreciation

	June 30, 2022	June 30, 2021	Percentage Change
Land	$ 968,232	$ 968,232	0%
Construction in progress	1,827,017	1,458,374	25%
Buildings	44,328,704	45,556,746	-3%
Structures and improvements	10,607,521	10,609,054	0%
Equipment	2,447,860	1,575,276	55%
Library books and media	25,770	30,127	-14%
	$ 60,205,104	$ 60,197,809	0%

Lease Assets, Net of Accumulated Amortization

The College implemented GASB Statement No. 87, *Leases*, which changes the accounting and financial reporting for leases. At implementation on July 1, 2021, the College, as lessee, recognized a lease liability of $192,409, along with corresponding right-to-use leased equipment of $192,409. The right-to-use leased equipment was reduced to $124,554 at June 30, 2022 through amortization.

Deferred Outflows of Resources

Deferred Outflows Related to Pensions

The College recognizes deferred outflows of resources related to the net pension liability in the amounts of $5,675,360 and $6,153,579 at June 30, 2022 and 2021, respectively.

Deferred Outflows Related to OPEB

The College recognizes deferred outflows of resources related to the net OPEB liability in the amounts of $346,467 and $418,424 at June 30, 2022 and 2021, respectively.

Liabilities

Current Liabilities

Accounts Payable and Accrued Liabilities
Accounts payable and accrued liabilities represent amounts due at June 30, 2022 for goods and services received before the end of the fiscal year. At June 30, 2022 and 2021, the accounts payable and accrued liabilities totaled $2,102,358 and $1,256,688, respectively. This represents a $845,670 increase in accounts payable and accrued liabilities.

Unearned Revenues
Unearned revenues represents revenues that were received by the College during the fiscal year but not earned at the end of the fiscal year. For example, the College allows students to pre-register in the second summer session which starts after June 30. In addition, the eight-week summer session has not been earned in full. At June 30, 2022 and 2021, unearned revenues totaled $146,206 and $114,911, respectively. This represents a $31,295 increase.

Other Current Liabilities
Other current liabilities represents assets belonging to individuals or organizations for which the College acts as custodian. Examples include various student clubs and organizations and agency scholarships. At June 30, 2022 and 2021, other current liabilities totaled $333,371 and $359,001, respectively. This represents a $25,630 decrease.

Accrued Leave Liabilities
Accrued leave liabilities represents accrued compensated leave that would be payable by the end of December 31, 2022. At June 30, 2022 and 2021, accrued leave liabilities totaled $337,496 and 331,757, representing a $5,739 increase in accrued leave liabilities.

Long-term Liabilities – Current Portion
Long-term liabilities – current portion represents balances that the College would expect to pay on notes and bonds, a portion of long-term debt due within the next fiscal year. At June 30, 2022 and 2021, the amount of the current portion of long-term debt liabilities was $1,120,237 and $1,134,571. This represents a $14,334 decrease in the current portion of long-term liabilities.

Bond Premium (Capital Related) – Current Portion
Bond premium – current portion represents the portion of various bond premiums that would be payable within the next fiscal year. At June 30, 2022 and 2021, the amount of the current portion of bond premiums was $17,565 for both years.

Short-term Lease Liability
Upon the implementation of GASB Statement No. 87, *Leases*, the College recorded a short-term lease liability which was reduced to $68,177 at June 30, 2022.

Non-current Liabilities

Long-term Liabilities, Noncurrent Portion and Bond Premium/Discount
This represents the portion of notes and bonds payable that are due beyond June 30, 2023. The amount of the noncurrent portion, net of premium/discount at June 30, 2022 and 2021 was $11,526,750 and $11,758,108, respectively. This represents a decrease of $231,358. The total amount of the bond premium, net of amortization at June 30, 2022 and 2021 was $391,760 and $417,873, respectively. This represents a decrease of $26,113.

Long-term Lease Liability
Upon the adoption of GASB Statement No. 87, *Leases*, the College recorded a long-term lease liability which was reduced to $58,713 at June 30, 2022.

Net Pension Liability
The net pension liability at June 30, 2022 is $31,482,331 compared to $42,792,131 at June 30, 2021, which represents the College's proportionate share of the collective net pension liability reported in the Public Employees' Retirement System of Mississippi for those years. See Note 7 to the financial statements for further information regarding the College's policies for recognizing liabilities, expenses, and deferred outflows and inflows of resources related to pensions.

Net OPEB Liability
The College recognized a net OPEB liability at June 30, 2022 in the amount of $1,684,284, of which $68,407 is reported in current liabilities. The amount of the net OPEB liability as of June 30, 2021 was $2,093,513.

Deferred Inflows of Resources

Deferred Inflows Related to Pensions
The College recognizes deferred inflows of resources related to the net pension liability in the amounts of $10,968,969 and $1,753,281 at June 30, 2022 and 2021, respectively. These amounts are related to differences in projected and actual earnings, expected and actual experience and changes in assumptions used in the pension calculation.

Deferred Inflows Related to OPEB
The College recognizes deferred inflows of resources related to the net OPEB liability in the amounts of $634,119 and $452,992 at June 30, 2022 and 2021, respectively.

Net Position

Net position represents the difference between the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. At June 30, 2022 and 2021, the net position was $22,570,905 and $17,675,619. This represents a $4,895,286 increase.

Net Investment in Capital Assets
At June 30, 2022 and 2021, the net investments in capital assets portion of the College's net position totaled $47,146,456 and $46,869,692, respectively. This represents a $276,764 increase. The following is a summary of the net investment in capital assets calculation:

	June 30, 2022	June 30, 2021*	Increase (decrease)
Capital assets, net of accumulated depreciation	$ 60,205,104	$ 60,197,809	$ 7,295
Lease assets, net of accumulated amortization	124,554	-	124,554
Long-term liabilities – current portion	(1,120,237)	(1,134,571)	14,334
Short-term lease liability	(68,177)	-	(68,177)
Bond premiums – current portion	(17,565)	(17,565)	-
Long-term liabilities – non-current portion	(11,526,750)	(11,758,108)	231,358
Long-term lease liability	(58,713)	-	(58,713)
Bond premiums – non-current portion	(391,760)	(417,873)	26,113
Net Investment in Capital Assets	$ 47,146,456	$ 46,869,692	$ 276,764

*2021 has not been restated for the adoption of GASB 87.

Restricted Expendable Net Position – Capital Projects
Restricted expendable net position consists of funds with specific restrictions and grants from third party agencies with expenditure restrictions. At June 30, 2022 and 2021, restricted expendable net position for capital projects was $4,835,922, representing no change year-over-year.

Unrestricted Net Position

Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the College such as donors or grant agencies. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities. At June 30, 2022 and 2021, total unrestricted net position was a deficit of $29,411,473 and $34,029,995, respectively. This represents an increase of $4,618,522.

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

	June 30, 2022
Total unrestricted net position (deficit)	$ (29,411,473)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB	38,747,876
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	$ 9,336,403

Statement of Revenues, Expenses and Changes in Net Position

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

Condensed Statement of Revenues, Expenses and Changes in Net Position

	June 30, 2022	June 30, 2021*	Increase (decrease)
Operating Revenues			
Tuition and fees (net of scholarship allowance)	$ 3,065,354	$ 3,476,219	$ (410,865)
Grants and contracts	19,553,751	17,145,540	2,408,211
Auxiliary enterprises	2,506,888	2,376,552	130,336
Other operating revenues	331,005	526,959	(195,954)
Total Operating Revenues	25,456,998	23,525,270	1,931,728
Operating Expenses	33,692,723	35,170,785	(1,478,062)
Operating Income (Loss)	(8,235,725)	(11,645,515)	3,409,790
Nonoperating Revenues (Expenses)			
State appropriations	11,271,863	10,961,014	310,849
Local appropriations	5,434,707	5,049,535	385,172
Gain on sale of assets	31,000	1,000	30,000
Other revenues	460,883	297,066	163,817
Interest income	16,370	16,573	(203)
Interest expense	(369,546)	(31,161)	(338,385)
Other expenses	(3,714,266)	(1,644,528)	(2,069,738)
Total Nonoperating Revenues (Expenses)	13,131,011	14,649,499	(1,518,488)
Change in Net Position	4,895,286	3,003,984	1,891,302
Net Position			
Net position, beginning of year	17,675,619	14,671,635	3,003,984
Net position, end of year	$ 22,570,905	$ 17,675,619	$ 4,895,286

*2021 has not been restated for the adoption of GASB 87.

Operating revenues increased by $1,931,728 and operating expenses decreased by $1,478,062. For fiscal years ended June 30, 2022 and 2021, operating losses were $8,235,725 and $11,645,515, respectively. This represents a decrease of $3,409,790. The College will continue to show a significant operating loss since two of the largest funding sources (state and local appropriations) are not included in operating revenues per GASB 35. The College strives to provide students with the opportunity to obtain a quality education, but this demonstrates that future enrollments at the College depend on funding provided by the State of Mississippi and the counties in our district.

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes totaling $3,065,354 and $3,476,219 for the fiscal years ended June 30, 2022 and 2021, respectively. This represents a decrease of $410,865. The College does not offer tuition discounts.

Grants and Contracts

Grants and contracts includes all restricted revenues made available by government agencies as well as by private agencies. Grant revenues are recorded only to the extent that the funds have been expended for exchange transactions. For the fiscal years ended June 30, 2022 and 2021, revenues from grants and contracts totaled $19,553,751 and $17,145,540, which represents a $2,408,211 increase.

The following table details the College's grant and contract awards for the fiscal years ended June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Federal	$ 15,989,814	$ 13,032,668
State	2,961,535	3,554,407
Local	602,402	558,465
	$ 19,553,751	$ 17,145,540

Auxiliary Enterprises

Auxiliary enterprises consist of various enterprise entities that exist predominantly to furnish goods and services to students, faculty, staff, or the general public. Fees charged are directly related to the cost of those goods or services. The auxiliary enterprises are intended to be self-supporting. The College's auxiliary enterprises are food service, student and faculty housing, bookstore, and the golf course. For the fiscal years ended June 30, 2022 and 2021, revenues from auxiliary enterprises totaled $2,506,888 and $2,376,552, respectively. This represents a $130,336 increase.

