MERIDIAN COMMUNITY COLLEGE

FINANCIAL STATEMENTS

JUNE 30, 2022

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MERIDIAN COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

Thomas M. Huebner, Jr., PhD, President and Board of Trustees
Meridian Community College
Meridian, Mississippi 39307

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Meridian Community College as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Meridian Community College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Meridian Community College, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Meridian Community College Foundation (the Foundation), a discretely presented component unit of Meridian Community College, which represents 100 percent of the assets and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of other auditors. The financial statements of the Foundation are presented in comparative form and report the financial position of the Foundation for the June 30, 2022 and 2021 fiscal years.

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 (Government Auditing Standards)*, issued by the Comptroller

General of the United States. 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 Meridian Community 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Meridian Community 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 Responsibility 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 Meridian Community 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 Meridian Community 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of College Contributions (PERS), the Schedule of the College's Proportionate Share of the Net OPEB Liability, and the Schedule of College Contributions (OPEB), 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Meridian Community College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023 on our consideration of the Meridian Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Meridian Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meridian Community College's internal control over financial reporting and compliance.

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
March 24, 2023

MERIDIAN COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

MERIDIAN COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

The following discussion and analysis of Meridian Community College's financial performance provides an overview of the College's financial activities for the year ended June 30, 2022. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. We have included in this discussion comparative data for 2021. The financial statements, footnotes, and this discussion are the responsibility of management.

Overview of the Statements

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

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

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the College's financial statements. The notes can be found immediately following the basic financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information related to the implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68) "Accounting and Financial Reporting for

Pensions" and Governmental Accounting Standards Board Statement No. 71 (GASB 71) "Pension Transition for Payments Made Subsequent to the Measurement Date", and Governmental Accounting Standards Board Statement No. 75 (GASB 75) "Accounting and Financial Reporting for Postemployment Benefits other than Pensions." This includes information about the College's proportionate share of the total pension liability, pension contributions, and net pension liability of the Mississippi Public Employees Retirement System (PERS), and the net OPEB liability, the College's OPEB contributions, and the net OPEB liability of the State and School Employees' Life and Health Insurance Plan established for state employees.

Effective for fiscal year 2021, the College adopted GASB Statement No. 84, *Fiduciary Activities*. GASB No. 84 intends to enhance consistency and comparability on how fiduciary activities are reported by providing additional guidance on what qualifies as a fiduciary activity. The adoption of this statement resulted in a shift of various funds previously classified as agency, which were reported as an asset and liability on the College's Statement of Net Position, to a classification of college operating funds. The funds that were not re-categorized are reported as Custodial Funds in the fiduciary fund statements. Starting in fiscal year 2021, as restated, these re-categorized funds are reported as assets and liabilities on the Statement of Net Position. Additionally, amounts previously reported as Funds Held for Others (Agency Funds) are reported in Net Position on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position reports the current year activity for revenues and expenses.

Effective for fiscal year 2022, the College adopted GASB Statement No. 87, Leases. The objective of this Statement is to better meet the informational needs to financial statement users by improving accounting and financial reporting for leases by governments and requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

Condensed Statement of Net Position

June 30, 2022 and 2021

	June 30, 2022		June 30, 2021	
	Amount	Percent	Amount	Percent
ASSETS				
Current assets	$ 17,740,272	25.28%	$ 18,535,619	26.42%
Non-current assets:				
Capital, net	52,438,088	74.72%	51,625,776	73.58%
Total assets	$ 70,178,360	100.00%	$ 70,161,395	100.00%
DEFERRED OUTFLOWS	$ 6,451,920	100.00%	$ 5,899,971	100.00%
LIABILITIES				
Current liabilities	$ 1,833,514	4.29%	$ 2,970,480	5.09%
Non-current liabilities	40,898,319	95.71%	55,403,877	94.91%
Total liabilities	$ 42,731,833	100.00%	$ 58,374,357	100.00%
DEFERRED INFLOWS	$ 13,294,373	100.00%	$ 566,729	100.00%
NET POSITION				
Net investment in capital assets	$ 48,402,087	234.92%	$ 47,281,768	276.17%
Restricted:				
Expendable	2,715,505	13.18%	2,744,909	16.03%
Unrestricted	(30,513,518)	-148.10%	(32,906,397)	-192.21%
Total net position	$ 20,604,074	100.00%	$ 17,120,280	100.00%

Assets

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the College's bank accounts. The total amount of cash and cash equivalents reported as current assets on the College financial statements was $12,527,460 on June 30, 2022, a decrease of $121,658 below the balance of $12,649,118 on June 30, 2021. In fiscal year 2021, there was an increase of $2.8M from the 2020 fiscal year balance. That large increase was the result of the issuance of debt in the amount of $3,000,000 for various capital projects. The majority of these funds have not been expended by June 30, 2022 and therefore is the reason for the decrease in the cash balance.

Accounts Receivable

Accounts receivable relates to several transactions including local appropriations, student tuition and fees and auxiliary services vendor credits. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowance for doubtful accounts. The College receivables totaled $4,771,813 at June 30, 2022, a decrease of $908,074 below the balance of $5,679,887 at June 30, 2021.

Inventories

The College maintains inventories of resale merchandise within the College bookstore. Books, student supplies, sportswear, gift items and institutional memorabilia make up most of the resale inventory. Inventories totaled $161,515 at June 30, 2022, a decrease of $27,507 below the balance of $189,022 at June 30, 2021.

Non-current Assets

Capital Assets, Net

Capital assets, net, consist of land, art, improvements, buildings, equipment, historical library holdings, construction in-progress, and intangible right to use assets at June 30, 2022. The amount reported is net of accumulated depreciation. Capital assets, net totaled $52,438,088 at June 30, 2022, an increase of $812,312 over the balance of $51,625,776 at June 30, 2021.

Deferred Outflows – Pensions

Deferred outflows consist of outflows that will be reported in future periods that will increase the pension expense. This consists of two items.

- The first item represents the difference between the expected expenditures of past years and the actual experience of retirement benefit payments consisting of the difference in the expected and actual experience. This can have an impact on the deferred inflows/outflows of PERS. The college's share of these PERS deferred outflows for the 2022 fiscal year as of June 30, 2022 was $424,717. This amount is amortized over a 3.88-year period. The first year of this calculation is reported as pension expense for $109,463 for 2022. The remaining balance of $315,254, is part of the 2022 deferred outflows and will be amortized over the remaining 2.88 years.

- In addition, there are deferred outflows due to the net difference between projected and actual earnings on investments. For the year ended June 30, 2022, there were no changes in the net difference between projected and actual earnings on investments.

- The changes in actuarial assumptions can have an impact on the deferred inflows/outflows of PERS. The college's proportionate share of the deferred outflows related to changes in assumptions totaled $3,442,484. This amount is amortized over a 3.88-year period. Of this amount, $2,555,246 has increased the pension expense for the year ended June 30, 2022. The remaining balance of $887,238 will be amortized over the next 2.88 years.

- The employer contributions made to PERS during the 2022 fiscal year that will be reported as part of the pension expense of 2022 is reported as part of deferred outflows.

The total deferred outflows for 2022 is a combination of the $2,870,500 change in actuarial assumptions plus $2,806,834 of College contributions paid during the 2023 fiscal year and $2,176,236 of the unamortized outflows of the 2021 fiscal year, $518,490 of the unamortized deferred outflows of the 2020 fiscal year.

In addition, the "net difference between projected and actual earnings on pension plan adjustments" is netted between deferred outflows and deferred inflows. This results in a reduction of deferred outflows of $2,323,346.

The deferred outflows totaled $6,048,713 at June 30 2022, an increase of $657,896 over the balance of $5,390,817 as of June 30, 2021.

Deferred Outflows – Other Postemployment Benefits (OPEB)

Deferred outflows consist of outflows that will be reported in future periods that will increase the OPEB expense.

- The deferred outflows are made up of the difference between the expected expenditures of past years and the actual experience of health and life insurance benefit payments consisting of the difference in the expected and actual experience calculations, the net difference between projected and actual investment earnings on OPEB plan investments, the changes in proportionate and differences between employer contributions and proportionate share of the contributions, and the difference due to changes in assumptions.
- The College's proportionate share of the State Health and Life Insurance Plan's deferred outflows as of June 30, 2021 was $105,747. This amount is amortized for over the average expected service life of members, which is 5.9 years. The first year of this calculation is reported as part of the OPEB expense for $31,093 for 2022. The remaining balance, $74,654 is part of the 2022 deferred outflows and will be amortized over the remaining 4.9 years.

- The changes in actuarial assumptions can have an impact on the deferred inflows/outflows of OPEB. The College's proportionate share of the deferred outflows related to changes in assumptions totaled $347,824. Of this amount, $73,293 has increased the OPEB expense for the year ended June 30, 2022. The remaining balance of $274,531 will be amortized over 4.9 years.
- The net difference between the projected and actual investment earnings on OPEB plan investments can have an impact on the deferred inflows/outflows of OPEB. The College's net difference between the projected and actual investment earnings on OPEB plan investments total $74. Of this amount, $5 has decreased the OPEB expense for the year ended June 30, 2022. The remaining balance, $79 will be amortized as an increase in expense over the remaining 4.9 years.
- The College's share of the State Health and Life Insurance Plan's deferred outflows due to the net difference in expected expenditures of past years and the actual experience of retirement benefit payments exchanges for the 2022 fiscal year as of June 30, 2022 was $2,726. This amount is amortized over the average expected service life of members, which is 5.9. The first year of this calculation is reported as part of the OPEB expense for $883 for 2022. The remaining balance, $1,843 is part of the 2022 deferred inflows and will be amortized over the remaining 4.9 years.
- The employer contributions made to the Life and Health Insurance Plan during the 2022 fiscal year that will be reported as part of the OPEB expense of 2022 is reported as part of deferred outflows. The amount of $52,100 is reported as deferred outflows of resources related to OPEB resulting from the College contributions subsequent to the measurement date and will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2023.

The total deferred outflows for 2022 is a combination of the $74,654 change in proportionate share, $1,843 of the difference in expected and actual experience, $79 net difference between projected and actual investment earnings on OPEB plan investments, $274,531 change of assumptions, and $52,100 of college contributions paid during the 2022 fiscal year.

The deferred outflows totaled $403,207 at June 30 2022, a decrease of $105,947 over the balance of $509,154 as of June 30, 2021.

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. The accounts payable and accrued liabilities totaled $1,283,526 at June 30, 2022, a decrease of $329,189 below the balance of $1,612,715 at June 30, 2021.

Unearned Revenue

Unearned revenue represents revenue that was received by the College prior to the fiscal year end; however, these revenues were not yet earned by the College and will be reported as revenue in the subsequent year in which they are earned. The unearned revenue totaled $72,164 at June 30, 2022, a decrease of $810,952 below the balance of $883,116 at June 30, 2021. The substantial decrease is due to the unearned revenue for HEERF grants in which the revenue from those grants was not recognizable as of June 30, 2021, but has since been recognized during the 2022 fiscal year.

Annual Leave Liabilities – Current Portion

Annual leave liabilities-current portion represents the portion of accrued compensated balances that would be payable by the end of the June 30, 2022 fiscal year. The amount of the current portion of compensated absences at June 30, 2022 was $95,281, an increase of $10,736 above the balance at June 30, 2021 of $84,545.

Net OPEB Liabilities – Current Portion

At June 30, 2022, the College reported a liability of $68,543 for its proportionate share of the net OPEB liability-current portion. 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 0.26334128 percent. This was a decrease of 0.01182908 percent from the proportionate share as of the measurement date of June 30, 2020. The total amount of the net OPEB liability - current was $68,543 at June 30, 2022, a decrease of $13,553 from the balance of $82,096 at June 30, 2021. Additional information is disclosed in Note 10.

Long-term Liabilities - Current Portion

Long-term liabilities-current portion represents the portion of long-term debt that will be paid during the 2022 fiscal year. The amount of the current portion of long-term debt at June 30, 2022 was $314,000, an increase of $5,992 over the balance of $308,008 on June 30, 2021.

Non-current Liabilities

Deposits

Deposits represent the deposits paid by students for reservation and possible damage to a dorm room for the future semester and also the deposits held for others, such as individuals or organizations for which the College acts as custodian. The housing deposits are payable to the student upon check-out at the end of the semester. The custodial deposits are payable upon the request of the individual or organization. The amount of deposits totaled $31,516 at June 30, 2022, a decrease of $52,450 from the balance of $83,966 at June 30, 2021.

Accrued Leave

This liability consists of accrued compensated balances that represent the amount payable to employees for earned but unpaid vacation. The total amount of the non-current portion of accrued compensated balances on June 30, 2022 was $887,554, an increase of $60,040 over the balance of $827,514 at June 30, 2021.

Long-term Liabilities

This liability consists of long-term debt for outstanding bonds, notes, and leases. The total amount of the non-current portion of long-term debt was $3,722,000 at June 30, 2022, a decrease of $314,000 over the balance of $4,036,000 at June 30, 2021.

Net Pension Liabilities

The College's proportionate share of the Net Pension Liability (NPL) of PERS was $34,630,712 for the statement of net position of June 30, 2022. The NPL is equal to the Total Pension Liability (TPL) minus the System Fiduciary Net Position (FNP) (basically the market values of assets.) 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 the projected contributions of all participating entities, actuarially determined. The College's proportion was 0.234301%. The total amount of the net pension liability was $34,630,712 at June 30, 2022, a decrease of $13,766,383 below the balance of $48,397,095 at June 30, 2021. Additional information is disclosed in Note 9.

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Net OPEB Liabilities – noncurrent portion

At June 30, 2022, the College reported a liability of $1,626,537 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 0.26334128%. This was a decrease of 0.01182908% from the proportionate share as of the measurement date of June 30, 2020. The total amount of the OPEB liability was $1,626,537 at June 30, 2022, a decrease of $432,765 from the balance of $2,059,302 at June 30, 2021. Additional information is disclosed in Note 10.

Deferred Inflows – Pensions

Deferred inflows consist of inflows that will be reported in future periods that will decrease the pension expense. Deferred inflows are a proportionate share of the deferred inflows reported by PERS for the year ended June 30, 2022 and the remaining unamortized deferred inflows reported by PERS for the years ended June 30, 2021 and 2020. This consists of the following:

- The changes in proportionate share of the deferred inflows of PERS which was $3,067,689 for the year ended June 30, 2022. This amount is amortized over 3.88 years. Of this amount, $790,642 has been expensed in the 2022 fiscal year. The remaining amount of $2,277,047 will be amortized over the next 2.88 years.

- Deferred inflows resulting from the net difference between projected and actual earnings on investments can have an impact on the deferred inflows/outflows. The second item represents the College's net difference between projected and actual earnings on investments which was $15,539,362 for the year ended June 30, 2022. This amount is amortized over 3.88 years. Of this amount, $3,107,872 has been expensed in the 2022 fiscal year. The remaining amount of $12,431,490 will be amortized over the next 2.88 years.

The total deferred inflows for 2022 is the $14,708,537 change in proportionate share and the net difference between projected and actual earnings on investments. The remaining deferred inflows contain $44,136 of the unamortized deferred inflows of the 2021 fiscal year, $9,668 of the unamortized deferred inflows of the 2020 fiscal year and $187,000 of the unamortized deferred inflows of the 2019 fiscal year.

In addition, the "net difference between projected and actual earnings on pension plan adjustments" is netted between deferred outflows and deferred inflows. This results in a reduction of deferred inflows of $2,323,346.

These changes combined with the prior year unamortized deferred inflows represent the detail of the balance of deferred inflows of $12,625,996 as of June 30, 2022, an increase of $12,522,420 over the deferred inflow balance of $103,576 as of June 30, 2021.

Deferred Inflows – OPEB

Deferred inflows consist of inflows that will be reported in future periods that will decrease the OPEB expense. This consists of the following items:

- The College's share of the State Health and Life Insurance Plan's deferred inflows due to the net difference in expected expenditures of past years and the actual experience of retirement benefit payment exchanges for the 2022 fiscal year as of June 30, 2022 was $652,689. This amount is amortized over the average expected service life of members, which is 5.9 years. The first year of this calculation is reported as part of the OPEB expense for $122,659 for 2022. The remaining balance, $530,030 is part of the 2022 deferred inflows and will be amortized over the remaining 4.9 years.
- The changes in actuarial assumptions can have an impact on the deferred inflows/outflows of OPEB. The college's proportionate share of the deferred inflows related to changes in assumptions totaled $90,490. Of this amount $33,161 has increased the OPEB expense for the year ended June 30, 2022. The remaining balance of $57,329 will be amortized as an increase to the pension expense over the next 4.9 years.
- The first item represents the college's proportionate share of the State Health and Life Insurance Plan's deferred inflows. For the 2022 fiscal year, this amount was $97,552 as of June 30, 2022. This amount is amortized over the average expected service life of members, which is 5.9 years. The first year of this calculation is reported as part of the OPEB expense for $16,534 for 2022. The remaining balance, $81,018 is part of the 2022 deferred outflows and will be amortized over the remaining 4.9 years.

The total deferred inflows for 2022 is a combination of the $530,030 of the difference in expected and actual experience, $57,329 change of assumptions, and $81,018 change in proportionate share.

The deferred inflows totaled $668,377 at June 30 2022, an increase of $205,224 over the balance of $463,153 as of June 30, 2021.

Net Position

Net position represents the difference between the College's assets and deferred outflows less liabilities and deferred inflows. Total net position at June 30, 2022 was $20,604,074, an increase of $3,483,794 above the balance of $17,120,280 on June 30, 2021 as reflected on the statement of revenues, expenses, and changes in net position for fiscal year 2021.

Analysis of Net Position

The net investment in capital assets at June 30, 2022 totaled $48,402,087, an increase of $1,120,319 from the balance of $47,281,768 on June 30, 2021. This is a result of the following increases and decreases:

Increases to construction in-progress	$ 1,861,146
Increases to learning resources	62,952
Increases to equipment	1,030,183
Increases to land	16,450
Debt retired	308,008
Deletions to equipment & improvements, net	(2,060)
Depreciation expense	(2,156,360)
Total change in net investment in capital assets	$ 1,120,319

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

The following is a breakdown of the restricted net position:

	June 30, 2022 Amount	June 30, 2021 Amount
Unemployment funds	$ 180,877	$ 180,622
Capital projects	2,051,910	2,800,307
Grants and contracts	482,718	(236,020)
Total restricted net position	$ 2,715,505	$ 2,744,909

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. The unrestricted net position at June 30, 2022 was $(30,513,518), an increase of $2,392,879, as compared to the unrestricted net position at June 30, 2021 of $(32,906,397).

The following is a breakdown of the unrestricted net position:

	June 30, 2022 Amount	June 30, 2021 Amount
Unrestricted undesignated fund	$ (33,035,210)	$ (35,501,250)
Unrestricted designated fund	2,514,747	2,592,408
Unrestricted auxiliary fund	6,945	2,445
Total unrestricted net position	$ (30,513,518)	$ (32,906,397)

In connection with the application of standards on accounting and financial reporting for pensions and OPEB liabilities, management represents the following additional information:

	June 30, 2022 Amount	June 30, 2021 Amount
Total unrestricted net position (deficit)	$ (30,513,518)	$ (32,906,397)
Less unrestricted deficit in net position resulting from recognition of the net pension and OPEB liabilities, including the deferred outflows and deferred inflows related to pension and OPEB	43,168,245	45,205,251
Unrestricted net position, exclusive of the net pension and OPEB liabilty effect	$ 12,654,727	$ 12,298,854

GASB 68 and 75 impact on Net Position:

	2022	2021
Total net position	$ 20,604,074	$ 17,120,280
Deferred outflows of resources- pension	$ (6,048,713)	$ (5,390,817)
Deferred inflows of resources- pension	12,625,996	103,576
Net pension liability	34,630,712	48,397,095
Total impact on GASB 68	$ 41,207,995	$ 43,109,854
Net position net of GASB 68 impact	$ 61,812,069	$ 60,230,134
Deferred outflows of resources - OPEB	$ (403,207)	$ (509,154)
Deferred inflows of resources- OPEB	668,377	463,153
Net OPEB liability	1,695,080	2,141,398
Total impact on GASB 75	$ 1,960,250	$ 2,095,397
Net position net of GASB 68 and 75 impact	$ 63,772,319	$ 62,325,531
Less investment in capital assets	(48,402,087)	(47,281,768)
Less restricted net position	(2,715,505)	(2,744,909)
Unrestricted	$ 12,654,727	$ 12,298,854

MERIDIAN COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

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

For the years ended June 30, 2022 and 2021:

	June 30, 2022 Amount	June 30, 2021 Amount
Operating revenues		
Tuition and fees, net	$ 6,525,820	$ 5,371,417
Grants and contracts	18,796,604	21,690,976
Auxiliary enterprises, net	3,108,927	2,872,204
Other operating revenues	461,577	400,619
Total operating revenues	$ 28,892,928	$ 30,335,216
Operating expenses	$ 42,894,595	$ 47,060,423
Operating loss	$(14,001,667)	$(16,725,207)
Non-operating revenues		
State appropriations	$ 12,618,669	$ 12,257,894
Local appropriations	2,427,870	2,677,183
Investment income, net	8,457	12,055
Net non-operating revenues	$ 15,054,996	$ 14,947,132
Gain (loss) before other revenues, expenses, gains and losses	$ 1,053,329	$ (1,778,075)
State appropriations restricted for capital purposes	$ 824,846	$ 934,225
Local appropriations restricted for capital purposes	1,227,576	1,108,598
Private grant for capital purposes	30,000	-
Other deletions, net	(3,629)	(751,923)
Total other revenues, net	$ 2,078,793	$ 1,290,900
Total increase (decrease) in net position	$ 3,132,122	$ (487,175)
Net position		
Net position at beginning of year, as previously reported	$ 17,120,280	$ 16,879,662
Prior period adjustment	351,672	727,793
Net position at end of year	$ 20,604,074	$ 17,120,280

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

The following shows GASB 68 and 75 and other non-cash items impact on the Change of Net Position:

	2022	2021
Change in net position	$ 3,132,122	$ (487,175)
Prior period adjustment	351,672	727,793
GASB 68 impact	(1,901,860)	1,828,532
GASB 75 impact	(135,147)	5,863
Change in total net position, net of GASB 68 and GASB 75 expenses	$ 1,446,787	$ 2,075,013
Less investment in capital assets changes	(1,120,319)	1,441,165
Less restricted and plant fund changes	29,404	(1,929,933)
Change in unrestricted net position, net of GASB 68 and GASB 75 expenses	$ 355,872	$ 1,586,245
Other non-cash transactions:		
Depreciation	$ 2,156,360	$ 1,560,803
Compensated absences	$ 70,775	$ 115,386

Total operating loss for the fiscal year 2022 was $14,001,667, a decrease of $2,723,540 over the loss for fiscal year 2021 of $16,725,207. Since the State of Mississippi appropriation is not included within operating revenue per GASB No. 35, beginning in fiscal year 2003 and forward, the College will show a significant operating loss.

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

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

Total operating revenues for fiscal year 2022 were $28,892,928. Tuition and fees were $6,525,820. The tuition discount was $3,899,807. Operating expenses, including depreciation of $2,156,360, totaled $42,894,595.

Revenues

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes totaling $6,525,820. The tuition discount for the 2022 fiscal year was $3,899,807.

Grants and Contracts

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

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

	June 30, 2022 Amount	June 30, 2021 Amount
Federal	$ 15,431,048	$ 18,361,242
State	2,465,158	2,326,774
Local	24,452	28,505
Private	875,946	974,455
Total all sources	$ 18,796,604	$ 21,690,976

Sales and Services from Educational Activities

Other operating revenues consist of income from educational activities that totaled $223,908 for the 2022 fiscal year, a decrease of $63,282 from the balance of $287,190 for the 2021 fiscal year.

Sales and Services, Net

Auxiliary enterprises include the College bookstore, food services, housing and other auxiliary revenues. The following table details the College's sales and services revenue for the fiscal years ended June 30, 2022 and 2021:

	June 30, 2022 Amount	June 30, 2021 Amount
Housing (net of scholarship allowance of $26,470)	$ 704,514	$ 554,482
Food services (net of scholarship allowance of $39,705)	608,093	490,821
Bookstore	1,707,508	1,753,259
Other auxiliary revenues	88,812	73,642
Total all sources	$ 3,108,927	$ 2,872,204

Operating Expenses

Operating expenses totaling $42,894,595 include salaries and benefits of $20,139,191, utilities of $1,045,394, supplies of $3,030,419, services of $5,076,734, and depreciation of $2,156,360.