Other Operating Revenues

Other operating revenues consists primarily of sales and services from educational activities, which includes child-care programs, sales of products and services from vocational programs, and athletic events. For the fiscal years ended June 30, 2022 and 2021, other operating revenues totaled $331,005 and $526,959, respectively. This represents a $195,954 decrease.

Copiah-Lincoln Community College
Management's Discussion and Analysis
For the year ended June 30, 2022

Operating Expenses

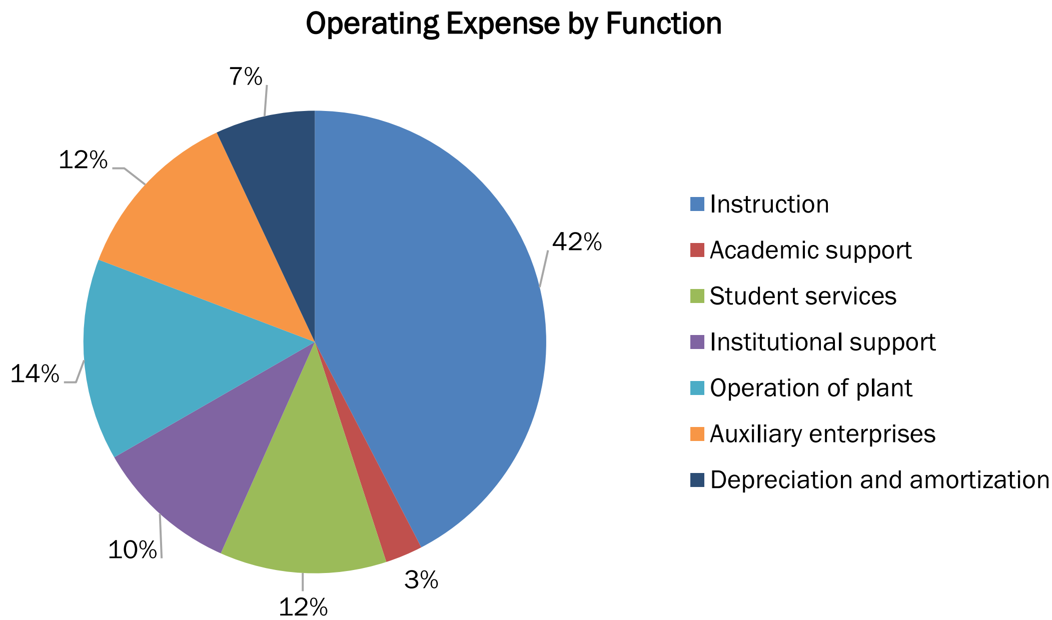
The following tables detail the College's operating expenses by function and natural classification for the fiscal years ended June 30, 2022 and 2021:

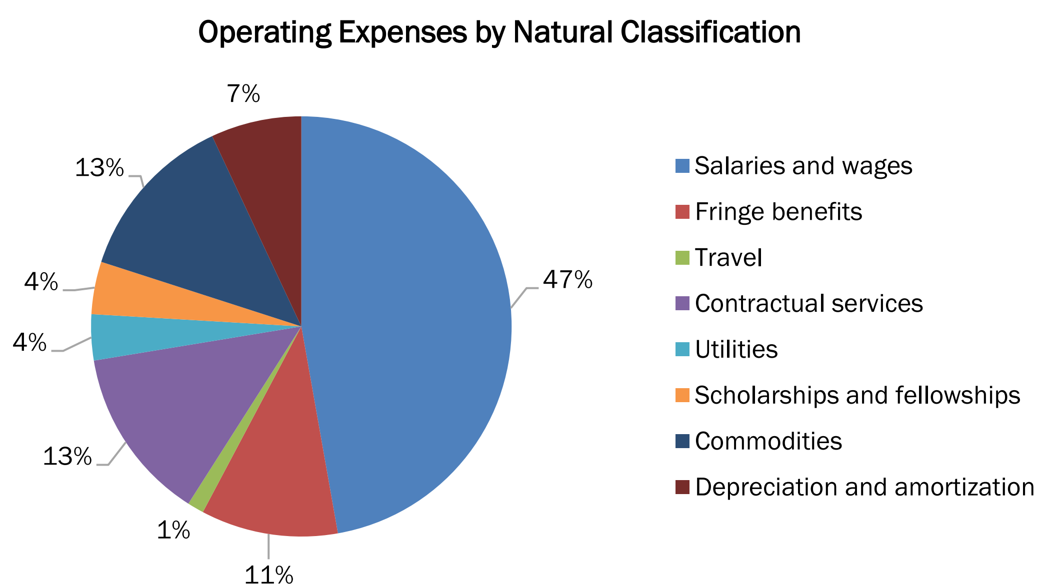
Operating Expenses by Function with Prior Year Figures and Changes

	June 30, 2022	June 30, 2021	Increase (decrease)
Instruction	$ 14,282,941	$ 14,161,878	$ 121,063
Academic support	878,716	793,648	85,068
Student services	3,928,757	4,091,905	(163,148)
Institutional support	3,380,316	7,279,658	(3,899,342)
Operation of plant	4,750,461	3,946,885	803,576
Auxiliary enterprises	4,123,145	2,848,475	1,274,670
Depreciation and amortization	2,348,387	2,048,336	300,051
Totals	$ 33,692,723	$ 35,170,785	$ (1,478,062)

Operating Expenses by Natural Classification with Prior Year Figures and Changes

	June 30, 2022	June 30, 2021	Increase (decrease)
Salaries and wages	$ 15,908,223	$ 15,220,359	$ 687,864
Fringe benefits	3,551,278	6,472,333	(2,921,055)
Travel	427,981	247,077	180,904
Contractual services	4,505,579	4,537,387	(31,808)
Utilities	1,191,131	1,013,139	177,992
Scholarships and fellowships	1,361,130	1,894,137	(533,007)
Commodities	4,399,014	3,738,017	660,997
Depreciation and amortization	2,348,387	2,048,336	300,051
Totals	$ 33,692,723	$ 35,170,785	$ (1,478,062)


Operating Expense by Function
42%
3%
12%
10%
14%
12%
7%
Instruction
Academic support
Student services
Institutional support
Operation of plant
Auxiliary enterprises
Depreciation and amortization


Operating Expenses by Natural Classification
47%
11%
1%
13%
4%
4%
13%
7%
Salaries and wages
Fringe benefits
Travel
Contractual services
Utilities
Scholarships and fellowships
Commodities
Depreciation and amortization

Nonoperating Revenues (Expenses)

State Appropriations
The College's largest source of nonoperating revenue is the appropriations from the State of Mississippi Legislature. The funds pass through the Mississippi Community College Board ("MCCB"), which calculates the College's share based on a funding formula. For the fiscal years ended June 30, 2022 and 2021, the College received $11,271,863 and $10,961,014, respectively. This represents a $310,849 increase.

Local Appropriations
The College receives strong financial support from Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln, and Simpson Counties. The College uses these funds for operational and capital improvement purposes. The College receives the appropriations beginning in October of each year. For the fiscal years ended June 30, 2022 and 2021, the College received $5,434,707 and $5,049,535, respectively, from these counties, representing a $385,172 increase. Though the county fiscal years run from October (of one year) to September (of the following year), the county appropriations are fully recorded by the College during its 2022 fiscal year.

Gain on Sale of Assets
The College disposed of items that were no longer needed or replaced by newer items. The gain associated with the sale of these items totaled $31,000 for the year ended June 30, 2022, which represented a $30,000 increase from the 2021 fiscal year.

Interest Income
The College received interest income from the cash in the bank accounts. The interest income at June 30, 2022 was $16,370, representing a $203 decrease in interest income compared to June 30, 2021.

Interest Expense
The College previously issued bonds to finance construction projects as well as procured other long-term financing for various capital projects. The interest payments associated with the long-term obligations totaled $369,546 in fiscal year 2022 representing a $338,385 increase compared to June 30, 2021.

Other Expenses
During fiscal year 2022, the College incurred other nonoperating expenses totaling $3,714,266, which represented a $2,069,738 increase from June 30, 2021.

Statement of Cash Flows

Another important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital and related financing, and investing activities. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a period of time. The Statement of Cash Flows also helps users assess:

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

Condensed Statement of Cash Flows (Direct Method)

	June 30, 2022	June 30, 2021	Increase (decrease)
Cash and cash equivalents provided by (used in):			
Operating activities	$ (8,058,895)	$ (8,480,649)	$ 421,754
Non-capital financing activities	13,453,187	14,663,084	(1,209,897)
Capital and related financing activities	(2,963,697)	(5,177,948)	2,214,251
Investing activities	16,370	16,573	(203)
Net increase (decrease) in cash and cash equivalents	2,446,965	1,021,060	1,425,905
Cash and cash equivalents – beginning of year	7,817,371	6,796,311	1,021,060
Cash and cash equivalents – end of year	$ 10,264,336	$ 7,817,371	$ 2,446,965

The major sources of funds included in operating activities include cash received from tuition and fees, $6,858,392; grants and contracts, $19,553,751; and sales and services of auxiliary enterprises, $4,627,548. The major uses of funds were payments made to employees, ($18,644,392); to vendors, ($9,275,684); and other organizations ($11,178,510).

The largest inflow of cash for non-capital financing activities was the State appropriations of $11,271,863 and local appropriations of $5,434,707.