	June 30, 2022 Amount	June 30, 2021 Amount
Expenses by functions:		
Instruction	$ 12,998,782	$ 13,810,145
Academic support	3,542,966	4,225,889
Student services	4,352,420	4,117,710
Institutional support	3,616,846	7,226,051
Operations and maintenance of plant	4,934,935	5,535,747
Student financial aid	8,317,317	7,748,575
Auxiliary enterprises	2,974,969	2,835,503
Depreciation	2,156,360	1,560,803
Total operating expenses by function	$ 42,894,595	$ 47,060,423

The following schedule shows operating expenses by function with prior year figures and changes:

	June 30, 2022 Amount	June 30, 2021 Amount	Increase (Decrease)
Expenses by functions			
Instruction	$ 12,998,782	$ 13,810,145	$ (811,363)
Academic support	3,542,966	4,225,889	(682,923)
Student services	4,352,420	4,117,710	234,710
Institutional support	3,616,846	7,226,051	(3,609,205)
Operations and maintenance of plant	4,934,935	5,535,747	(600,812)
Student financial aid	8,317,317	7,748,575	568,742
Auxiliary enterprises	2,974,969	2,835,503	139,466
Depreciation	2,156,360	1,560,803	595,557
Total operating expenses by function	$ 42,894,595	$ 47,060,423	$ (4,165,828)
Effect of GASB 68	$ 1,901,860	$ (1,828,532)	$ 3,730,392
Effect of GASB 75	135,147	(5,863)	141,010
Less depreciation	(2,156,360)	(1,560,803)	(595,557)
Less change in compensated absences	(70,775)	(115,387)	44,612
Total operating expenses after adjustments	$ 42,704,467	$ 43,549,838	$ (845,371)

The following schedule shows operating expenses by object with prior year figures and changes:

	June 30, 2022 Amount	June 30, 2021 Amount	Increase (Decrease)
Expenses by objects			
Salaries and wages	$ 16,546,595	$ 16,013,480	$ 533,115
Fringe benefits	3,592,596	7,364,889	(3,772,293)
Travel	504,633	247,763	256,870
Contractual services	5,076,734	5,839,938	(763,204)
Commodities	3,030,419	3,001,666	28,753
Utilities	1,045,394	917,753	127,641
Scholarships and fellowships	8,359,444	7,770,409	589,035
Depreciation	2,156,360	1,560,803	595,557
Other	2,582,420	4,343,722	(1,761,302)
Total operating expenses by function	$ 42,894,595	$ 47,060,423	$ (4,165,828)
Effect of GASB 68	$ 1,901,860	$ (1,828,532)	$ 3,730,392
Effect of GASB 75	135,147	(5,863)	141,010
Less depreciation	(2,156,360)	(1,560,803)	(595,557)
Less change in compensated absences	(70,775)	(115,387)	44,612
Total operating expenses after adjustments	$ 42,704,467	$ 43,549,838	$ (845,371)

Non-operating Revenues (Expenses)

State Appropriations

The College's largest source of non-operating revenue is the State of Mississippi appropriation. The College received $13,443,515 for the 2021-2022 fiscal year, of which $12,618,669 was for operations. This represents an increase of $360,775 from the amount received for operations in the previous year. State appropriations for capital projects of $824,846 were paid on behalf of the College during the 2022 fiscal year.

Local Appropriations

The College also receives revenue from the City of Meridian and Lauderdale County. The College received $3,655,446 for the 2022 fiscal year from the local government of which $2,427,870 was for operating purposes. This represents a decrease of $249,313 of local operating revenue received from the local government for operating purposes in the previous year. The remaining $1,227,576 was received in fiscal year 2022 for capital projects or retirement of debt.

Investment Income, Net

This includes the interest income from the cash in the bank accounts. A total of $8,457 was earned during the 2022 fiscal year.

Other Revenues

State Appropriations for Capital Purposes

The College received $824,846 in revenue from the State of Mississippi to purchase, construct, renovate, or repair capital assets during the 2022 fiscal year. This represents funds appropriated as bond revenues by the state legislature. This revenue represents payment on behalf of the college for the following projects:

$109,945 was used on minor repairs and upgrades throughout campus,
$35,345 was used to upgrade the art gallery,
$13,689 was used on the repair of the Ivy Hall roof (including the bookstore roof),
$194,456 was used to renovate the science labs,
$99,360 was used to replace the HVAC located in the gymnasium,
$17,985 was used to replace several HVAC units in College Crossing Apartments,
$38,400 was used on interior renovations in College Crossing Apartments,
$265,545 was used on upgrade projects for CTE programs,
$21,172 was used on pool renovations and repairs, and
$28,949 was used on interior renovations for the IT department in Smith Hall.

Local Appropriations for Capital Purposes

This includes revenue received from the City of Meridian and Lauderdale County for capital projects during the fiscal year. The amount of this revenue totaled $1,227,576 for the 2022 fiscal year. These funds were used to support the renovation of the Art Gallery, professional fees associated with the addition of a new Softball/Tennis Complex as well as the new Tommy Dulaney Transportation Center, the renovations of restrooms, HVAC repairs in the College Crossing Apartments, pool repairs and renovations, renovations of classrooms in Reed Hall, other general repairs and upgrades throughout campus, and pay principal and interest on construction note.

Other Additions (Deletions), net

The other additions and deletions, net represent the interest on debt and asset deletions net of non-procurement asset additions for the 2022 fiscal year. Other additions (deletions), net were ($3,629) for the 2022 fiscal year. This is a combination of interest on indebtedness of $80,973, plant assets sold or retired of $2,060, additions to plant of $16,450, and re-instated library books and audio visuals of $62,954. This is a $748,294 decrease from the total of ($751,923) for the 2021 fiscal year.

Capital Grants and Gifts

This includes revenue and gifts received from the Meridian Community College Foundation as well as from private grants to be used in the operations of the College to further the education of the students. The College received $30,000 as of June 30, 2022. This is an increase of $30,000 over the balance of $0 at June 30, 2021.

Prior Period Adjustment

A prior period adjustment was made in fiscal year 2022 to report the reduction to the allowance for doubtful accounts for $351,672. This adjustment also increased the net account receivables which include the allowance for doubtful accounts. The adjustment was necessary due to the large payment of student account receivables in fiscal year 2022 from the federal funds received from the Higher Education Emergency Relief Fund (HEERF) that was implemented as a response to Covid-19. The provisions of the law allowed the College to pay student account receivables realized in the spring 2020, fall 2020, and spring 2021, summer 2021, and fall 2021 semesters for students that were affected by the Covid-19 pandemic. Many of these student balances were factored into the fiscal year 2021 calculation of the allowance for doubtful accounts. Because some of the student accounts that were paid in fiscal year 2022 were estimated to be uncollectible in fiscal year 2021, the prior period adjustment was necessary to reduce the allowance for doubtful accounts in fiscal year 2022. Therefore, there is no adjustment in fiscal year 2022 for bad debt expense.

Statement of Cash Flows

Another way to assess the financial health of the College is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a period. The statement of cash flows also helps 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)

For the Fiscal Years Ended June 30, 2022 and 2021:

	June 30, 2022 Amount	June 30, 2021 Amount
Cash and cash equivalents provided by (used in):		
Operating activities	$ (13,062,900)	$ (12,934,823)
Non-capital financing activities	14,344,399	14,547,590
Capital and related financing activities	(1,411,614)	1,139,241
Investing activities	8,457	12,055
Net increase (decrease) in cash and cash equivalents	$ (121,658)	$ 2,764,063
Cash and cash equivalents - beginning of year	12,649,118	9,885,055
Cash and cash equivalents - end of year	$ 12,527,460	$ 12,649,118

The major sources of funds included in operating activities include student tuition and fees, $7,016,205, auxiliary enterprises, $3,056,469, and grants and contracts, $19,323,566. The major uses of funds were payments made to and for employees, $22,079,499, to scholarships and fellowships, $8,320,374, to service providers, $5,467,847 and to suppliers, $2,990,829.

The largest inflow of cash in the non-capital financing activities group is the State appropriation for operating purposes of $11,916,529.

Condensed Statement of Fiduciary Net Position

GASB 84 was implemented in fiscal year 2021. For the Fiscal Years Ended June 30, 2022 and 2021:

	June 30, 2022		June 30, 2021	
	Amount	Percent	Amount	Percent
ASSETS				
Cash	$ 43,693	100.00%	$ 53,849	100.00%
Total assets	$ 43,693	100.00%	$ 53,849	100.00%
LIABILITIES				
Accounts payable	$ 49,589	100.00%	$ 53,737	100.00%
Total liabilities	$ 49,589	100.00%	$ 53,737	100.00%
NET POSITION				
Restricted:				
Expendable	$ (5,896)	100.00%	$ 112	100.00%
Total net position	$ (5,896)	100.00%	$ 112	100.00%

Condensed Statement of Changes in Fiduciary Net Position

For the years ended June 30, 2022 and 2021:

	June 30, 2022 Amount	June 30, 2021 Amount
Additions:		
Tax collections	$ 308,705	$ 465,003
Payments held for employees	234,568	218,424
Miscellaneous	60,102	35,749
Total additions	$ 603,375	$ 719,176
Deductions:		
Tax collections applied	$ 316,791	$ 464,891
Payments held for employees distributed	234,568	218,424
Miscellaneous	58,024	33,068
Total deductions	$ 609,383	$ 716,383
Net increase (decrease) in fiduciary net position	$ (6,008)	$ 2,793
NET POSITION		
Net position, beginning of year	$ 112	$ -
Prior Period adjustment	-	(2,681)
Net position, end of year	$ (5,896)	$ 112

Significant Capital Asset Transactions

Digital Electronic Sign

During the 2021 fiscal year, the College began the process of constructing a new digital sign. The sign is located on the front entrance of campus of Ivy Hall. The College completed construction on the electronic sign during the 2022 fiscal year. During the 2022 fiscal year, the College spent $152,565 on the project. The total cost of the project was $157,195.

Science Lab Renovations

During the 2020 fiscal year, the College began renovations to the science labs in Ivy Hall. Construction on these renovations were completed during the 2022 fiscal year. For the 2022 fiscal year, the College spent $194,456 on this project. The total cost of the project was $948,660. This project was funded by the Mississippi Department of Finance and Administration - Bureau of Buildings.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

Miller Art Gallery Renovations
During the 2022 fiscal year, the College began and completed construction on renovations in the Miller Art Gallery. The total cost of the project was $49,163.

Pool Renovations
During the 2022 fiscal year, the College began and completed construction on renovations and repairs on the pool. The total cost of the project was $158,500.

New Property
During the 2022 fiscal year, the College purchased property. The total building cost of the property was $31,694.

Softball/Tennis Complex
During the 2021 fiscal year, the College began the process of constructing a new Softball/Tennis Complex. For the 2022 fiscal year, the College spent $53,106 on the project. The total expected cost of the project is $5,000,000. The expected completion date for this project is Spring 2024.

SOAR Project (Todd Library Renovation)
During the 2021 fiscal year, the College began the process of renovating the L.O. Todd Library to add a SOAR center within the building. The SOAR center will include student support services including advising and tutoring. For the 2022 fiscal year, the College spent $1,113,709 on the project. The total expected cost of the project is $1,610,866, and construction is expected to be completed during the 2023 fiscal year.

PTK Courtyard Improvements
During the 2022 fiscal year, the College began construction on PTK Courtyard Improvements. During the 2022 fiscal year, the College spent $5,235 on the project. The total expected cost of this project is $74,500. The expected completion date for this project is fiscal year 2023.

Hardin Hall Renovation
During the 2022 fiscal year, the College began construction on renovations in Hardin Hall. The College spent $68,382 during the 2022 fiscal year. The estimated total cost of this project is $1,958,766, and construction is expected to be completed in spring of the 2023 fiscal year.

Reed Hall Restroom Renovation
During the 2022 fiscal year, the College began on renovations on Reed Hall Restrooms in order to make them more ADA accessible. The College spent $11,486 on this project during the 2022 fiscal year. The total estimated cost of this project is $310,117, and construction is expected to be completed in spring of the 2023 fiscal year.

Tommy Dulaney Transportation Center
During the 2022 fiscal year, the College began the process of constructing a new facility for three new career and technical programs including automotive technician, diesel technician, and aviation technician. The College spent $30,850 during the 2022 fiscal year. The total expected cost of this project is $5,000,000, and it's expected to be completed in fall of 2024.

Subsequent Events

There are a number of issues that are directly affecting the Mississippi community college system as a whole. The continuing decline or level state funding is an issue which will continue to have an impact on our financial position. State funding made up approximately 30% of our total revenue available for operations in fiscal year 2022. This makes the level of state support a key factor in the financial health of the College.

Additionally, the Covid-19 pandemic has impacted the College's enrollment as well as the economy at the local, state, and national levels, which in turn affects the College. Since the Covid-19 pandemic, the College's enrollment has decreased by about 20%. If enrollment does not return to pre-pandemic levels, the College may be forced to make budget cuts. In addition, the College continues to see a high number of dual enrollment/dual credit students which impacts the College as those courses are offered at a substantial discount rate. This creates a negative impact on the College from a financial perspective if these courses continue to be offered at a discounted rate and there is no support from the state.

One of the internal considerations with each year's budget is the desire to refrain from impactful tuition rate increases, as this is a major barrier to college education for our local residents. Future increases will depend on the economic climate, student enrollment, and level of state support that the College receives. If the College needs to raise tuition in order to increase revenue, this will price out some potential students. A decline in education will result in further decline of future state revenues and quality of life for state citizens if we cannot meet the education and technology demands of businesses and industries.

In addition to operating challenges, our need for deferred maintenance funds and new construction continues to be a challenge. These expenditures will continue to increase as our buildings age. New technological advances will demand that we constantly update our training and college-wide database needs.

Contact Information

This financial report is designed to provide a general overview of the College's finances for all those with interest. Questions concerning any of the information contained in this report or requests for any additional information should be addressed to the VP for Financial Services/Chief Financial Officer, Drew Edwards at Meridian Community College, 910 Highway 19 North, Meridian, MS 39307.

MERIDIAN COMMUNITY COLLEGE

BASIC FINANCIAL STATEMENTS

MERIDIAN COMMUNITY COLLEGE

STATEMENT OF NET POSITION
June 30, 2022

MERIDIAN COMMUNITY COLLEGE

STATEMENT OF NET POSITION
June 30, 2022

ASSETS

Current Assets	
Cash and cash equivalents	$ 12,527,460
Accounts receivables, net	4,771,813
Inventories	161,515
Prepaid expenses	279,484
Total current assets	$ 17,740,272
Non-current Assets	
Capital assets, net of accumulated depreciation	$ 52,438,088
Total non-current assets	$ 52,438,088
Total assets	$ 70,178,360
Deferred Outflows	
Deferred outflows - pensions	$ 6,048,713
Deferred outflows - OPEB	403,207
Total deferred outflows	$ 6,451,920

Current Liabilities	
Accounts payable and accrued liabilities	$ 1,283,526
Accrued leave liabilities - current portion	95,281
Unearned revenues	72,164
Net OPEB liabilities - current portion	68,543
Long-term liabilities - current portion	314,000
Total current liabilities	$ 1,833,514
Non-current Liabilities	
Deposits refundable	$ 31,516
Accrued leave liabilities	887,554
Long-term liabilities	3,722,000
Net pension liabilities	34,630,712
Net OPEB liabilities	1,626,537
Total non-current liabilities	$ 40,898,319
Total liabilities	$ 42,731,833
Deferred Inflows	
Deferred inflows - pensions	$ 12,625,996
Deferred inflows - OPEB	668,377
Total deferred inflows	$ 13,294,373
NET POSITION	
Net investment in capital assets	$ 48,402,087
Restricted for:	
Expendable:	
Unemployment compensation	180,877
Capital projects	2,051,910
Grants and contracts	482,718
Unrestricted	(30,513,518)
Total net position	$ 20,604,074

See Accompanying Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

MERIDIAN COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	$ 503	$ 40,576
Restricted cash	81,625	129,188
Pledge receivables, net	635,605	678,320
Accounts receivable	11,228	-
Grants receivable	312,250	30,000
Prepaids	120,064	-
Investments	19,288,016	22,082,817
Beneficial interest in trust	130,037	166,330
Property and equipment, net	667,352	689,931
Land held for sale	9,470	9,470
Other assets	234,043	234,043
Total assets	$ 21,490,193	$ 24,060,675
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 63,666	$ 102,464
Deferred revenue	160,842	-
Annuity liability	26,440	27,954
Total liabilities	$ 250,948	$ 130,418
Net Assets		
Without donor restrictions	$ 1,266,465	$ 1,360,797
With donor restrictions	19,972,780	22,569,460
Total net assets	$ 21,239,245	$ 23,930,257
Total liabilities and net assets	$ 21,490,193	$ 24,060,675

See Accompanying Notes to Financial Statements.

MERIDIAN 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 allowances of $3,899,807)	$ 6,525,820
Federal grants and contracts	15,431,048
State grants and contracts	2,465,158
Local grants and contracts	24,452
Nongovernmental grants and contracts	875,946
Sales and services of educational departments	223,908
Auxiliary enterprises:	
Student housing (net of scholarship allowances of $26,470)	704,514
Food services (net of scholarship allowances of $39,705)	608,093
Bookstore	1,707,508
Other auxiliary revenues	88,812
Other operating revenues	237,669
Total operating revenues	$ 28,892,928
Operating Expenses	
Salaries and wages	$ 16,546,595
Fringe benefits	3,592,596
Travel	504,633
Contractual services	5,076,734
Utilities	1,045,394
Scholarships and fellowships	8,359,444
Commodities	3,030,419
Depreciation expense	2,156,360
Other operating expenses	2,582,420
Total operating expenses	$ 42,894,595
Operating loss	$ (14,001,667)

See Accompanying Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (continued)
For the Year Ended June 30, 2022

Non-operating Revenues (Expenses)		
State appropriations	$	12,618,669
Local appropriations		2,427,870
Investment income		8,457
Total net non-operating revenues	$	15,054,996
Income before other revenues, expenses, gains and losses	$	1,053,329
State appropriations restricted for capital purposes		824,846
Local appropriations restricted for capital purposes		1,227,576
Private grant for capital purposes		30,000
Other deletions, net		(3,629)
Change in net position	$	3,132,122
Net Position		
Net position - beginning of year, as previoulsy reported		17,120,280
Prior period adjustment		351,672
Net position - beginning of year, as restated	$	17,471,952
Net position - end of year	$	20,604,074

See Accompanying Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Without donor Restrictions	With donor Restrictions	Total
Public support, revenues, and reclassifications			
Contributions of cash and other financial assets	$ 338,728	$ 452,903	$ 791,631
Contributed nonfinancial assets	31,565	50,333	81,898
Investment return, net	(161,283)	(2,653,553)	(2,814,836)
Other program revenues	-	145,712	145,712
Grant revenues	-	408,104	408,104
Net assets released from restrictions:			
Appropriation from donor endowment	38,842	(38,842)	-
Satisfaction of purpose restrictions	961,337	(961,337)	-
Total public support, revenues, and reclassifications	$ 1,209,189	$ (2,596,680)	$ (1,387,491)
Expenses			
Scholarships	$ 563,750	$ -	$ 563,750
Awards	1,450	-	1,450
Faculty/staff programs	66,333	-	66,333
Annuity interest expense	8,078	-	8,078
Other program expense	382,563	-	382,563
Management and general	210,732	-	210,732
Donations to Meridian Community College	70,615	-	70,615
Total expenses	$ 1,303,521	$ -	$ 1,303,521
Change in net assets	$ (94,332)	$ (2,596,680)	$ (2,691,012)
Net assets, beginning of year	1,360,797	22,569,460	23,930,257
Net assets, end of year	$ 1,266,465	$ 19,972,780	$ 21,239,245

See Accompanying Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2021

	Without donor Restrictions	With donor Restrictions	Total
Public support, revenues, and reclassifications			
Contributions of cash and other financial assets	$ 339,334	$ 458,369	$ 797,703
Contributed nonfinancial assets	31,201	54,311	85,512
Investment return, net	171,462	4,263,031	4,434,493
Other program revenues	-	70	70
Grant revenues	-	156,500	156,500
Net assets released from restrictions:			
Appropriation from donor endowment	44,613	(44,613)	-
Satisfaction of purpose restrictions	939,224	(939,224)	-
Total public support, revenues, and reclassifications	$ 1,525,834	$ 3,948,444	$ 5,474,278
Expenses			
Scholarships	$ 621,959	$ -	$ 621,959
Awards	2,800	-	2,800
Faculty/staff programs	57,554	-	57,554
Annuity interest expense	8,078	-	8,078
Other program expense	252,939	-	252,939
Management and general	154,509	-	154,509
Donations to Meridian Community College	141,982	-	141,982
Total expenses	$ 1,239,821	$ -	$ 1,239,821
Change in net assets	$ 286,013	$ 3,948,444	$ 4,234,457
Net assets, beginning of year	1,074,784	18,621,016	19,695,800
Net assets, end of year	$ 1,360,797	$ 22,569,460	$ 23,930,257

See Accompanying Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

Cash Flows from Operating Activities	
Tuition and fees	$ 7,016,205
Grants and contracts	19,323,566
Sales and services of educational departments	223,908
Payments to suppliers	(2,990,829)
Payments to employees for salaries and benefits	(22,079,499)
Payments for contractual services	(5,467,847)
Payments for travel	(520,085)
Payments for other expenses	(2,637,763)
Payments for utilities	(1,037,909)
Payments for scholarships and fellowships	(8,320,374)
Auxiliary enterprise revenues:	
Residence halls	652,056
Bookstore	1,707,508
Food services	608,093
Other	88,812
Other payments	371,258
Net cash used in operating activities	$ (13,062,900)
Cash Flows from Noncapital Financing Activities	
State appropriations	$ 11,916,529
Local appropriations	2,427,870
Federal loan receipts	1,553,900
Federal loan disbursements	(1,553,900)
Net cash provided by noncapital financing activities	$ 14,344,399

See Accompanying Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2022

Cash Flows from Capital and Related Financing Activities		
Cash paid for capital assets	$	(2,891,329)
Capital appropriations received		2,052,422
Private grants received for capital purposes		30,000
Principal paid on capital debt		(521,734)
Capital debt interest paid		(80,973)
Net cash used in capital and related financing activities	$	(1,411,614)
Cash Flows from Investing Activities		
Interest received on investments	$	8,457
Net cash provided by investing activities	$	8,457
Net decrease in cash and cash equivalents	$	(121,658)
Cash and cash equivalents - beginning of year		12,649,118
Cash and cash equivalents - end of year	$	12,527,460
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$	(14,001,667)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation expense		2,156,360
Change in pension expense - GASB 68		(1,901,860)
Change in OPEB expense - GASB 75		(135,147)
Changes in assets and liabilities:		
Receivables, net (excluding the state appropriations)		1,961,887
Inventories		27,507
Prepaid expenses		(48,166)
Accounts payables		(329,190)
Unearned revenues		(810,951)
Accrued leave liability		70,776
Deposits refundable		(52,449)
Net cash used in operating activities	$	(13,062,900)

See Accompanying Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (2,691,012)	$ 4,234,457
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	22,579	22,579
Change in assets/liabilities:		
(Increase) decrease in pledge receivables	42,715	12,200
(Increase) decrease in accounts receivables	(11,228)	-
(Increase) decrease in grants receivables	(282,250)	-
(Increase) decrease in prepaids	(120,064)	-
Increase (decrease) in accounts payables	(40,312)	(80,989)
Increase (decrease) in deferred revenue	160,842	-
Change in present value from externally managed trusts	36,293	(14,662)
Unrealized holding gains (losses) on securities	2,960,966	(4,196,585)
Cash contributions restricted for endowments	(136,447)	(164,762)
Fair value of donated investments	(12,651)	(2,005)
Non-cash contributions	(81,898)	(85,512)
Non-cash expenses	81,898	85,512
Net cash used in operating activities	$ (70,569)	$ (189,767)
Cash Flows from Investing Activities		
Proceeds from sale of assets	$ 7,352	$ 2,138
Proceeds from sales and maturities of investments	5,302	103,974
Purchases of investments	(166,168)	(207,637)
Net cash used in investing activities	$ (153,514)	$ (101,525)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for:		
Investment in endowments	$ 136,447	$ 164,762
Net cash provided by financing activities	$ 136,447	$ 164,762
Net decrease in cash and cash equivalents	$ (87,636)	$ (126,530)
Cash and cash equivalents - beginning of year	169,764	296,294
Cash and cash equivalents - end of year	$ 82,128	$ 169,764
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 503	$ 40,576
Cash and cash equivalents	81,625	129,188
	$ 82,128	$ 169,764

See Accompanying Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 43,693
Total assets	$ 43,693
LIABILITIES	
Accounts payable	$ 49,589
Total liabilities	$ 49,589
NET POSITION	
Restricted expendable - individuals, organizations, and other governments	$ (5,896)
Total net position	$ (5,896)

See Accompanying Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

	Custodial Funds
Additions:	
Tax collections	$ 308,705
Payments held for employees	234,568
Miscellaneous	60,102
Total additions	$ 603,375
Deductions:	
Tax collections applied	$ 316,791
Payments held for employees distributed	234,568
Miscellaneous	58,024
Total deductions	$ 609,383
Net decrease in fiduciary net position	$ (6,008)
NET POSITION	
Net position, beginning of year	$ 112
Net position, end of year	$ (5,896)

See Accompanying Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

Meridian Community College was founded in 1937 and is one of Mississippi's 15 public community colleges. The legal authority for the establishment of Meridian Community College is found in Section 37-29-31, Miss. Code, Ann. (1972).

Meridian Community College is locally governed by a five-member board of trustees, appointed by the Mayor of the City of Meridian. Each board member is appointed for a 5-year term. In addition, Meridian Community College works jointly with the Mississippi Community College Board, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the state of Mississippi.

Meridian Community College reports the following discretely presented component unit:

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

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

During the year ended June 30, 2022, the Foundation distributed $911,000 to the College.

B. Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public College and Universities*, issued in June and November, 1999, respectively. The College now follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the College's financial activities.

Note 1. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

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

D. Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

E. Accounts Receivables, net

Accounts receivables consist of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts, local governments and credits due to the college from vendors. Accounts receivables are recorded net of an allowance for doubtful accounts.