FACTORS IMPACTING FUTURE PERIODS

In general, the economic outlook for Mississippi projects slow growth for the foreseeable near future. Real gross domestic product ("GDP") for Mississippi increased 0.2 percent in 2022. This reflects contractions in Mississippi real GDP in the second and third quarters as reported in the most recent estimates of the U.S. Bureau of Economic Analysis. The Mississippi economy is expected to expand 0.1 percent in 2023 in the latest forecast. This projection represents an improvement of 0.5 percentage point from the forecast for the previous quarter. The improvement in the 2023 forecast for real GDP in Mississippi results from stronger net exports and inventory investment in the U.S. economy in the fourth quarter of 2022 than previously expected. Nevertheless, a mild recession in the U.S. economy remains in the latest forecast during the first two quarters of 2023. Real GDP for Mississippi is projected to increase 1.0 percent in 2024, an increase of 0.2 percentage point from the forecast of the previous quarter. In 2024 most sectors in the state are projected to expand in output. The Information sector is forecast to increase in output by 3.6 percent in 2024, again the largest percentage increase among all sectors.

Appropriations from the State of Mississippi to support the College have fluctuated the past three years but are expected to increase slightly in future periods. Though initial projections reflect expectations that sales tax collections will begin to move up in future periods, significant increases in total state appropriations to Mississippi community colleges are not expected. Recent dips in student tuition revenue are expected to level out as enrollment begins to normalize after several years of significant decline. Changes in federal financial aid guidelines and requirements may cause tuition revenue to increase if summer Pell grants are reinstated. Enrollment numbers have increased as of Fall Semester 2023, and we see continued slight increases for the near future.

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

Inflation and increased operating costs present one of the largest headwinds to continued financial performance from the College. Budgeting and estimation of increased costs will become more vital to ensure we are able to provide the same level of service without drastic increases in tuition and fees. As of the date of this report, inflation increases seem to have subsided. Active monetary and fiscal policy by the federal government as well as increased emphasis on community colleges and workforce training are expected which should allow for growth in programs as well as making up any budget shortfalls that may occur.

The population demographics for entering college freshmen who graduate from high school in 2022 indicates some improvement. Although the total number of high school graduates nationwide will be virtually unchanged from 2010 to 2022, Southern states reflect a different trend. In the South, the projected number of high school graduates will consistently increase with 9.4 percent more in 2021-2022 than 2008-2009. Along with the projected increases to high school graduates, other key demographic factors, such as non-traditional students and additional minorities entering the college mix, could have a major impact on community college programming. As a result, the college will need to re-evaluate traditional recruitment models in the coming years.

The projected rise in high school graduating classes in the South will hopefully assist in a resurgence and upward trend in enrollment levels at the College; the anticipated increase could help mitigate the decrease endured over the past few years in student numbers. The College's 2022 enrollment level is currently lower than previously anticipated due to COVID-19. By forecasting data, considering the various aforementioned factors, it is expected that the enrollment will make gradual increases in the years to come. Coupled with the forecasts, efforts will be required to increase emphasis on reaching high school students through dual credit/dual enrollment programs, increased student support services, and more non-traditional student programming delivery models.

The next few years have a positive outlook for high school graduations as well as enrollment data. However, after the high school class of 2026, there appears to be a decline in enrollment in high schools which may lead to a decrease in enrollment at all higher education institutions. Completion and retention efforts will be more important than ever. For the fiscal years ended June 30, 2022, as well as June 30, 2023, the College has the highest completion rate of all of Mississippi's Community Colleges. We believe that success along with continued efforts will allow us to weather the population decline better than our sister institutions.

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

CONTACTING INFORMATION

This report is designed to provide a general overview of the College's finances for all those with an interest. Questions regarding these financial statements and requests for additional information should be addressed to the Vice President of Business Affairs, PO Box 649, Wesson, Mississippi, 39191.

Copiah-Lincoln Community College

Financial Statements

Copiah-Lincoln Community College
Statement of Net Position
June 30, 2022

Assets	
Current assets	
Cash and cash equivalents	$ 10,264,336
Investments	73,039
Accounts receivable (net of allowance of $7,875,068)	6,420,759
Inventories	186,563
Construction deposits	21,319
Prepaid expenses	125,740
Total Current Assets	17,091,756
Non-current assets	
Capital assets, net of accumulated depreciation	60,205,104
Lease assets, net of accumulated amortization	124,554
Total Non-Current Assets	60,329,658
Total Assets	77,421,414
Deferred Outflows of Resources	
Deferred outflows - pensions	5,675,360
Deferred outflows - OPEB	346,467
Total Deferred Outflows of Resources	6,021,827
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	2,102,358
Unearned revenues	146,206
Other current liabilities	333,371
Short-term lease liability	68,177
Long-term liabilities, current portion	1,120,237
Bond premium	17,565
Accrued leave balances	337,496
Net OPEB liability, current portion	68,407
Total Current Liabilities	4,193,817
Non-current liabilities	
Long-term liabilities, net of current portion and premium/discount	11,526,750
Long-term lease liability	58,713
Bond premium	391,760
Net pension liability	31,482,331
Net OPEB liability, net of current portion	1,615,877
Total Non-Current Liabilities	45,075,431
Total Liabilities	49,269,248
Deferred Inflows of Resources	
Deferred inflows - pensions	10,968,969
Deferred inflows - OPEB	634,119
Total Deferred Inflows of Resources	11,603,088
Net Position	
Net investment in capital assets	47,146,456
Restricted for:	
Expendable:	
Capital projects	4,835,922
Unrestricted	(29,411,473)
Total Net Position	$ 22,570,905

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

Copiah-Lincoln Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

Operating Revenues:	
Tuition and fees (net of scholarship allowance of $5,083,942)	$ 3,065,354
Federal grants and contracts	15,989,814
State grants and contracts	2,961,535
Local grants and contracts	602,402
Sales and services of educational departments	331,005
Auxiliary enterprises (net of scholarship allowance of $1,773,712)	2,506,888
Total Operating Revenues	25,456,998
Operating Expenses:	
Salaries and wages	15,908,223
Fringe benefits	3,551,278
Travel	427,981
Contractual services	4,505,579
Utilities	1,191,131
Scholarships and fellowships	1,361,130
Commodities	4,399,014
Amortization	67,855
Depreciation	2,280,532
Total Operating Expenses	33,692,723
Operating Income (Loss)	(8,235,725)
Non-Operating Revenues (Expenses)	
State appropriations	11,271,863
Local appropriations	5,434,707
Gain on sale of assets	31,000
Other revenues	460,883
Interest income	16,370
Interest expense	(369,546)
Other expenses	(3,714,266)
Total Non-Operating Revenues (Expenses)	13,131,011
Change in Net Position	4,895,286
Net Position	
Net Position - Beginning of Year	17,675,619
Net Position - End of Year	$ 22,570,905

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

Copiah-Lincoln Community College
Statement of Cash Flows
For the Year Ended June 30, 2022

Cash Flows from Operating Activities	
Cash received from tuition and fees	$ 6,858,392
Cash received from grants	19,553,751
Cash received from sales and services	346,948
Cash received from auxilliary enterprises	4,280,600
Cash payments to employees	(18,644,392)
Cash payments made for employees (retirement)	(2,581,408)
Cash payments for goods and services	(9,275,684)
Cash payments for scholarships and fellowships	(8,218,784)
Other operating cash (payments)	(378,318)
Net Cash Provided (Used) in Operating Activities	(8,058,895)
Cash Flows from Non-Capital Financing Activities	
Other proceeds (payments)	(3,253,383)
State appropriations	11,271,863
Local appropriations	5,434,707
Federal loan receipts	929,480
Federal loan payments	(929,480)
Net Cash Provided in Non-Capital Financing Activities	13,453,187
Cash Flows from Capital and Related Financing Activities	
Principal and interest paid on long-term debt	(1,442,724)
Principal paid on lease obligations	(65,519)
Interest paid on lease obligations	(6,218)
Proceeds from Bond Issuance	1,000,000
Proceeds from sale of assets	31,000
Acquisition or construction of capital assets (net)	(2,480,236)
Net Cash Used in Capital and Related Financing Activities	(2,963,697)
Cash Flows from Investing Activities	
Interest and dividend on investments	16,370
Net Cash Provided from Investing Activities	16,370
Increase (Decrease) in Cash and Cash Equivalents	2,446,965
Cash and Cash Equivalents, Beginning of Year	7,817,371
Cash and Cash Equivalents, End of Year	$ 10,264,336

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

Copiah-Lincoln Community College
Statement of Cash Flows
For the Year Ended June 30, 2022

Reconciliation of Operating Expenses to Net Cash Provided (Used) in Operating Activities

Operating income (loss)	$	(8,235,725)
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Amortization		67,855
Depreciation		2,280,532
Other receipts (payments)		0
Changes in assets and liabilities:		
(Increase) decrease in investments		0
(Increase) decrease in accounts receivable		(1,322,199)
(Increase) decrease in inventories		15,943
(Increase) decrease in construction deposits		0
(Increase) decrease in prepaid expenses		49,663
(Increase) decrease in deferred outflows of resources		550,176
Increase (decrease) in accounts payable and accrued liabilities		845,670
Increase (decrease) in net pension liability		(11,309,800)
Increase (decrease) in net OPEB liability		(409,229)
Increase (decrease) in deferred inflows of resources		9,396,815
Increase (decrease) in unearned revenue		31,295
Increase (decrease) in other current liabilities		(25,630)
Increase (decrease) in accrued leave balances		5,739
Total adjustments		176,830
Net Cash Provided (Used) in Operating Activities	$	(8,058,895)

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

Copiah-Lincoln Community College Foundation, Inc.