F. Notes Receivable, Students

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

G. Inventories

Inventories consist of items in the bookstore. This inventory is generally valued at cost, on the first-in, first-out ("FIFO") basis.

H. 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 are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See note 5 for additional details concerning useful lives, salvage values and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.

Note 1. Summary of Significant Accounting Policies (continued)

I. Deferred Outflows/Inflows of Resources

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

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

See Note 9 and 10 for further details.

J. Unearned Revenues

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

K. Compensated Absences

Twelve-month employees earn annual personal leave at a rate of 10 days per year for 0 to 10 years of service, 12 days per year for 10 to 14 years of service, 14 days per year for 15 to 19 years of service, and 16 days per year for over 20 years of service. There is no requirement that annual leave be taken and there is no maximum accumulation. At termination, these employees are paid for up to 30 days of accrued leave. The liability for accrued leave at June 30, 2022, as reported in the statement of net position is $982,835 with $95,281 of this amount estimated as current.

L. 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. See Note 9 for further details.

M. Other Post-Employment Benefits (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 Mississippi State and School Employees Life and Health Insurance Plan and additions to/deductions from OPEB's fiduciary net position have been determined on the same basis as they are reported by Mississippi State and School Employees Life and Health Insurance Plan. For this purpose, benefit payments are recorded when the OPEB benefits become due. Investments are reported at fair value as determined by the state. See Note 10 for further details.

N. Classification of Revenues

Meridian Community College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state, and local grants and contracts.

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

O. State Appropriations

Meridian Community College receives funds from the State of Mississippi based on the number credit hours generated by all students actually enrolled and in attendance on the last day of the sixth week of the fall, spring and summer semesters of the previous year, counting only those students who reside within the State of Mississippi. This formula is based entirely on full-time equivalent calculations.

Note 1. Summary of Significant Accounting Policies (continued)

P. 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 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.

Q. Net Position

GASB Statement No. 63 reports equity as "net position" rather than "net assets." Net position is classified according to external donor restrictions or availability of assets for satisfaction of college obligations. Expendable restricted net position represent funds that have been gifted for specific purposes and funds held in federal loan programs.

The unrestricted net position balance of $(30,513,518) at June 30, 2022, includes $2,514,747 reserved for designations, $6,945 reserved for auxiliaries, and a remaining amount of $(33,035,210).

R. Recent GASB Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*, which will be effective, as amended, for the College beginning with its year ending June 30, 2022. The objective of this Statement is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments and requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset.

Management has determined that this new accounting pronouncement has no effect on the College's financial activities.

S. Subsequent Events

Management has evaluated subsequent events through March 24, 2023, the date on which the financial statements were available to be issued. Management does not believe there are any material subsequent events which would require disclosure.

Note 2. Cash and Investments

A. Cash, Cash Equivalents, and Short-term Investments

Investment policies as set forth by policy and state statute authorize the College to invest in demand deposits and interest-bearing time deposits, such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, and repurchase agreements.

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

B. Investments

Investment policies as set forth by policy and state statute also authorizes the College to invest in equity securities, bonds and other securities. Investments are reported at fair value (market).

As of June 30, 2022, the College had no funds in investment securities, as money market accounts are currently paying as much as certificates of deposits. Therefore, although the College has a strong cash position, there are no investments.

Interest Rate Risk − The College does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. However, the College's investment management policy states that "investment of current funds needed immediately for operating purposes, and other funds earmarked for use or needed for debt repayment, construction, or capital improvements, are made for relatively short period for maximum current return and safety of principal, combined with sufficient liquidity to permit cash withdrawals for expenditures. The President and Associate Vice-President for Finance are authorized to invest any and all excess funds of the College to meet the goal stated above."

Note 2. Cash and Investments (continued)

Credit Risk − State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The College does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk. However, the College's investment management policy states that "excess funds expected to be available for more than ninety days or special funds known to be available for investment for a specific period of time are invested in either bank certificates of deposit or treasury notes insured by the federal treasury system. Written quotes are obtained prior to investment from those financial institutions maintaining offices in the community college district. Under no circumstances are these funds invested in mutual funds or other such high-risk investments. Investments under this category are brought to the board for information and ratification."

Custodial Credit Risk Investments − Custodial credit risk is defined as the risk that, in the event of a financial institution's failure, the College will not be able to recover the value of its investment. The College does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk. However, the College's investment management policy states that "…funds are invested in bank certificates of deposit in multiples not to exceed the amount of insurance provided by the FDIC. Care is taken, however, to ensure that the total deposits (checking and investments) do not exceed the additional collateral provided as required by law."

Concentration of Credit Risk − Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2022, the College did not have any investments to which this would apply.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2022:

Student tuition and fees	$ 6,961,097
Federal, state and private grants and contracts	2,315,968
State appropriations	1,066,604
Other	149,651
Total accounts receivable	$ 10,493,320
Less allowance for doubtful accounts	(5,721,507)
Net accounts receivable	$ 4,771,813

Note 4. Notes Receivable from Students

In June 2013, the College purchased all outstanding Perkins loans for the purpose of liquidating the program. These represent all outstanding notes receivable from students.

These notes receivable from students are payments in installments over a period of up to ten years, commencing three to twelve months from the date of separation from the College. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the College at June 30, 2022:

	Rates	June 30, 2022	Portion	Portion
MCC student loans	3% to 9%	$ 61,537	$ -	$ 61,537
Total notes receivable		$ 61,537	$ -	$ 61,537
Less allowance for doubtful accounts		61,537	-	61,537
Net notes receivable		$ -	$ -	$ -

Note 5. Capital Assets

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

Changes in Capital Assets For the Fiscal Year Ended June 30, 2022	07/01/21 Beginning Balance	Increases	Decreases	06/30/22 Year-end Balance
Capital assets, non-depreciable:				
Land	$ 2,930,418	$ 16,450	$ -	$ 2,946,868
Art collection	15,525	-	-	15,525
Construction in-progress	54,833	1,861,146	591,008	1,324,971
Total capital assets, non-depreciable	$ 3,000,776	$ 1,877,596	$ 591,008	$ 4,287,364
Capital assets, depreciable:				
Improvements other than buildings	$ 7,137,799	$ 364,858	$ -	$ 7,502,657
Buildings	60,866,944	226,150	-	61,093,094
Equipment	7,235,874	1,030,183	34,094	8,231,963
Library books	726,326	62,953	-	789,279
Total capital assets, depreciable	$ 75,966,943	$ 1,684,144	$ 34,094	$ 77,616,993
Less accumulated depreciation for:				
Improvements other than buildings	$ 3,791,470	$ 191,127	$ -	$ 3,982,597
Buildings	18,013,400	1,147,839	-	19,161,239
Equipment	4,858,660	797,907	32,034	5,624,533
Library books	678,413	19,487	-	697,900
Total accumulated depreciation	$ 27,341,943	$ 2,156,360	$ 32,034	$ 29,466,269
Total depreciable capital assets, net	$ 48,625,000	$ (472,216)	$ 2,060	$ 48,150,724
Capital assets, net of depreciation	$ 51,625,776	$ 1,405,380	$ 593,068	$ 52,438,088

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

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

Note 6. Long-term Liabilities

Long-term liabilities of the College consist of note and bond payables, lease obligations and certain other liabilities that are expected to be liquidated at least one year from June 30, 2022.

Information regarding original issue amounts, interest rates and maturity dates for bond, note, and leases included in the long-term liabilities balance at June 30, 2022, is listed in the following schedule. A schedule detailing the annual requirements necessary to amortize the outstanding debt is also provided.

See Note 9 for information regarding pension liabilities and Note 10 for information regarding OPEB liabilities.

Note 6. Long-term Liabilities (continued)

Description and Purpose	Original Issue	Annual Interest Rate	Maturity	Beginning Balances 7/1/2021	Additions	Reductions	Ending Balances 6/30/2022	Due Within One Year
Bond Payable								
MS Development Bank	$ 3,000,000	1.99%	12/2045	$ 3,000,000	$ -	$ 100,000	$ 2,900,000	$ 100,000
Total bond payable	$ 3,000,000			$ 3,000,000	$ -	$ 100,000	$ 2,900,000	$ 100,000
Note Payable								
Citizens loan for Advanced Manufacturing Lab	$ 1,344,008	1.70%	07/2026	$ 1,344,008	$ -	$ 208,008	$ 1,136,000	$ 214,000
Total note payable	$ 1,344,008			$ 1,344,008	$ -	$ 208,008	$ 1,136,000	$ 214,000
Other Long-term Liabilities								
Accrued leave liabilities				$ 912,059	$ 70,776	$ -	$ 982,835	$ 95,281
Deposits refundable				83,966	84,100	136,550	31,516	-
Total other long-term liabilities				$ 996,025	$ 154,876	$ 136,550	$ 1,014,351	$ 95,281
Total				$ 5,340,033	$ 154,876	$ 444,558	$ 5,050,351	$ 409,281
Due within one year							$ 409,281	
Total long-term liabilities (excluding net pension liabilities and OPEB liabilities)							$ 4,641,070	

Note 6. Long-term Liabilities (continued)

The annual requirements necessary to amortize the outstanding debt are as follows:

Fiscal Year	Principal	Interest	Total
2023	314,000	79,699	393,699
2024	321,000	75,062	396,062
2025	327,000	70,304	397,304
2026	334,000	65,446	399,446
2027	340,000	60,342	400,342
2028	105,000	54,981	159,981
2029	105,000	53,275	158,275
2030	105,000	51,175	156,175
2031	110,000	49,025	159,025
2032	110,000	46,688	156,688
2033	115,000	44,156	159,156
2034	115,000	41,569	156,569
2035	120,000	38,925	158,925
2036	120,000	36,225	156,225
2037	125,000	33,313	158,313
2038	130,000	30,125	160,125
2039	130,000	26,875	156,875
2040	135,000	23,562	158,562
2041	135,000	20,187	155,187
2042	140,000	16,750	156,750
2043	145,000	13,187	158,187
2044	150,000	9,500	159,500
2045	150,000	5,750	155,750
2046	155,000	1,938	156,938
	$ 4,036,000	$ 948,059	$ 4,984,059

Note 7. Construction Commitments and Financing

The College has begun construction of the SOAR Center (Todd Library renovation), a new Softball/Tennis Complex, and a new Electronic/Digital Sign that will be assisted by the State of Mississippi, City of Meridian and new debt that was issued in FY 2022. The estimated costs to complete is presented below:

		Funded by	
Project Title	Total Costs to Complete	State Sources	Institutional Funds
SOAR Center (Todd renovation)	$ 454,954	$ -	$ 454,954
Softball/Tennis complex	4,946,894	4,946,894	-
Tommy Dulaney Transportation	4,969,150	4,969,150	-
PTK Courtyard improvements	69,265	-	69,265
Hardin Hall renovation	1,096,383		1,096,383
Reed Hall renovation	298,631	-	298,631
Total	$ 11,835,277	$ 9,916,044	$ 1,919,233

Note 8. Natural Classification with Functional Classifications

The College's operating expenses by functional classification were as follows for the year ended June 30, 2022:

Functional Classification	Salaries and Wages	Fringe Benefits	Travel	Contractual Services	Commodities	Utilities	Scholarships and Fellowships	Depreciation Expense	Other	Total
Instruction	$ 8,800,286	$2,708,422	$ 50,302	$ 792,155	$ 417,720	$ 17,250	$ 41,227	$ -	$ 171,420	$12,998,782
Academic support	1,102,620	436,617	23,432	1,046,660	57,343	-	-	-	876,294	3,542,966
Student services	2,503,800	861,987	310,935	394,689	267,522	-	-	-	13,487	4,352,420
Institutional support	2,815,675	(969,284)	118,002	1,239,894	304,663	-	900	-	106,996	3,616,846
Operation of plant	1,015,198	422,082	1,962	650,525	659,775	794,700	-	-	1,390,693	4,934,935
Student aid	-	-	-	-	-	-	8,317,317	-	-	8,317,317
Auxiliary enterprises	309,016	132,772	-	952,811	1,323,396	233,444	-	-	23,530	2,974,969
Depreciation	-	-	-	-	-	-	-	2,156,360	-	2,156,360
Total operating expenses	$16,546,595	$3,592,596	$504,633	$5,076,734	$3,030,419	$1,045,394	$ 8,359,444	$ 2,156,360	$2,582,420	$42,894,595

Note 9. Pension Plan

General Information about the Pension Plan

Plan Description − The College contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS. It is also available on their website 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 Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions − PERS members are required to contribute 9.00% of their annual covered salary, and the College is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 was 17.4% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The College's

Note 9. Pension Plan (continued)

contributions to PERS for the fiscal years ending June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 were $2,806,834, $2,712,024, $2,832,199, $2,547,438, $2,500,065, $2,501,323, $2,485,067, and $2,441,302, respectively, which equaled the required contributions for each year.