Financial Statements

Copiah-Lincoln Community College Foundation, Inc.
(A component unit of Copiah - Lincoln Community College)
Statement of Financial Position
June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Assets			
Cash and cash equivalents	$ 26,779	$ 574,062	$ 600,841
Contributions receivable, net	-	216,562	216,562
Investments	269,744	8,617,204	8,886,948
Total Assets	296,523	9,407,828	9,704,351
Liabilities			
Total Liabilities	-	-	-
Net Assets			
Without donor restrictions (See Note 6)	296,523	-	296,523
With donor restrictions (See Note 6)	-	9,407,828	9,407,828
Total Net Assets	$ 296,523	$ 9,407,828	$ 9,704,351

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

Copiah-Lincoln Community College Foundation, Inc.
(A component unit of Copiah - Lincoln Community College)
Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue, Gains and Other Support			
Contributions	$ 51,562	$ 611,889	$ 663,451
Investment income/(expense)	(37,776)	(1,117,578)	(1,155,354)
Net assets released from restrictions (Note 6)	610,338	(610,338)	-
Total Revenues, Gains and Support	624,124	(1,116,027)	(491,903)
Expenses			
Program services:			
Scholarships	185,795	-	185,795
Payments directly to the college	222,348	-	222,348
Special events	65,545	-	65,545
Athletic expenses	194,615	-	194,615
Alumni operations	14,266	-	14,266
Total program services	682,569	-	682,569
Supporting services:			
Management and general	49,331	-	49,331
Total supporting services	49,331	-	49,331
Total Expenses	731,900	-	731,900
Change in net assets before Other Sources/Uses	(107,776)	(1,116,027)	(1,223,803)
Other Sources (Uses)			
Transfers from other funds	-	5,000	5,000
Transfers to other funds	(5,000)	-	(5,000)
Total Other Sources (Uses)	(5,000)	5,000	-
Change in Net Assets	(112,776)	(1,111,027)	(1,223,803)
Net Assets at Beginning of Year	409,299	10,518,855	10,928,154
Net Assets at End of Year	$ 296,523	$ 9,407,828	$ 9,704,351

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

Copiah-Lincoln Community College Foundation, Inc.
(A component unit of Copiah - Lincoln Community College)
Statement of Cash Flows
For the Year Ended June 30, 2022

Cash Flows from Operating Activities		
Change in net assets	$	(1,223,803)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net unrealized (gains) losses on investments		1,430,477
Change in contributions restricted for permanent investment		611,889
Change in pledges receivable		64,875
Net cash provided by operating activities		883,438
Cash Flows from Investing Activities:		
Purchases of investments		(601,055)
Sales of investments		302,205
Net cash used in investing activities		(298,850)
Cash flows From Financing Activities:		
Contributions restricted for permanent investment		(611,889)
Net cash used in financing activities		(611,889)
Net change in cash		(27,301)
Cash and cash equivalents at beginning of year		628,142
Cash and cash equivalents at end of year	$	600,841

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

Copiah-Lincoln Community College

Notes to the Financial Statements

Copiah-Lincoln Community College
Notes to the Financial Statements
For the year ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

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

The College is governed by a twenty-seven (27) member Board of Trustees, selected by the Boards of Supervisors of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson Counties who support the College through locally assessed ad valorem tax millage. One of the trustees from each of the supporting counties must be the 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 State Board for Community and Junior Colleges, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

Copiah-Lincoln Community College Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt nonprofit organization. The Foundation acts primarily as a fund-raising organization to supplement the resources available to the College in support of its programs. Although the College does not control the timing or amounts of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. The Foundation is being included as a discretely presented component unit in the College's basic financial statements, in accordance with the criteria outlined by the Governmental Accounting Standards Board ("GASB"),

With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the College's financial report for differences between GASB and the Financial Accounting Standards Board ("FASB").

A separate financial statement of the Foundation can be obtained by contacting Copiah-Lincoln Community College Foundation, P.O. Box 649, Wesson, MS 39191.

Basis of Accounting and Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by 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*. The College follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive look at the College's financial activities.

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

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. Cash equivalents consist primarily of money market mutual funds and certificates of deposit.

Accounts Receivable

Accounts receivable consist of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts, local governments, and credits due to the College from vendors. Accounts receivable are recorded net of an allowance for doubtful accounts. Student receivables are written off once they have reached approximately one year outstanding. The College then sends these accounts to an outside firm for collection.

Note 1. Summary of Significant Accounting Policies (continued)

Inventories

Inventories consist of bookstore and food service supplies. Inventories are stated at the lower of cost or market. Cost is determined using either the first-in, first-out ("FIFO") basis or the average method.

Investments

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

Capital Assets (net of Accumulated Depreciation)

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

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories.

The following is used to compute depreciation:

Description	Useful Lives	Salvage Values	Capitalization Thresholds
Buildings	40 years	20%	$50,000
Building improvements	20 years	20%	25,000
Improvements other than buildings	20 years	20%	25,000
Equipment	3-15 years	1-10%	5,000
Library materials	10 years	-	-

Lease Assets

Lease assets are initially recorded at the initial measurement period of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentive received from the lessor at or before commencement of the lease, plus initial direct costs that are ancillary to place the asset into service using a threshold of $30,000. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Unearned Revenues

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

Deferred Outflows/Inflows of Resources

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

Note 1. Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of net 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 and so will not be recognized as an inflow of resources (revenue) until that time.

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

Compensated Absences

Twelve-month employees receive 12 days of annual leave per year. Ten-month employees receive no annual leave. Annual leave earned in one fiscal year must be taken by December 31 of the following fiscal year. Up to five days of unused annual leave may be added to an employee's sick leave accumulation upon written request and approval of the president. The liability for accrued leave at June 30, 2022 was $337,496.

Long-Term Liabilities and Bond Discounts and Premiums

In the proprietary financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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.

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 Insurance Plan ("OPEB Plan") and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the State.

Net Position

Net position is classified into three components:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

Restricted net position – This component of net position is divided into two categories: expendable and nonexpendable. Nonexpendable restricted net position is gifts that have been received for endowment purposes, the corpus of which cannot be expended. Currently, there is no net position classified as such. Expendable restricted net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the College, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowing.

Unrestricted net position – This component of net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted expendable or nonexpendable net position.

The College reported a deficit for unrestricted net position of ($29,411,473). This deficit can be attributed to the full recognition of net pension and net OPEB liabilities.

Note 1. Summary of Significant Accounting Policies (continued)

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: (a) student tuition and fees, net of scholarship discounts and allowances, (b) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (c) most federal, state and local grants and contracts.

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

State Appropriations

The College receives funds for general operations from the State of Mississippi through the Mississippi Community College Board ("MCCB"). The appropriations are distributed to community and junior colleges based on a funding formula which has been approved by all of the presidents of the colleges. 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 total credit hours generated by students, with some special consideration given to those programs which are considered high-cost programs.

Scholarship Discounts and Allowances

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers ("NACUBO"). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash.

Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Change in Accounting Standard

GASB 87, *Leases*, was implemented during the year ended June 30, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving the accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. The College recorded the cumulative effect of adopting GASB 87, which resulted in recognizing activity associated with lessee agreements. The adoption resulted in no impact to beginning net position as of July 1, 2021.

Note 2. Deposits and Investments

Cash, Cash Equivalents and Investments

Investment policies, as set forth by 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.

Deposits

Custodial credit risk is the risk that, in the event of a depository failure, the College will not be able to recover deposits or collateral securities that are in the possession of an outside party. The College does not have a formal policy for custodial credit risk. Deposits above Federal Deposit Insurance Corporation ("FDIC") coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the College 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 FDIC.

The carrying amount of deposits with financial institutions reported in the statement of net position as unrestricted cash and cash equivalents was $10,264,336 for the College.

Investments

Credit Risk: Investment policies are set forth by state statute. Investments are reported at fair value. The College does not have a formal investment policy that addresses credit risk. Section 37- 59-43, Miss. Code Ann. (1972) authorizes the College to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest-bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; and (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, and open-end or close-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration.

Interest Rate Risk: The College does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Treasury securities are presented as investments with maturities of less than one year because they are redeemable in full immediately.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2022, there is no custodial credit risk associated with any investments.

Concentration of Credit Risk: Disclosure of investments by amounts and issuer for any issuer that represents 5% or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds and external investments pools, and other pooled investments. As of June 30, 2022, the College did not have any investments to which this would apply.

Investment Type	Fair Value
Certificate of Deposit	$ 73,039

Note 2. Deposits and Investments (continued)

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

The College has the following recurring fair value measurements as of June 30, 2022:

- Short-term investments consisting of certificates of deposit totaling $73,039 are valued using quoted market prices (Level 1 inputs).

Note 3. Accounts Receivable

The College's accounts receivable at June 30, 2022 consisted of the following:

Student tuition	$ 9,552,220
Federal, state, and private grants and contracts	1,990,603
State appropriations	2,715,851
Other	37,153
Less allowance for doubtful accounts	(7,875,068)
Total accounts receivable	$ 6,420,759

Note 4. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2022 is presented as follows:

	Balance June 30, 2021	Additions	Deletions	Adjustments	Balance June 30, 2022
Non-depreciable capital assets:					
Land	$ 968,232	$ -	$ -	$ -	$ 968,232
Construction in progress	1,458,374	368,643	-	-	1,827,017
Total non-depreciable capital assets	2,426,606	368,643	-	-	2,795,249
Depreciable capital assets:					
Buildings	70,481,521	-	-	-	70,481,521
Structures and improvements	17,330,615	528,607	-	(1)	17,859,221
Equipment	8,291,664	1,386,709	(379,093)	44	9,299,324
Library books and media	1,024,549	3,872	-	(46)	1,028,375
Total	97,128,349	1,919,188	(379,093)	(3)	98,668,441
Less accumulated depreciation					
Buildings	(24,924,775)	(1,228,042)	-	-	(26,152,817)
Structures and improvements	(6,721,561)	(530,139)	-	-	(7,251,700)
Equipment	(6,716,388)	(514,169)	379,093	-	(6,851,464)
Library books and media	(994,422)	(8,182)	-	(1)	(1,002,605)
Total	(39,357,146)	(2,280,532)	379,093	(1)	(41,258,586)
Total depreciable capital assets (net)	57,771,203	(361,344)	-	(4)	57,409,855
Capital assets, net	$ 60,197,809	$ 7,299	$ -	$ (4)	$ 60,205,104

Note 4. Capital Assets (continued)

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

The College has contracted for various construction projects as of June 30, 2022. The details of construction in progress are as follows:

Project	Balance at June 30, 2022	Remaining Commitments
Ellzey Hall	$ 1,647,757	$ 820,940
Diesel Mechanic Shop	133,662	4,233
EPAAC	39,400	272,460
Mullen Gym	6,198	8,059
Totals	$ 1,827,017	$ 1,105,692

Construction projects included above are funded through the Bureau of Buildings and Ground ("BOB&G").