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

At June 30, 2022, the College reported a liability of $34,630,712 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 proportion of the net pension liability was based on a projection of the College's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The College's proportionate share used to calculate the June 30, 2022 net pension liability was .234301 percent, which was based on a measurement date of June 30, 2021.

For the year ended June 30, 2022, the College recognized pension expense of $904,974. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 569,726	$ -
Changes in proportion and differences between college contributions and proportionate share of contributions	-	2,330,852
Net difference between projected and actual earnings on pension plan investments	-	10,295,144
Changes in assumptions	2,672,153	-
College contributions subsequent to the measurement date	2,806,834	-
Total	$ 6,048,713	$ 12,625,996

Note 9. **Pension Plan** (continued)

$2,806,834 reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 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:		
2023	$	(2,013,486)
2024		(1,976,806)
2025		(2,285,952)
2026		(3,107,873)
Total	$	(9,384,117)

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%
Salary increases	2.65-17.90 %, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60,110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% 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 purposes of determining the TPL were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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

Note 9. Pension Plan (continued)

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	27.00%	4.60%
International equity	22.00%	4.50%
Global equity	12.00%	4.80%
Fixed income	20.00%	-0.25%
Real estate	10.00%	3.75%
Private equity	8.00%	6.00%
Cash equivalents	1.00%	-1.00%
Total	100.00%	

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

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate − the following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	1% decrease 6.55%	Current discount rate 7.55%	1% increase 8.55%
College's proportionate share of the net pension liability	$ 49,045,207	$ 34,630,712	$ 22,752,021

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

Note 10. Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

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

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

Contributions - The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the College were $52,100 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 $1,695,080 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 0.26334128%. This was a decrease of 0.01182908% from the proportionate share as of the measurement date of June 30, 2020.

For the year ended June 30, 2022, the College recognized OPEB expense of $(83,067). At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 1,843	$ 530,030
Changes in proportion and differences between college contributions and proportionate share of contributions	74,654	81,018
Net difference between projected and actual earnings on OPEB investments	79	-
Changes in assumptions	274,531	57,329
College contributions subsequent to the measurement date	52,100	-
Total	$ 403,207	$ 668,377

Note 10. Other Postemployment Benefits (OPEB) (continued)

$52,100 reported as deferred outflows of resources related to OPEB resulting from the College contributions subsequent to the measurement date will be recognized as a reduction to 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:		
2023	$	(63,864)
2024		(61,269)
2025		(59,078)
2026		(77,448)
2027		(55,611)
Total	$	(317,270)

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 input:

Inflation	2.40%
Salary increases	2.65-17.90%, including wage inflation
Long-term Investment rate of return, net of OPEB plan investment expense, including inflation	4.50%
Municpal Bond Index Rate	
Measurement date	2.13%
Prior Measurement date	2.19%
Year FNP 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%
Prior Measurement date	2.19%
Health Care Cost Trends	
Medicare Supplement Claims Pre-Medicare	6.50% for 2022 decreasing to an ultimate rate of 4.5% by 2030

Note 10. Other Postemployment Benefits (OPEB) (continued)

Mortality rates for services retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% 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, health care 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 investments is 4.5%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.13%. Since the prior measurement date, the discount rate has changed from 2.19% to 2.13%.

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 used to measure the total OPEB liability at June 30, 2021 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.13%) or 1-percentage-point higher (3.13%) than the current discount rate:

	1% decrease 1.13%	discount rate 2.13%	1% increase 3.13%
Net OPEB liability	$ 1,876,212	$ 1,695,080	$ 1,540,639

Note 10. Other Postemployment Benefits (OPEB) (continued)

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.

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

	1% decrease	Healthcare cost trend rates current	1% increase
Net OPEB liability	$ 1,570,083	$ 1,695,080	$ 1,836,537

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

Note 11. Fiduciary Activities

Effective for fiscal year 2021, the College adopted GASB Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 intends to enhance consistency and comparability on how fiduciary activities are reported by providing additional guidance on what qualifies as a fiduciary activity.

The funds that are classified as Custodial as a result of implementing GASB Statement No. 84 are reported on the College's Statement of Fiduciary Net Position. The impact on implementing this statement increased Fiduciary Net Position by $112 for fiscal year 2021. For 2022, the ending Fiduciary Net Position is $(5,896). These custodial funds were evaluated according to GASB Statement No. 84 and include:

- Tax offsets received from the MS State Department of Revenue of student tax refunds confiscated to pay balances owed to the College. When the College first receives these funds, the College must hold these funds temporarily in order to give the student time to appeal the confiscation of tax refund.

Note 11. Fiduciary Activities (continued)

- Employee voluntary payroll deductions for future expenses related to the College employee benefit cafeteria plan. As employee reimbursement funds come to the College from the cafeteria plan administrator for expenses, the College temporarily holds these funds until paid to the employee.

- Various third party payments the College receives that must be sent back to the third party.

Note 12. Deficit Net Position

The unrestricted net position has a deficit fund balance in the amount of $30,513,518. This deficit net position is a direct result of recording the requirements the following three standards of the Governmental Accounting Standards Board:

- Governmental Accounting Standards Board Statement No. 68 (GASB 68) "Accounting and Financial Reporting for Pensions,"

- Governmental Accounting Standards Board Statement No. 71 (GASB 71) "Pension Transition for Payments Made Subsequent to the Measurement Date," and

- Governmental Accounting Standards Board Statement No. 75 (GASB 75) "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions."

As explained in Note 9, the college participation in the Mississippi Public Employees Retirement System requires the reporting of our proportionate share of the deferred outflows, deferred inflows and the net pension liabilities that resulted in a deficit net position. In addition, as explained in Note 10, the college participation in the State and School Employees' Life and Health Insurance Plan requires the reporting of our proportionate share of the deferred outflows, deferred inflows and the net other postemployment benefit plan liabilities that further increased the deficit net position.

Note 13. Risk Management

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

Note 14. Prior Period Adjustment

A prior period adjustment was made in fiscal year 2022 to report the reduction to the allowance for doubtful accounts for $351,672. This adjustment also increased the net account receivables which include the allowance for doubtful accounts. The adjustment was necessary due to the large payment of student account receivables in fiscal year 2022 from the federal funds received from the Higher Education Emergency Relief Fund (HEERF) that was implemented as a response to Covid-19. The provisions of the law allowed the College to pay student account receivables realized in the Spring 2020, Summer 2020, Fall 2020, Spring 2021, Summer 2021, and Fall 2021 semesters for students that were affected by the Covid-19 pandemic. Many of these student balances were factored into the fiscal year 2021 calculation of the allowance for doubtful accounts. Because some of the student accounts that were paid in fiscal year 2022 were estimated to be uncollectible in fiscal year 2021, the prior period adjustment was necessary to reduce the allowance for doubtful accounts in fiscal year 2022. Therefore, there is no adjustment in fiscal year 2022 for bad debt expense.

Note 15. Contingencies

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

Litigation – The College is party to legal proceedings, many of which occur in the normal course of governmental 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 16. Effect of Deferred Amounts on Net Position

The unrestricted net position amount of ($30,513,518) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of $2,806,834 resulting from the college contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The $3,241,879 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 ($30,513,518) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The $12,625,996 balance 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.

Note 16. Effect of Deferred Amounts on Net Position (continued)

The unrestricted net position amount of ($30,513,518) 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 $52,100 resulting from the college contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The $351,107 balance of deferred outflow 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 (30,513,518) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The $668,377 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 17. Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Meridian Community College evaluated the activity of the College through March 24, 2023 (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.

MERIDIAN COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Organization

The Meridian Community College Foundation is a nonprofit organization formed for the purpose of assisting individuals in pursuing their collegiate education and training by providing scholarships and awards to individuals on the basis of academic achievement and need. Meridian Community College Foundation provides leadership in attracting private investment to Meridian Community College.

Reporting Entity

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

Basis of Accounting

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

Net assets with donor restrictions - consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that the donor stipulates the resources be maintained in perpetuity, but permits the Foundation to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Net assets without donor restrictions - represent funds that are available for support of the operations of the Foundation and that are not subject to donor stipulation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. The Foundation considers donor contributions to various College departments to be included in net assets with donor restrictions as those College units have authority over expenditures. Expenses are reported as decreases in net assets without donor restrictions. When a donor restriction expires or the stated purpose is accomplished, net assets are reclassified as applicable in the statement of activities as net assets released from restriction.

Note 1. Summary of Significant Accounting Policies (continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. The Foundation has no conditional promises to give. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as contribution revenue and recognized in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

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

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

Use of Estimates

The Foundation prepares its financial statements in accordance with U.S. generally accepted accounting principles, which require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. Such estimates include the present value discount rates applied to the pledges receivable and liabilities under remainder trusts, allowance for uncollectible pledges, fair market values of certain investments including real estate and depreciation of property and equipment. Actual results could differ significantly from those estimates.

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

Revenue Recognition

The Foundation's revenue is derived from several different sources subject to varying applications of revenue recognition. Each are discussed below including the applicable method of revenue recognition.

Contribution and Grant Revenue: The Foundation recognizes revenue from contributions and grant programs using guidance provided by FASB ASU 2018-08 which governs

Note 1. Summary of Significant Accounting Policies (continued)

revenue determined to be a contribution in nature. Revenue from grant programs is generally determined to be a contribution if the activity specified by the grant is to be planned and carried out by the recipient who has the rights to the benefit of carrying out the activity. Contributions are further evaluated for any donor or other conditions. Revenue from unconditional contributions is recognized immediately, whereas revenue from conditional contributions is recognized once all conditions have been met. Contributions received are recorded as with or without donor restrictions depending on whether any donor restrictions exist.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

Unconditional promises to give that are expected to be collected in future years are reported at the present value of their future cash flows. The discounts of these amounts are computed using risk-free interest rates at the time of the pledge, which are applicable to the years in which the pledges are scheduled to be received. Accretion of the discounts is included in contribution revenue. Pledges receivable are discussed later in this note. Investments received by gift are recorded at fair value at the date of donation. Donated assets are recorded at fair market value at the date of gift.

Other Program Revenue: For the year ended June 30, 2022 and 2021, other program revenue primarily consisted of revenue from the Lifetime Quest and Foundation Travel Programs. The revenue from each of these trips is recognized when the related trip occurs, prior to travel these funds are recorded as prepaid assets.

The Foundation earns a management fee of 0.5% on endowment funds held with a balance of $100,000 and above unless disallowed by the endowment agreement. For the fiscal years ended June 30, 2022 and 2021, such fees totaled approximately $33,250 and $42,750 respectively.

Cash and Cash Equivalents and Liquidity

The Foundation recognizes all unrestricted demand deposit accounts as cash and cash equivalents. It is the policy of the Foundation to consider money market accounts with brokers as other short-term investments. The Foundation received marketable securities by gift, which were immediately converted to cash. For the fiscal years ended June 30, 2022 and 2021, such gifts totaled approximately $12,652 and $2,005 respectively.

Note 1. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents and other financial assets available within one year at June 30, 2022 and 2021 are as follows:

Financial assets at year end	2022	2021
Cash and cash equivalents	$ 503	$ 40,576
Pledges receivable, net	635,605	678,320
Accounts receivable	11,228	-
Grants receivable	312,250	30,000
Investments	19,288,016	22,082,817
Total financial assets at year end	$ 20,247,602	$ 22,831,713
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with purpose restrictions	(7,602,827)	(7,457,615)
Subject to appropriation and satisfaction of donor restrictions	(10,064,626)	(13,720,702)
Total financial assets available to meet cash needs for general expenditures within one year	$ 2,580,149	$ 1,653,396

The Foundation is supported primarily through outside contributions, grants and investment return. As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as is general expenditures, liabilities, and other obligations come due.

Investments

Investments are recorded at fair value. The fair values of all investments other than real estate and partnership and membership interests (which includes pooled investment funds) are based on quoted market prices and other observable inputs such as quoted prices for similar assets, quoted prices in inactive markets or inputs corroborated by observable market data.

As of June 30, 2022 and 2021, the Foundation had no plans or intentions to sell investments at amounts different from NAV. The Foundation’s real estate investments are initially recognized at fair value based on appraised values at the date of receipt and are subsequently carried at fair value. Both realized and unrealized gains and losses are classified in the accompanying statements of activities based on restrictions put in place by the donor.

Note 1. Summary of Significant Accounting Policies (continued)

Income Taxes

Income taxes are not provided for in the financial statements since the Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Foundation is not classified as a private foundation. The Foundation files its Form 990 annually with the Internal Revenue Service. The Foundation believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation's Form 990's are subject to examination by the Internal Revenue Service generally for three years after they were filed. The returns for the fiscal years 2019, 2020, 2021 and 2022 are still subject to examination as of the date of this report.