Note 5. Long-term Liabilities

Long-term liabilities of the College consist of notes and bonds payable and certain other liabilities that are expected to be liquidated at least one year from June 30, 2022. The College has the option to prepay all outstanding payments less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the College will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

Information regarding original issue amounts, interest rates and maturity dates for bonds and notes included in the long-term liabilities balance at June 30, 2022, is listed in the following schedule.

Description	Original Issue	Annual Interest Rate	Maturity
General OB (2017)	$ 2,258,000	1.90%	2025
General OB (2019)(Sports)	2,000,000	2.00 – 2.50%	2029
General OB (2016A)	1,840,000	1.86%	2023
Education Facilities (2018)	5,500,000	4.00%	2043
Special OB (2020)	3,790,000	2.66%	2045
SWMEPA Economic Development	1,000,000	0.00%	2031
MS School Series (2020A)	400,000	3.53%	2024

Note 5. Long-term Liabilities (continued)

A schedule detailing the beginning balances, changes to the long-term liabilities as well as the outstanding debt balances is provided in the schedule below.

Description	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
General OB (2017)	$ 1,342,000	$ -	$ 325,000	$ 1,017,000	$ 330,000
General OB (2019) (Sports)	1,835,000	-	175,000	1,660,000	180,000
General OB (2016A)	438,200	-	290,800	147,400	147,400
Education Facilities (2018)	5,235,000	-	145,000	5,090,000	150,000
Special OB (Series 2020)	3,790,000	-	100,000	3,690,000	100,000
SWMEPA Economic Development	-	1,000,000	111,120	888,880	111,120
MS School Series (2020A)	252,479	-	98,772	153,707	101,717
Bond Premium, net	435,438	-	26,113	409,325	17,565
Compensated Absences	331,757	5,739	-	337,496	337,496
Total long-term debt	$ 13,659,874	$ 1,005,739	$ 1,271,805	$ 13,393,808	$ 1,475,298

The following is a schedule by years of the total payments due on this debt:

Year Ended June 30,	Principal	Interest	Total
2023	$ 1,120,237	$ 374,835	$ 1,495,072
2024	947,110	357,144	1,304,254
2025	919,120	328,800	1,247,920
2026	591,120	313,950	905,070
2027	611,120	299,313	910,433
2028-2032	2,633,280	1,269,250	3,902,530
2033-2037	1,945,000	911,063	2,856,063
2038-2042	2,360,000	487,263	2,847,263
2043-2047	1,520,000	72,763	1,592,763
Totals	$ 12,646,987	$ 4,414,381	$ 17,061,368

Note 6. Leasing Activities

The College is a lessee for various noncancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the College recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the College recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the College initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The College generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The estimated incremental borrowing rate is the rate the College would expect to obtain for a similar financed purchase at the date of lease inception.

Note 6. Leasing Activities (continued)

The lease term includes the noncancellable period of the lease plus any additional periods covered by either a college or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the College and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The following table provides a summary of the College's leases and terms:

Description	Discount Rate	Term	Issue Date	Maturity Date	Payment	Amount Outstanding
Copiers	3.25%	48 months	7/1/2021	Various	$2,450/month	$72,194
Golf Carts	4.48%	36 months	7/1/2021	10/8/2023	$3,528/month	$54,696

A summary of changes in lease assets and lease liabilities for the year ended June 30, 2022 is presented as follows:

	Beginning Balance as Restated	Additions	Deletions	Balance June 30, 2022
Lease assets:				
Copiers	$ -	$ 98,779	$ -	$ 98,779
Golf Carts	-	93,630	-	93,630
Total	-	192,409	-	192,409
Less accumulated amortization	-	67,855	-	67,855
Lease assets, net	$ -	$ 124,554	$ -	$ 124,554
Lease liabilities:				
Copiers	$ -	$ 98,779	$ 26,585	$ 72,194
Golf Carts	-	93,630	38,934	54,696
Lease liabilities	$ -	$ 192,409	$ 65,519	$ 126,890

The following is a schedule by years of the total payments due on these lease obligations:

Year Ended June 30,	Principal	Interest	Total
2023	$ 68,177	$ 3,561	$ 71,738
2024	42,349	1,164	43,513
2025	15,925	221	16,146
2026	439	4	443
Totals	$ 126,890	$ 4,950	$ 131,840

Note 7. 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 ("COLAs"), and death benefits to plan members and beneficiaries. Plan provisions and the PERS 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 State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

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

Contributions
PERS members are required to contribute 9.00 percent 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, 2022 was 17.40 percent of annual covered payroll. The College's contributions to PERS for the fiscal years ending June 30, 2022, 2021, and 2020 were $2,624,211, $2,470,807, and $2,561,103, respectively, which equaled the required contribution for each year.

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

At June 30, 2022, the College reported a liability of $31,482,331 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 proportionate share of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to projected contributions of all participating entities, actuarially determined. The College's proportionate share used to calculate the June 30, 2022 net pension liability was 0.213 percent, which was based on a measurement date of June 30, 2021. This was a decrease of 0.008047 percent from its proportionate share used to calculate the June 30, 2021 net pension liability, which was based on a measurement date of June 30, 2020.

Note 7. Defined Benefit Pension Plan (continued)

For the year ended June 30, 2022, the College recognized pension expense of $1,008,317. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 511,594	$ -
Net difference between projected and actual earnings on investments	-	9,405,708
Changes in assumptions or other inputs	2,428,530	-
Changes in proportion and differences between College contributions and proportionate share of contributions	111,025	1,563,261
Contributions subsequent to the measurement date	2,624,211	-
Total	$ 5,675,360	$ 10,968,969

$2,624,211 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	Amount
2023	$ (1,628,378)
2024	(1,644,560)
2025	(1,819,560)
2026	(2,825,322)
Total	$ (7,917,820)

Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent average, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95 percent of male rates up to age 60, 110 percent for ages 61 to 75, and 101 percent for ages above 77. For females, 84 percent of the female rates up to age 72 and 100 percent for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134 percent for males and 121 percent for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97 percent for males and 110 percent for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purpose of determining the total pension liability in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four-year period July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

Note 7. Defined Benefit Pension Plan (continued)

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27%	4.60%
International Equity	22%	4.50%
Global Equity	12%	4.80%
Fixed Income	20%	-0.25%
Real Estate	10%	3.75%
Private Equity	8%	6.00%
Cash Equivalents	1%	-1.00%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be made at the current employer contribution rate (17.40 percent) thereafter. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

2022		1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
College's proportionate share of the net pension liability	$	44,586,361	31,482,331	20,683,567

Pension Plan Fiduciary Net Position

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

Note 8. Other Postemployment Benefits ("OPEB") Plan

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 of Mississippi 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 OPEB as a multiple employer defined benefit OPEB plan. The Plan issues a publicly available financial report that can be obtained at http://knowyourbenefits.dfa.ms.gov/.

Benefits Provided

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts, and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing healthcare benefits to retirees under age 65 and the average cost of providing healthcare 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 percent, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees, while employees' premiums are funded primarily by their employer. Contributions to the OPEB Plan from the College were $54,056 for the year ended June 30, 2022.

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

At June 30, 2022, the College reported a liability of $1,684,284 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2021, the College's proportion was 0.26166394 percent. This was a decrease of 0.00735317 percent from the proportionate share as of the measurement date of June 30, 2020.

Note 8. Other Postemployment Benefits ("OPEB") Plan (continued)

For the year ended June 30, 2022, the College recognized OPEB expense of ($102,089). At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,832	$ 526,654
Net difference between projected and actual earnings on investments	78	-
Changes in assumptions or other inputs	272,782	56,964
Changes in proportion and difference between contributions and proportionate share of contributions	17,719	50,501
Contributions subsequent to the measurement date	54,056	-
Total	$ 346,467	$ 634,119

$54,056 reported as deferred outflows of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30	Amount
2023	$ (83,029)
2024	(77,943)
2025	(60,053)
2026	(70,964)
2027	(49,719)
Total	$ (341,708)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including wage inflation
Municipal Bond Index Rate:	
Measurement date	2.13 percent
Prior measurement date	2.19 percent
Year Fiduciary Net Position is projected to be depleted	
Measurement date	2021
Prior measurement date	2020
Single equivalent interest rate, net of OPEB plan investment expense, including inflation	
Measurement date	2.13 percent
Prior measurement date	2.19 percent
Healthcare Cost Trends	
Medicare supplement claims	6.50 percent for 2022 decreasing to an
Pre-Medicare	ultimate rate of 4.50 percent by 2030

Note 8. Other Postemployment Benefits ("OPEB") Plan (continued)

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95 percent of male rates up to age 60, 110 percent for ages 61 to 75, and 101 percent for ages above 77. For females, 84 percent of the female rates up to age 72 and 100 percent for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134 percent for males and 121 percent for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97 percent for males and 110 percent for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study dated April 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

The long-term expected rate of return on OPEB plan investment is 4.50 percent.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.13 percent. Since the prior measurement date, the discount rate has changed from 2.19 percent to 2.13 percent. The trust was established on June 28, 2018, with an initial contribution of $1,000,000. As of June 30, 2021, the trust has $1,044,424. 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, 2020 and the June 30, 2021 total OPEB liability. The discount rate was based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 2.13 percent 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 one percentage point lower or one percentage point higher than the current rate:

2022		1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
College's proportionate share of the net OPEB liability	$	1,864,261	1,684,284	1,530,826

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 one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2022		1% Decrease	Healthcare Cost Trend Rates – Current	1% Increase
College's proportionate share of the net OPEB liability	$	1,560,082	1,684,284	1,824,839

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan's fiduciary net position is available in a separately issued report.