Fair Value of Financial Instruments

The carrying amounts at June 30, 2022 and 2021 for cash and cash equivalents, pledges receivable, beneficial interest in trust, annuity liability under remainder trust and other liabilities approximate their fair values. See Note 6 for fair value measurement.

Recent Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2020-07, *Not-for Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which enhances disclosure requirements for recognized contributed nonfinancial assets and contributed services for not-for-profit entities. ASU 2020-07 is effective for annual periods beginning after June 15, 2021, which would be fiscal year 2022 for the Foundation, and early adoption is permitted. The Foundation has implemented ASU 2020-07 retrospectively for June 30, 2022 and 2021, reporting periods.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the previously reported total net assets.

Subsequent Events

The Foundation has evaluated subsequent events through March 24, 2023, the date the financial statements were available to be issued and determined no subsequent events occurred requiring disclosure in the financial statements.

Note 2. Pledge Receivables

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Pledges receivable, net, are summarized as follows at June 30, 2022 and 2021:

	2022	2021
Unconditional promises expected to be collected in:		
Less than one year	$ 186,416	$ 194,868
One year to five years	250,000	250,000
Over five years	300,000	350,000
	$ 736,416	$ 794,868
Less unamortized discount (2.95%)	(100,811)	(116,548)
	$ 635,605	$ 678,320

The pledge receivable from the Phil Hardin Foundation dated December 12, 2014 has a balance of $600,000 and $650,000 as of June 30, 2022 and 2021, respectively. This $1,000,000 pledge is to fund an endowment of which the earnings will be used for operating costs of the Honors College. The first installment of $50,000 was received December 18, 2014. Subsequent annual installments have been received each November. Additional $50,000 installments will be made over the next 12 years. Based on the Foundation's historical collection rate and evaluation of pledges receivable at June 30, 2022 and 2021, no allowance for uncollectible pledges has been recorded.

Note 3. Private Foundation Grants and Grants Receivables

As of June 30, 2022 and 2021, grants receivables were composed of:

	2022	2021
Phil Hardin Foundation - Honors College	$ 250,000	$ -
Phil Hardin Foundation - BEEP	42,250	30,000
Women's Foundation of Mississippi - HHEP	20,000	-
	$ 312,250	$ 30,000

Note 3. Private Foundation Grants and Grants Receivables (continued)

During the year ended June 30, 2022, The Phil Hardin Foundation awarded the Foundation a $250,000 grant designated to be for renovations to the Honors College and a $42,250 grant designed for early childhood education (BEEP), both of which are to be received in fiscal year 2023. During the year ended June 30, 2021, The Phil Hardin Foundation awarded the Foundation a $100,000 BEEP grant, of which $70,000 was received in 2021 and $30,000 was receivable as of June 30, 2021 and received in 2022.

During the year ended June 30, 2022, The Women's Foundation of Mississippi awarded the Foundation a grant for Helping Healthy Eagles Program (HHEP). Of the $40,000 total grant, $20,000 was receivable as of June 30, 2022, the remaining grant balance will be earned in 2022.

Note 4. Lifetime Quest and Foundation Travel Program

During the year ended June 30, 2022, the Foundation sponsored trips to various locations though the Lifetime Quest and Foundation Travel Programs. These programs are developed as additional educational opportunities to serve the Foundation's patrons. Each of the trips are designed to be self-funded and no Foundation funds are used to supplement the budget of these trips. Approximately $125,000 was earned and $121,000 was expensed related to five trips taken during 2022. Additionally, $160,842 in deferred revenue and $120,064 in prepaid expenses were recognized for four trips which were planned but not yet taken as of June 30, 2022. Prior to 2022, it is noted that the travel programs were sponsored by Meridian Community College.

Note 5. Investments

The Foundation's investments, aggregated by investment strategy, consist of the following at June 30, 2022 and 2021:

	2022	2021
Investment strategy:		
Fixed income:		
Certificates of deposit	$ 25,523	$ 25,524
Equities		
Common stocks	$ 130,468	$ 129,065
Pooled investment funds, at NAV:		
Commonfund investments		
Multi-stategy equity fund	$ 13,188,873	$ 15,275,424
Multi-stategy bond fund	5,935,181	6,644,521
Multi-stategy term fund	7,971	8,283
Total pooled investment funds at NAV	$ 19,132,025	$ 21,928,228
Total investments	$ 19,288,016	$ 22,082,817

Note 6. Beneficial Interest in Trust

In 2004, the Foundation was notified that it had been named as a beneficiary in a perpetual trust created in that year upon the death of the donor. The interest is shared with two unrelated charitable organizations, and the interest equated to $196,540 based on the fair value of the assets placed in the trust. Income is paid quarterly from the trust to the Foundation, which in turn, distributes such funds to the without donor restrictions fund at the first of the next fiscal year.

The Foundation's interest in this trust totaled approximately $130,037 and $166,330 at June 30, 2022 and 2021, respectively.

Note 7. Annuity Liability

The Foundation is obligated pursuant to the terms of a charitable remainder annuity trust agreement established by a donor-program of the Foundation to pay the donors an annual sum of $8,078 per trust agreement (paid monthly) for the lives of the donors. Pursuant to this agreement an $115,400 gift was made in February 2000. The donors' charitable deduction for federal income tax purposes was $35,838 in 2000.

The annuity liability is to be revalued annually with Internal Revenue Service rate tables based on the donors' attained ages and the payout rates. At June 30, 2022 and 2021, the annuity liability amounted to $26,440 and $27,954, respectively.

The Foundation's promise to make the payments to the donor pursuant to the agreement is unsecured and in no way contingent upon future earnings with respect to the property transferred to the Foundation. As of June 30, 2022 and 2021, the joint annuity received in February 2000 is the only outstanding liability.

Note 8. Fair Value Measurement

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 also established a framework for measuring fair value and expands disclosures about fair value measurements. The fair value hierarchy established in FASB ASC 820 prioritizes the inputs used in valuation techniques into three levels as follows:

- Level 1 inputs - are quoted prices (unadjusted) 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 or indirectly.

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

Note 8. Fair Value Measurement (continued)

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the fair value hierarchy table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statements of financial position.

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

	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income				
Certificates of deposit	$ -	$ 25,523	$ -	$ 25,523
Equities				
Common stocks	130,468	-	-	130,468
	$ 130,468	$ 25,523	$ -	$ 155,991
Pooled investment funds, at NAV- Commonfund				19,132,025
Total investments				$ 19,288,016
Beneficial interest in trust	$ 46,888	$ 83,149	$ -	$ 130,037

The following table presents the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income				
Certificates of deposit	$ -	$ 25,524	$ -	$ 25,524
Equities				
Common stocks	129,065	-	-	129,065
	$ 129,065	$ 25,524	$ -	$ 154,589
Pooled investment funds, at NAV- Commonfund				21,928,228
Total investments				$ 22,082,817
Beneficial interest in trust	$ 80,530	$ 85,800	$ -	$ 166,330

Note 8. Fair Value Measurement (continued)

As of June 30, 2022 and 2021, the estimated fair value of the Foundation's alternative investments was determined by applying net asset value (NAV) as a practical expedient. Investments in funds that invest in common and collective trusts include corporate equities and domestic mid-cap equities. Management of the common and collective trusts has the ability to shift investments between categories and value strategies. The fair values of these investments have been estimated using net asset value per share. The entire value of investments in this class has no redemption restrictions and can be redeemed at the beginning of each month with seven days' notice.

The table below represents a summary of the fair value, unfunded commitments, eligible redemption frequency and expected life of the respective investments as of June 30, 2022:

Investment	Fair Value	Unfunded commitments	Redemption frequency (if eligible)	Redemption notice period	Expected life span of investment
Intermediate Term Fund	$ 7,971	-	Monthly	Last 7 business days of the month	Indefinite
Multi-Stategy Equity Fund	13,188,873	-	Monthly	Last 7 business days of the month	Indefinite
Multi-Stategy Bond Fund	5,935,181	-	Monthly	Last 7 business days of the month	Indefinite
	$ 19,132,025				

Note 9. Endowment Funds

The Foundation's endowment consists of 139 donor-restricted funds established for a variety of purposes to benefit Meridian Community College. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Mississippi adopted UPMIFA effective July 1, 2012. The Foundation's Board of Directors has reviewed the terms of UPMIFA as enacted by the Mississippi legislature and has determined that its donor agreements for permanent endowments provide for the preservation of the original gift of the donor-restricted endowment funds. As a result, the Foundation classifies as net assets with donor restrictions the original gift donated to the endowment and the original value of subsequent gifts, as both are corpus. The remaining portion of the donor-restricted endowment fund that is not classified as corpus is restricted until the amounts are expended in accordance with the donor agreements.

Note 9. Endowment Funds (continued)

The Foundation has established policies to achieve the overall, long-term investment goal of achieving an annualized total return, through appreciation and income, greater than the rate of inflation plus any distribution needs, thus protecting the assets against inflation. The Board and Finance Committee on Investments agree that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets are invested in equity or equity-like securities. Fixed income securities are used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Cash is not a strategic asset of the portfolio, but is a residual to the investment process and used to meet short-term liquidity needs. The primary performance objective of the Foundation is to achieve a total return, net of investment management fees and expenses, in excess of the inflation and spending rate.

The Foundation's spending policy is designed to instill confidence that positive growth in the market value of the endowment is sufficient to offset reasonable spending over an extended period of time. The spending policy is approved by the Foundation's Board of Directors. In accordance with UPMIFA, the Board may expend as much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund was established. The target spending rate was approximately 5% of endowment balance as long as earnings retained are above corpus. The objective is to provide relatively stable spending allocations. No portion of the original gift value of the endowed assets will be allocated for spending.

As a result of market declines for certain recently established endowments, the fair value of certain donor-restricted endowments was less than historical cost value (original gift/book value) of such funds (underwater) by $6,169 as of June 30, 2022. Based on Foundation policy, the corpus of these funds were replenished by Foundation funds. After replenishment, there were no underwater funds as of June 30, 2022 or 2021.

Endowment net assets composition by type of fund for the year ended June 30, 2022 and 2021 were:

	2022	2021
Donor-restricted Endowment funds:		
Original donor- restricted gift amount and amounts required to be retained by donor	$ 7,102,612	$ 6,921,275
Portion subject to appropriation	8,485,628	11,354,421
Total endowment funds	$ 15,588,240	$ 18,275,696

Note 9. Endowment Funds (continued)

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

Endowment net assets, June 30, 2020	$ 14,996,845
Contributions to endowment	164,762
Appropriation of expenditures	(597,522)
Investment return:	
Investment income	184,587
Net appreciation	3,527,024
Endowment net assets, June 30, 2021	$ 18,275,696
Contributions to endowment	136,447
Transfer in from unrestricted to replenish corpus	6,169
Transfer in from temporary fund	18,915
Appropriation of expenditures	(548,887)
Investment return:	
Investment income	147,003
Net appreciation	(2,447,103)
Endowment net assets, June 30, 2022	$ 15,588,240

Note 10. Property and Equipment

Property and equipment are recorded at cost or approximate market value at date acquired, if acquired by gift. Property and equipment consisted of the following at June 30:

	2022	2021
Land	$ 59,040	$ 59,040
Land improvements	14,500	14,500
Buildings and improvements	874,163	874,163
Equipment	15,849	15,849
	$ 963,552	$ 963,552
Less: accumulated depreciation	(296,200)	(273,621)
	$ 667,352	$ 689,931

Depreciation is recorded on all depreciable capital assets on a straight-line basis over the following estimated useful lives:

Asset	Years
Land improvements	20
Buildings and improvements	40
Equipment	5-7

Depreciation expense amounted to $22,579 for years ended June 30, 2022 and 2021.

Note 11. Other Assets

Other assets at June 30, 2022 and 2021 consist of the following:

	2022	2021
Steel sculpture	$ 5,000	$ 5,000
Cartmell oil portraits	20,959	20,959
Donations of artwork	208,084	208,084
	$ 234,043	$ 234,043

The Foundation includes its donated artwork on the balance sheet at cost or valuation at the time of acquisition. Valuations are performed during the year of acquisition with reference to sale of similar objects. The cost or valuation is not subject to revaluation because such information cannot be obtained at a cost commensurate with the benefits to the users of the financial statements. Additionally, no depreciation is recorded as the assets have value worth preserving perpetually and the Foundation has the technological and financial ability to protect and preserve each asset.

Note 12. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 were restricted for the following purposes:

	2022	2021
Subject to expenditure for specified purpose:		
Scholarships	$ 5,874,697	$ 7,616,971
Awards	37,437	44,448
Faculty/staff expense	1,409,685	1,787,251
Facilities	331,502	328,859
Other program expense	5,216,847	5,869,151
	$ 12,870,168	$ 15,646,680
Subject to endowment spending policy and appropriation:		
Scholarships	$ 4,925,098	$ 4,796,878
Awards	10,000	10,000
Faculty/staff expense	700,790	699,178
Other program expense	1,466,724	1,416,724
	$ 7,102,612	$ 6,922,780
Total net assets with donor restrictions	$ 19,972,780	$ 22,569,460

Note 13. Tuition Guarantee Program

The Foundation sponsors a Tuition Guarantee Program to encourage area-wide attendance based on academic eligibility. This program cost the Foundation approximately $116,254 and $131,819 for the years ended June 30, 2022 and 2021, respectively. The Tuition Guarantee covers tuition only.