Copiah-Lincoln Community College
Notes to the Financial Statements
For the year ended June 30, 2022

Note 9. Functional Classification of Operating Expenses

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation & Amortization	Totals
Instruction	$ 8,578,781	$ 2,801,724	$ 92,404	$ 798,777	$ 612	$ 1,036,890	$ 973,753	$ -	$ 14,282,941
Academic support	515,629	179,682	5,747	116,022	-	-	61,636	-	878,716
Student services	1,812,112	589,376	287,407	520,146	-	324,240	395,476	-	3,928,757
Institutional support	2,700,784	(923,633)	41,501	1,263,935	-	-	297,729	-	3,380,316
Operation of plant	1,218,753	485,819	95	1,464,305	1,132,044	-	449,445	-	4,750,461
Auxiliary enterprises	1,082,164	418,310	827	342,394	58,475	-	2,220,975	-	4,123,145
Depreciation and amortization	-	-	-	-	-	-	-	2,348,387	2,348,387
Totals	$ 15,908,223	$ 3,551,278	$ 427,981	$ 4,505,579	$ 1,191,131	$ 1,361,130	$ 4,399,014	$ 2,348,387	$ 33,692,723

Note 10. Contingencies

Federal Grants
The College has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expense or disbursement of resources for allowable purposes. Any disallowance 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 outcome or liability, if any, of the College with respect to the various proceedings. However, the College's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the College.

Note 11. Related Party Transactions

The College provides facilities to the Foundation at no charge. The value associated with these items has not been recorded, as it would not be material.

Transactions between the Foundation and the College for the year ended June 30, 2022 are as follows:

Scholarships to the College	$	185,795
Reimburse to the College for salaries and miscellaneous	$	181,469

Note 12. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. The College carries commercial insurance for claims arising from such matters. Settled claims have not exceeded commercial insurance coverage in any of the three preceding years.

Note 13. Current Economic Conditions

The current economic environment presents institutions of higher education with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in student financial aid, enrollment revenue, government support, grant revenue, tax revenue, constraints on liquidity, and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the College.

Current economic conditions have made it difficult for many states to appropriate funds at a level similar to previous years. A significant decline in student financial aid, enrollment revenue, governmental support, grant revenue, or tax revenue could have an adverse impact on the College's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments of investment values and allowances for accounts receivable that could negatively impact the College's ability to maintain sufficient liquidity.

Note 14. Effect of Deferred Amounts on Net Position

The unrestricted net position amount of ($29,411,473) 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 pensions in the amount of $2,624,211 resulting from the College's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The $3,051,149 balance of deferred outflow of resources related to pensions at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of ($29,411,473) 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 OPEB in the amount of $54,056 resulting from the College's contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The $292,411 balance of deferred outflows of resources related to OPEB at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of ($29,411,473) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The $10,968,969 of deferred inflow of resources related to pensions at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of ($29,411,473) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The $634,119 balance of deferred inflow of resources related to OPEB at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

Note 15. Subsequent Events

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition and 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 has evaluated the activity of the College through the date on which the financial statements were available to be issued and determined the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Subsequent to June 30, 2022, the College has acquired the following debt:

Type of Financing	Issue Amount	Interest Rate	Issue Date
Equipment Lease	$ 273,600	6.08%	August 18, 2023

In December 2022, PERS increased the employer contribution rate from 17.40 percent to 22.40 percent. In August 2023, PERS voted to phase in the previously approved employer contribution rate increase by 2 percent each state fiscal year beginning July 1, 2024, and thereafter until the rate reaches the amount recommended by the actuary and approved by the Board. Additionally, PERS lowered the assumed rate of return from 7.55 percent to 7.00 percent, effective with the valuation ending June 30, 2023.

Note 16. Future Change in Accounting Principles

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

This Statement addresses the accounting for the costs related to cloud computing agreements. The Statement defines a subscription-based information technology arrangements ("SBITA"), establishes that a SBITA would result in a right-to-use ("RTU") asset and a corresponding liability, provides capitalization criteria, and requires new note disclosures. The Statement's language and concepts closely mirror the lease guidance provided in GASB Statement No. 87, *Leases*. This Statement requires governments report a subscription asset and subscription liability for an SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The changes should be applied retroactively by restating financial statements, if practicable, for all prior fiscal years presented. If restatement is not practicable, the cumulative effect, if any, should be reported as a restatement of beginning net position for the earliest fiscal year restated. In the first fiscal year the amendments are applied, note disclosure is required for the nature of the restatement and its effect, as well as the reason for not restating prior fiscal years presented, if applicable. SBITA assets and liabilities should be recognized and measured using the facts and circumstances at the beginning of the fiscal year of implementation. If applied to earlier fiscal years, those assets and liabilities should be recognized and measured using the facts and circumstances at the beginning of the earliest fiscal year restated. Governments are permitted—but not required—to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation.

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

Statement of Organizational Activities

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

Basis of Presentation

The Foundation prepares its financial statements on the accrual basis of accounting. The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. The Foundation adopted FASB Accounting Standards Update 2016-14 (Topic 958) *Presentation of Financial Statements of Not-for-Profits Entities*, Not-For-Profit Entities. The new standard requires net assets to be classified on the statement of financial position as net assets with donor restrictions and net assets without donor restrictions, based on the absence or existence and type of donor-imposed restrictions.

Net Assets with Donor Restrictions

The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). A donor-imposed restriction is a stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: (a) the nature of the not-for-profit entity (NFP), (b) the environment in which it operates, (c) the purposes specified in its articles of incorporation or bylaws or comparable documents for an unincorporated association. Some donors impose restrictions that are temporary in nature for example, stipulating those resources be used after a specific date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating those resources be maintained in perpetuity. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation’s management and the board of directors. Net assets without donor restrictions are subject to self-imposed limits by action of governing board. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

Note 1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Foundation is organized as a nonprofit corporation and has been recognized by the IRS as exempt from federal income tax. Section 501 of the U.S. tax code outlines which types of not-for-profit organization are tax exempt. The Section of this code that provides for exemption is 501(a), which states that organizations are exempt from some federal income taxes if they fall under sections 501 (c), 501(d) or section 401(a). Copiah-Lincoln Community College Foundation, Inc. is a Section 501(c)(3) organization and qualifies for the charitable contribution deduction under IRC Section 170 (b)(1)(A)(vi). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that derived from business activities that are unrelated to their exempt purposes. As of June 30, 2022, the Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Donated Assets

Material noncash donations are recorded as contributions at their estimated fair values at the date of donation. Any donated assets used in program services are recorded as functional expenses at their donated fair value.

Donated Services and Facilities

The Foundation receives a substantial number of services donated by citizens interested in the Foundation's programs. Because of the difficulty in assigning values for such services, these items are generally not reflected in the accompanying financial statements.

Investments

The Foundation follows FASB Accounting Standards Codification Subtopic 958-320, Not-For-Profit Entities—Investments—Debt and Equity Securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increase in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investment in Life Insurance Policies

The life insurance policies are recorded at fair value. The value of life insurance policies is based on the contractual surrender value of the policies.

Note 1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents are considered to be all highly liquid investments with maturities of three months or less at the time of acquisition. Cash and cash equivalents include cash on hand, demand deposit accounts, savings account, and certificate of deposits.

Contributions Receivable

Unconditional promises to give, that are expected to be collected within one year, are recorded at net realizable value which approximates fair value at the date of the pledge. Unconditional promises to give in future periods are initially recorded at estimated fair value determined using the discounted present value of expected cash flows and subsequently amortized over the expected payment period, net of an allowance for uncollectible pledges. The discount rates are determined at the time the unconditional promise to give is initially received. Contributions to be received in future years are discounted using a risk-free rate of approximately 3.25 percent for the year ended June 30, 2022. Contributions receivable are written off on an annual basis when determined by management to be uncollectible. Management determines that a contribution receivable is uncollectible based on the length of time that has passed since the last contribution has been received from that donor, which is usually in excess of one year.

Estimates

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

Contributions

All donor-restricted support is reported as with donor restrictions or without donor restrictions net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts of long-lived assets such as land, buildings or equipment are reported as net assets without donor restrictions support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions support. Absent explicit donor stipulations about how long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Note 1. Summary of Significant Accounting Policies (continued)

The Foundation and the College are financially interrelated organizations. Therefore, any contributions that are received by the Foundation specifically for the College are recorded as net assets without donor restrictions or net assets with donor restrictions contribution revenue, depending on the donors' specific instructions. These contributions are recorded by the Foundation only.

Revenue Recognition
All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as net assets with donor restrictions support and increase the respective class of net assets.

Planned Giving
Planned giving, which includes wills, trusts and estates, are not accrued as it represents a conditional promise to give which constitutes a future and uncertain event.

Operating Measure
The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be a more unusual or nonrecurring nature.

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

Note 2. Contributions Receivable, Net

The amounts of contributions receivable as of June 30, 2022 are as follows:

Contributions receivable	270,702
Less allowance for uncollectible promises to give	54,140
Contributions receivable, net	216,562

Note 3. Cash and Investments

Concentrations of Credit Risk

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

The Foundation's total cash and cash equivalents for the fiscal year ended June 30, 2022 was $600,841.

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

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

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

Investments

The FASB Accounting Standards Codification Topic ("ASC") 820, Fair Value Measurement, prescribes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly and indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

Note 3. Cash and Investments (continued)

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes to the methodologies used at June 30, 2022:

- *Equity securities and mutual funds*: Valued at quoted market prices in active markets on which the individual securities are traded, which for mutual funds represents the net asset value of shares held by the Foundation at year-end.