Note 14. Contributed Nonfinancial Assets

The following table summarizes the Foundation's contributed nonfinancial assets received by major category for the years ended June 30, 2022 and 2021:

	2022	2021	Usage in programs activities	Donor-imposed retrictions	Fair value techniques and inputs
Rental space	$ 21,600	$ 21,600	Contributions and support for the College	To support MCC technical programs	Estimates based on analysis of historical rental market
Advertising	22,600	16,000	Contributions and support for the College	None	Estimates based on the wholesale prices of identical or similar products
Equipment	26,233	-	Contributions and support for the College	To support MCC lineman programs	Estimates based on the wholesale prices of identical or similar products
Materials	2,500	32,711	Contributions and support for the College	To support various MCC programs	Estimates based on the wholesale prices of identical or similar products
Miscellaneous	8,965	15,201	Contributions and support for the College	None	Estimates based on the wholesale prices of identical or similar products
	$ 81,898	$ 85,512			

Note 15. Contingencies

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

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The extent of the impact of COVID-19 on the Organization's operational and functional performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Care Lodge's clients, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

Note 16. Net Assets Released From Donor Restrictions

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

	2022	2021
Purpose restriction accomplished:		
Scholarship programs	$ 441,496	$ 480,429
Awards	700	700
Faculty/staff programs	66,333	57,554
Annuity interest expense	8,078	8,078
Other program services	360,962	302,617
Management and general	11,835	11,835
Donations to Meridian Community College	71,933	78,011
	$ 961,337	$ 939,224

Note 17. Functional Expenses

Expenses are presented by functional classification in accordance with the overall service mission of the Foundation, which is to provide scholarships and awards to students of the College. Program services are categorized in the primary areas of student financial aid, faculty and staff support, facilities and general support. The operations of the Foundation are categorized as either fundraising or general and administrative according to the department in which the expense is incurred and allocated with techniques such as time and effort.

Expenses by function and natural classification for the year ended June 30, 2022 is as follows:

	Scholarship	Program-matic	General and Administrative	Fundraising	Total Expenses
Scholarships	$ 563,750	$ -	$ -	$ -	$ 563,750
Awards	1,450	-	-	-	1,450
Faculty and support staff	-	66,333	-	-	66,333
Annuity interest expense	-	-	-	8,078	8,078
Other programs	-	382,563	-	-	382,563
Management and general	-	-	210,732	-	210,732
Donations to MCC	-	4,282	66,333	-	70,615
	$ 565,200	$ 453,178	$ 277,065	$ 8,078	$ 1,303,521

Note 17. Functional Expenses (continued)

Expenses by function and natural classification for the year ended June 30, 2021 is as follows:

	Scholarship	Program-matic	General and Administrative	Fundraising	Total Expenses
Scholarships	$ 621,959	$ -	$ -	$ -	$ 621,959
Awards	2,800	-	-	-	2,800
Faculty and support staff	-	57,554	-	-	57,554
Annuity interest expense	-	-	-	8,078	8,078
Other programs	-	252,939	-	-	252,939
Management and general	-	-	154,509	-	154,509
Donations to MCC	-	2,193	139,789	-	141,982
	$ 624,759	$ 312,686	$ 294,298	$ 8,078	$ 1,239,821

MERIDIAN COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF COLLEGE'S SHARE OF NET PENSION LIABILITY
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the total net pension liability	0.23%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
College's proportion of the plan net position	$ 82,512,839	$ 69,568,484	$70,516,505	$69,407,975	$66,357,743	$60,337,540	$62,266,390	$62,192,797
College's proportionate share of the net pension liability	$ 34,630,712	$ 48,397,095	$43,979,932	$41,582,427	$41,558,484	$44,656,242	$38,645,070	$30,345,423
College's covered payroll	$ 15,586,340	$ 16,277,002	$16,174,207	$15,873,443	$15,881,416	$15,778,182	$15,500,332	$15,511,079
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.00%	297.33%	271.91%	262.00%	262.00%	283.00%	249.00%	196.00%
Plan fiduciary net position as a percentage of the total pension liabilty	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 June 30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in fiscal year end June 30, 2015, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

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

MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF COLLEGE'S CONTRIBUTIONS
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,806,834	$ 2,712,024	$ 2,832,199	$ 2,547,438	$ 2,500,065	$ 2,501,323	$ 2,485,067	$ 2,441,302
Contributions in relation to the contractually required contribution	2,806,834	2,712,024	2,832,199	2,547,438	2,500,065	2,501,323	2,485,067	2,441,302
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 16,131,227	$ 15,586,340	$ 16,277,002	$ 16,174,207	$ 15,873,443	$ 15,881,416	$ 15,778,182	$ 15,500,332
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%
Proportionate share percentage	0.23%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in fiscal year end June 30, 2015, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

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

MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF COLLEGE'S SHARE OF THE NET OPEB LIABILITY

For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
College's proportion of the total net OPEB liability	0.26334128%	0.27517036%	0.27271941%	0.27164112%	0.25886155%
College's proportionate share of the net OPEB liability	$ 1,695,080	$ 2,141,398	$ 2,314,136	$ 2,101,280	$ 2,031,051
College's covered-employee payroll	$ 12,519,763	$ 13,261,438	$ 12,488,984	$ 12,286,143	$ 11,629,938
College's proportionate share of the net OPEB liability (asset) 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 June 30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in fiscal year end June 30, 2018, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

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

MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF COLLEGE'S OPEB CONTRIBUTIONS
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 52,100	$ 68,131	$ 85,399	$ 92,758	$ 86,587
Contributions in relation to the actuarially determined contribution	52,100	68,131	85,399	92,758	86,587
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 14,015,334	$ 13,787,768	$ 14,471,058	$ 14,316,034	$ 14,117,602
Contributions as a percentage of covered-employee payroll	0.37%	0.49%	0.59%	0.65%	0.61%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in fiscal year end June 30, 2018, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year report(s).

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

Pension Schedules

(1) Changes in assumptions

2015

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

2016

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

2017

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

2019

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

2021

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60,110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy. The price inflation was changed from 2.75% to 2.40%. The wage inflation assumption was reduced from 3.00% to 2.65%. The investment rate of return assumption was changed from 7.75% to 7.55%. The assumed load for administrative expenses was increased from .25% to .28% of payroll. The 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 9% to 12%. The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

(2) 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 1% and a maximum rate of 5%.

(3) Methods and assumptions used in calculations

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	5-year smoothed market
Price inflation	2.75%
Salary increase	3.00% to 18.25% including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

OPEB Schedules

(1) Changes in assumptions

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

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

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

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

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

(2) 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 deductible was increased for the select coverage beginning January 1, 2022.

(3) Methods and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the schedule of employer Contributions are calculated as of the most recent valuation date. The following actuarial methods and assumptions (from the June 30, 2020 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending 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, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare supplement claims:	
Pre-Medicare	7.00%
Ultimate health care cost trend rates:	
Medicare supplement claims	
Pre-Medicare	4.75%
Year of ultimate trend rates, medicare supplement claims, pre-medicare	2028
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.19%

MERIDIAN COMMUNITY COLLEGE

SUPPLEMENTARY INFORMATION

MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Student Financial Aid - Cluster			
U.S. Department of Education			
Federal Supplemental Education			
Opportunity Grant Program (FSEOG)	84.007		$ 162,150
Federal Direct Loans	84.268		1,553,900
Federal Work-Study Program (FWS)	84.033		56,807
Federal PELL Grant Program	84.063		5,565,134
Total U.S. Department of Education			$ 7,337,991
Total Student Financial Aid - Cluster			$ 7,337,991
Other Programs			
U.S. Department of Labor			
Pass-through Programs From:			
MS Employment Security Commission:			
WIA Dislocated Worker Formula Grants	17.260		$ 307,492
Total WIA Cluster			$ 307,492
Supportive Services	17.UN		$ 8,785
WIOA Internships	17.UN		41,014
WIOA Out of School Youth	17.259		203,847
Career Step	93.558		2,795
Healthcare Stability Grant	17.278		57,703
Gov Discretionary Grant - Lineman	17.258		5,627
Total U.S. Department of Labor			$ 627,263
National Aeronautics and Space Administration			
Pass-through Program From:			
University of Mississippi			
Aerospace Education Services Program	43.001		$ 10,721
Aerospace Education Services Program - NCAS	43.008		7,245
Total National Aeronautics and Space Administration			$ 17,966
Veteran's Affairs Support Funds			
Pass-through Programs From:			
VA Support Funds	99.001		$ 1,568
Total Veteran's Affairs Support Funds			$ 1,568

MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Direct Grant			
COVID-19 Higher Education Emergency Relief Funds CARES Act - Student Emergency Grants	84.425E		$ 3,347,327
COVID-19 Higher Education Emergency Relief Funds CARES Act - Institution Emergency Grants	84.425F		4,180,525
COVID-19 Higher Education Emergency Relief Funds CARES Act - Minority Serving Institutions	84.425L		551,557
			$ 8,079,409
Pass-through Programs From:			
Institution of Higher Learning			
Gear Up MS	84.334S	192500.361293.08	$ 208,227
State Department of Education:			
Adult Education - State Grant Program	84.002	EV048A700248	$ 221,933
Vocational Education - Basic Grants to States	84.048	E-V243A60095	171,844
Total U.S. Department of Education			$ 8,681,413
U.S. Department of Health and Human Services			
Pass-through Programs From:			
State Department of Human Services:			
Child Care & Development Block Grant- Early Childhood Academy	93.575		$ 260,864
Pass-through Programs From:			
Mississippi Community College Board:			
MiBest	93.558		57,883
Total U.S. Department of Health and Human Services			$ 318,747
Total other programs			$ 9,646,957
Total expenditures of federal awards			$ 16,984,948

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Notes to Schedule:

(1) This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.

(2) The College allocates indirect costs related to grant programs in accordance with, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The College has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

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

Federal grants per this schedule	$	16,984,948
Direct loans		1,553,900
Federal grants and contracts	$	15,431,048

MERIDIAN COMMUNITY COLLEGE

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

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

To Thomas M. Huebner, Jr., PhD, President
and Board of Trustees
Meridian Community College
Meridian, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meridian Community College, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Meridian Community College's basic financial statements, and have issued our report thereon dated March 24, 2023. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards.*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meridian Community 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 Meridian Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Meridian Community College's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meridian Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
March 24, 2023

MERIDIAN COMMUNITY COLLEGE

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

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

To Thomas M. Huebner, Jr., PhD, President
and Board of Trustees
Meridian Community College
Meridian, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Meridian Community 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 Meridian Community College's major federal programs for the year ended June 30, 2022. Meridian Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Meridian Community 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Meridian Community 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 Meridian Community 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 Meridian Community College's federal programs.

Auditors' 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 Meridian Community 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 generally accepted auditing standards, *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 Meridian Community College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Meridian Community 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 Meridian Community 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 Meridian Community 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 Auditors' 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.

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
March 24, 2023

MERIDIAN COMMUNITY COLLEGE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To Thomas M. Huebner, Jr., PhD, President
and Board of Trustees
Meridian Community College
Meridian, Mississippi

We have audited the financial statements of Meridian Community College as of and for the year ended June 30, 2022, and have issued our report thereon dated March 24, 2023. We did not audit the financial statements of the discretely presented component unit, Meridian Community College Foundation, which represents 100 percent of the assets and revenues of the discretely presented component unit. Those financial 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 discretely presented component unit, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The financial statements of Meridian Community College Foundation, audited by other auditors, were not audited in accordance with *Government Auditing Standards.*

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

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

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
March 24, 2023

MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section I. Summary of Auditors' Results

Financial Statements – GAS Audit

1. Type of auditors' report issued:	Unmodified
2. Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
3. Noncompliance material to financial statements noted?	No

Federal Awards – Single Audit

4. Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
5. Type of auditors' report issued on compliance for major federal programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

7. Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
	Student Financial Aid Cluster
84.063	Federal Pell Grant Program
84.033	Federal Work-study Program (FWS)
84.007	Federal Supplemental Education Opportunity Grant program (FSEOG)
84.268	Federal Direct Loans
84.425E	HEERF Act Student Emergency Grants
84.425F	HEERF Act Institution Emergency Grants
84.425L	HEERF Act Minority Serving Institutions

8. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
9. Auditee qualified as low-risk auditee?	Yes

Section II. Financial Statement Findings

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

Section III. Reporting on Federal Awards

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