- *Bonds*: Valued based upon quotes from independent pricing vendors based upon independent pricing models or other model-based valuation techniques such as the present value of the stream of expected cash flows adjusted for the security's credit rating and other factors such as credit loss assumptions.

- *Certificates of Deposit*: Valued at estimates based upon matrix or model pricing methodology provided by an independent third party.

- *Cash value of life insurance*: Values are based on the contractual cash surrender value of the policy.

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

Long-lived assets are measured at fair value on a nonrecurring basis based upon inputs that are derived principally from, or corroborated by appraisals, comparable market data by correlation or other means only when there is evidence of impairment. The Foundation had no long-lived or Level 3 assets at June 30, 2022.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. The Foundation maintains cash accounts at various financial institutions. As of June 30, 2022, this account did not exceed FDIC limits. Cash deposits in the amount of $599,197 held by the Foundation's investment broker as of June 30, 2022, are not covered by the FDIC. However, these amounts are covered by the Securities Investor Protection Corporation (SIPC) up to $250,000.

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 3. Cash and Investments (continued)

As of June 30, 2022, the Foundation maintained $8,886,948 of securities in its investment portfolio. Although these funds reduce risk through diversification of investment holdings and are held with reputable brokers, they are exposed to custodial risk. The investments are not covered by the SIPC, subjecting the Foundation to the risk of uninsured losses.

The following table presents the financial assets carried at fair value by level within the valuation hierarchy at June 30, 2022:

Description		Fair Value	Level 1	Level 2
June 30, 2022				
Mutual Bond Funds	$	142,500	142,500	-
Exchange Bond Funds		665,060	665,060	-
Alternative Real Estate Investment Funds		820,993	-	820,993
Exchange Traded Stock Funds		3,919,883	3,919,883	-
Exchange Traced Corporate Bond Funds		476,984	476,984	-
Municipal Bonds		2,615,199	-	2,615,199
U.S. Government Bond Fund		147,780	147,780	-
U.S. Treasury/Agency Securities		98,549	98,549	-
Total	$	8,886,948	5,450,756	3,436,192

The following schedule summarizes the investment return in the statement of activities for the years ended June 30, 2022:

Interest and dividends	$	222,431
Net realized and unrealized gains		(1,330,413)
Less investment fees		(47,372)
Total	$	(1,155,354)

Interest and dividend income is included in investment income on the statement of activities.

The Foundation invests in a variety of investments which are generally subject to various risks and uncertainties such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported.

Note 3. Cash and Investments (continued)

Overall Investment Objective

The Foundation's investment committee is responsible for investment policies, return objectives and risk parameters for the endowment funds. Currently, the endowments' return objectives are preservation of principal with enough investment return to exceed bank deposit returns. The nature of the Foundation's investment strategy is balanced with approximately 40 to 45% invested in equity and remainder in fixed income. Appropriations for expenditures from the endowment funds are periodically made from amounts classified as net assets without donor restrictions as financial needs arise to fund support and expenses of the College.

Note 4. Availability and Liquidity

The following represents the Foundation's financial assets at June 30, 2022.

Cash and cash equivalents	$	600,841
Contributions receivable, net		216,562
Investments		8,886,948
Total financial assets		9,704,351
Less amounts not available to be used within one year		
Net Assets with donor restrictions		(9,407,828)
Financial assets available to meet general expenditures	$	296,523

Endowment funds consist of donor restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditures. If there is excess cash in the account, it is invested in a money market security. The Foundation currently use the Federated Government Obligations Fund which is a portfolio of short-term U.S. Treasury and government agency securities.

Note 5. Endowments

The Foundation's endowment consists of approximately 212 individual donor-restricted endowment funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 5. Endowments (continued)

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

The following is a summary of the Foundation's endowment net asset composition by type of fund as of June 30, 2022:

		Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted:				
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	$	-	7,093,723	7,093,723
Accumulated investment gains/(losses)		(355,807)	552,968	197,161
Board - designated		-	-	-
Total	$	(355,807)	7,646,691	7,290,884

The following is a summary of the changes in the Foundation's endowment net assets for the year ended June 30, 2022:

		Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$	-	8,148,125	8,148,125
Investment returns, net		(478,160)	(431,657)	(909,817)
Contributions		282,931	22,517	305,448
Appropriation of endowment assets		(160,578)	(92,294)	(252,872)
Endowment net assets, end of year	$	(355,807)	7,646,691	7,290,884

From time to time, certain donor-restricted endowment funds may have fair value less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Copiah-Lincoln Community College Foundation, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 6. Net Assets

Net assets with donor restrictions were as follows for the years ended June 30, 2022:

Endowments	
Subject to Not-For-Profit (NFP) endowment spending policy and appropriation:	
Scholarships	$ 6,385,003
General support	3,022,825
Total Net Assets With Donor Restrictions	$ 9,407,828

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by other events specified by the donors as follows for the years ended June 30, 2022:

Restricted-purpose spending rate	
Scholarships	$ 173,873
General support	436,465
Total	$ 610,338

Note 7. Related Party Transactions

Salaries, wages and benefits	$ 181,469
Amount paid to the College for scholarships	$ 185,795

Note 8. Donor-Designated Endowment

The Foundation has received donations to establish permanent endowment funds to provide ongoing scholarship assistance for worthy and deserving individuals enrolled at the College. Terms of the donation require the funds to be segregated from other Foundation funds. The donor-designated endowment funds are included in net assets with donor restrictions.

Note 9. Uncertainty in Income Taxes

Management has evaluated the Foundation's tax positions and concluded that the Foundation has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2018.

Note 10. Support for Copiah Lincoln Community College

Equipment and software	$	24,066
Retiree recognition		1,300
Workforce education		11,995
Student organizations		15,305
Salary reimbursement		14,650
Furniture, fixtures and improvements		155,032
Total support to the College	$	222,348

Note 11. Statement of Functional Expenses

Statement of Functional Expenses for the fiscal year 2022 consisted of:

		Program Services		Management and General		Total
Scholarships	$	185,795	$	-	$	185,795
Support for College		222,348		-		222,348
Special Events		65,545		-		65,545
Athletic Expenses		194,615		-		194,615
Alumni Operations		14,266		-		14,266
Professional Fees		-		15,041		15,041
Insurance		-		4,447		4,447
Meals and Travel		-		7,443		7,443
Office Expense		-		22,400		22,400
Total	$	682,569	$	49,331	$	731,900

Note 12. Subsequent Event

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

Copiah-Lincoln Community College

Required Supplementary Information

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

	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.213000%	0.221047%	0.225790%	0.222320%	0.224073%	0.224767%	0.232225%	0.239236%
College's proportionate share of the net pension liability	$ 31,482,331	$ 42,792,131	$ 39,720,916	$ 36,978,421	$ 37,248,538	$ 40,148,999	$ 35,897,406	$ 29,038,870
College's covered payroll	$ 14,200,040	$ 14,718,983	$ 13,310,672	$ 14,197,257	$ 14,374,413	$ 14,378,883	$ 14,508,063	$ 14,618,546
College's proportionate share of the net pension liability as a percentage of its covered payroll	221.71%	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

This schedule is presented to illustrate the requirement to show information for ten years. However GASB 68 was implemented in FYE 6/30/2015, and until a full ten-year trend is compiled, the College has only presented information for the years in which information is available.

Copiah-Lincoln Community College
Schedule of the College's Pension Contributions
PERS
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,624,211	$ 2,470,807	$ 2,561,103	$ 2,316,057	$ 2,236,068	$ 2,263,970	$ 2,264,674	$ 2,285,020
Contributions in relation to the contractually required contribution	2,624,211	2,470,807	2,561,103	2,316,057	2,236,068	2,263,970	2,264,674	2,285,020
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 15,081,672	$ 14,200,040	$ 14,718,983	$ 14,705,124	$ 14,197,257	$ 14,374,413	$ 14,378,883	$ 14,508,063
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for ten years. However GASB 68 was implemented in FYE 6/30/2015, and until a full ten-year trend is compiled, the College has only presented information for the years in which information is available.

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

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

	2022	2021	2020	2019	2018
College's proportion of the net OPEB liability	0.26166394%	0.26901711%	0.26632990%	0.26625319%	0.26629757%
College's proportionate share of the net OPEB liability	$ 1,684,284	$ 2,093,513	$ 2,259,918	$ 2,059,602	$ 2,089,395
College's covered-employee payroll	$ 12,440,022	$ 12,964,892	$ 12,196,381	$ 12,042,451	$ 11,964,018
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	0.13%	0.12%	0.13%	0.00%

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

This schedule is presented to illustrate the requirement to show information for ten years. However GASB 75 was implemented in FYE 6/30/2018, and until a full ten-year trend is compiled, the College has only presented information for the years in which information is available.

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

Copiah-Lincoln Community College
Schedule of the College's OPEB Contributions
OPEB
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Actuarially determined contributions	$ 54,056	$ 67,676	$ 83,489	$ 90,584	$ 89,074
Contributions in relation to the actuarially determined contribution	54,056	67,676	83,489	90,584	89,074
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 15,081,672	$ 14,200,040	$ 14,718,983	$ 14,705,124	$ 14,197,257
Contributions as a percentage of covered-employee payroll	0.36%	0.48%	0.57%	0.62%	0.63%

This schedule is presented to illustrate the requirement to show information for ten years. However GASB 75 was implemented in FYE 6/30/2018, and until a full ten-year trend is compiled, the College has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

Copiah-Lincoln Community College
Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

PENSION SCHEDULES

A. Changes of Assumptions

2015: The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely. Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely. The price inflation and investment rate of return assumptions were changed from 3.50 percent to 3.00 percent and 8.0 percent to 7.75 percent, respectively.

2016: The assumed rate of interest credited to employee contributions was changed from 3.50 percent to 2.00 percent.

2017: The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives. The wage inflation assumptions were reduced from 3.75 percent to 3.25 percent. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely. The percentage of active member disabilities assumed to be in the line of duty was increased from 6 percent to 7 percent.

2019: The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: a) for males, 112 percent of males rates from ages 18 to 75 scaled down to 105 percent for ages 80 to 119; b) for females, 85 percent of the female rates from ages 18 to 65 scaled up to 102 percent for ages 75 to 119; and c) projection scale MP-2018 will be used to project future improvements in life expectancy generationally. The expectation of disabled mortality was change to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: a) for males, 137 percent of male rates at all ages; b) for females, 115 percent of female rates at all ages; and c) projection scale MP-2018 will be used to project future improvements in life expectancy generationally. The price inflation assumption was reduced from 3.00 percent to 2.75 percent. The wage inflation assumption was reduced from 3.25 percent to 3.00 percent. Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience. The percentage of active member disabilities assumed to be in the line of duty was increased from 7 percent to 9 percent.

2021: The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: a) for males, 95 percent of male rates up to age 60, 110 percent for ages 61 to 75, and 101 percent for ages above 77; b) for females, 84 percent of the female rates up to age 72 and 100 percent for ages above 76; c) projection scale MP-2020 will be used to project future improvements in life expectancy generationally. The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: a) for males, 134 percent of male rates at all ages; b) for females, 121 percent of female rates at all ages; c) projection scale MP-2020 will be used to project future improvements in life expectancy generationally. The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: a) for males, 97 percent of male rates at all ages; b) for females, 110 percent of female rates at all ages; c) projection scale MP-2020 will be used to project future improvements in life expectancy generationally. The price inflation assumption was reduced from 2.75 percent to 2.40 percent. The wage inflation assumption was reduced from 3.00 percent to 2.65 percent. The investment rate of return was changed from 7.75 percent to 7.55 percent. The assumed load for administrative expenses was increased from 0.25 percent to 0.28 percent. Withdrawal rates, pre-retirement mortality rates and service retirement rates were also adjusted to more closely reflect actual experience. The percentage of active member disabilities assumed to be in the line of duty was increased from 9 percent to 12 percent. The percentage of active member deaths assumed to be in the line of duty was decreased from 6 percent to 4 percent.

B. Changes in Benefit Provisions

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

Copiah-Lincoln Community College
Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	3.00 – 18.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

OPEB SCHEDULES

A. Changes of Assumptions

2017: The discount rate was changed from 3.01 percent for the prior measurement date to 3.56 percent for the current measurement date.

2018: The discount rate was changed from 3.56 percent for the prior measurement date to 3.89 percent for the current measurement date.

2019: The discount rate was changed from 3.89 percent for the prior measurement date to 3.50 percent for the current measurement date.

2020: The discount rate was changed from 3.50 percent for the prior measurement date to 2.19 percent for the current measurement date.

2021: The discount rate was changed from 2.19 percent for the prior measurement date to 2.13 percent for the current measurement date.

B. Changes in Benefit Provisions

2017: None

2018: None

2019: 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.

2021: The schedule of monthly retiree contributions was increased as of January 1, 2022. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

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

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the schedule of employer contributions are calculated as of the most recent valuation date. The following actuarial methods and assumptions (from the June 30, 2020 actuarial valuation) were used to determine contribution rates reported in that schedule for the 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 increases	3.00 – 18.25%, including inflation
Initial healthcare costs trend rates	
Medicare supplement claims	
Pre-Medicare	7.00%
Ultimate healthcare 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 OPEB plan investment expense,	
including price inflation	2.19%

Copiah-Lincoln Community College

Supplementary Information

Copiah-Lincoln Community College
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Labor			
Passed-through			
Central Mississipppi Planning and Development District, Inc.			
Workforce Innovation and Opportunity Act Cluster			
WIOA Adult Program	17.258	AA-28325-16-55-A-28	$ 68,160
WIOA Youth Activities	17.259	AA-32190-18-55-A-28	88,813
WIOA Dislocated Worker Formula Grant	17.278	AA-30753-17-55-A-28	107,012
Total Workforce Innovation and Opportunity Act Cluster			263,985
Senior Service America, Inc.			
Senior Community Service Employment Program	17.235	AD-29496-16-55-A-24	513,965
Total U.S. Department of Labor			777,950
U.S. Department of Education			
Direct			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		115,080
Federal Work-Study Program	84.033		141,422
Federal Pell Grant Program	84.063		5,982,503
Federal Direct Student Loans	84.268		929,480
Total Student Financial Assistance Cluster			7,168,485
TRIO - Student Support Services	84.042		211,147
Education Stabilization Fund - CARES Act			
COVID-19 - HEERF - Student Aid Portion	84.425E		3,375,707
COVID-19 - HEERF - Institutional Portion	84.425F		4,363,151
COVID-19 - HEERF - Strengthening Institutions Program	84.425M		503,360
Total Education Stabilization Fund			8,242,218
Passed-through			
Mississippi Community College Board			
Adult Education - Basic Grants to States	84.002	V002A190025	341,254
Mississippi State Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A20024	100,475
Total U.S. Department of Education			16,063,579
U.S. Department of Health and Human Services			
Passed-through			
Mississippi Community College Board			
Child Care and Development Block Grant	93.575	N/A	102,526
Total U.S. Department of Health and Human Services			102,526
Total Expenditures of Federal Awards			$ 16,944,055

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

Copiah-Lincoln Community College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Copiah-Lincoln Community College (the "College") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position or cash flows of the College.

Note 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, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

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

Note 4. Federal Direct Student Loans

For purposes of the Schedule, loans made to students under the Federal Direct Loan Program are presented as federal expenditures. Neither the funds advanced to students nor the outstanding loan balances are included in the financial statements, since the loans are made and subsequently collected by the federal government.

Copiah-Lincoln Community College

Reports on Compliance and Internal Control

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

Dr. Dewayne Middleton, President, and Board of Trustees
Copiah-Lincoln Community College
Wesson, Mississippi 39191

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the business-type activities and the discretely presented component unit of Copiah-Lincoln Community College (the "College"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 13, 2024, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle.

Our report includes a reference to other auditors who audited the financial statements of the Copiah-Lincoln Community College Foundation, Inc. (the "Foundation"), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on 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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lowery Payn Leggett & Bellipanni CPAs

Lowery, Payn, Leggett & Bellipanni, CPAs
Brookhaven, Mississippi
February 13, 2024

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

Dr. Dewayne Middleton, President, and Board of Trustees
Copiah-Lincoln Community College
Wesson, Mississippi 39191

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Copiah-Lincoln Community College's (the "College's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2022. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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Brookhaven, Mississippi
February 13, 2024

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

Dr. Dewayne Middleton, President, and Board of Trustees
Copiah-Lincoln Community College
Wesson, Mississippi 39191

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Copiah-Lincoln Community College (the "College") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 13, 2024, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle.

Our report includes a reference to other auditors who audited the financial statements of the Copiah-Lincoln Community College Foundation, Inc. (the "Foundation"), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing* Standards, and accordingly, this report does not include reporting on compliance with state laws and regulations associated with the Foundation.

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

The results of those procedures performed to test compliance with certain state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with state laws and regulations. Our finding and recommendation and your response are as follows:

Finding 1

Criteria: Section 27-105-5, Miss. Code Ann. (1972) requires a public depositor to file an annual report with the State Treasurer that contains the name of the public depositor, its tax identification number, and provides a list of all bank accounts that were held by that depositor within 30 days of fiscal year end.

Condition: The College failed to file an annual report with the State Treasurer within 30 days of fiscal year end.

Cause: Management chose not to file the annual report until all bank statements were received from financial institutions for the final month of the fiscal year.

Effect: The College was not in compliance with Section 27-105-5, Miss. Code Ann. (1972).

Recommendation: We recommend establishing procedures to ensure that the College complies with Section 27-105-5, Miss. Code Ann. (1972) which requires a public depositor to file an annual report with the State Treasurer that contains the name of the public depositor, its tax identification number, and provides a list of all bank accounts that were held by that depositor within 30 days of fiscal year end.

Response: The depository report was not completed timely because at the time the report was due, we were still waiting on several bank statements from certain financial institutions. We have put additional procedures in place to ensure compliance, and for the fiscal year ended June 30, 2023, the report was completed and filed on July 13, 2023, which is in compliance with the required reporting period.

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

Lowery Payn Leggett & Bellipanni CPAs

Lowery, Payn, Leggett & Bellipanni, CPAs
Brookhaven, Mississippi
February 13, 2024

Copiah-Lincoln Community College

Schedule of Findings and Questioned Costs

Copiah-Lincoln Community College
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I: Summary of Auditor's Results

Financial Statements

1.	Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP	Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified?	None reported
3.	Noncompliance material to the financial statements noted?	No

Federal Awards

4.	Internal control over major federal award 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 federal program(s):	Unmodified
6.	Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?	No
7.	Identification of major programs:	

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007	Student Financial Aid Cluster – FSEOG
84.033	Student Financial Aid Cluster – FWS
84.063	Student Financial Aid Cluster – PELL
84.268	Student Financial Aid Cluster – Federal Direct Student Loans
84.425E	COVID-19 Education Stabilization Fund (HEERF) – Student Aid Portion
84.425F	COVID-19 Education Stabilization Fund (HEERF) – Institutional Portion
84.425M	COVID-19 Education Stabilization Fund (HEERF) – Strengthening Institutions Program

8.	Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
9.	Auditee qualified as a 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 Statement Findings

Current Year Finding: The results of our tests did not disclose any findings related to the financial statements that are required to be reported under *Government Auditing Standards*.
Prior Year Finding: None reported.

Section III: Federal Award Findings and Questioned Costs

Current Year Finding: The results of our tests did not disclose any findings and questioned costs related to the federal awards.
Prior Year Finding: None reported.