



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**PEARL RIVER COMMUNITY COLLEGE
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022**

PEARL RIVER COMMUNITY COLLEGE
Year Ended June 30, 2022
TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL AUDIT REPORT	
Independent Auditors' Report.....	4
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	8
AUDITED FINANCIAL STATEMENTS	
Exhibit A - Statement of Net Position.....	19
Exhibit B - Statement of Financial Position - Pearl River Community College Development Foundation, Inc.	21
Exhibit C - Statement of Revenues, Expenses and Changes in Net Position	23
Exhibit D - Statement of Activities - Pearl River Community College Development Foundation, Inc.	25
Exhibit E - Statement of Cash Flows	27
Exhibit F - Statement of Cash Flows - Pearl River Community College Development Foundation, Inc.	29
NOTES TO FINANCIAL STATEMENTS	31
NOTES TO FINANCIAL STATEMENTS - PEARL RIVER COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.	60
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the College's Proportionate Share of the Net Pension Liability - Unaudited.....	71
Schedule of the College's Contributions-PERS – Unaudited.....	72
Schedule of the College's Proportionate Share of the Net OPEB Liability - Unaudited.....	73
Schedule of the College's Contributions-OPEB - Unaudited.....	74
Notes to the Required Supplementary Information - Unaudited.....	75
SUPPLEMENTARY INFORMATION	
Schedule 1 - Schedule of Expenditures of Federal Awards	81
Notes to the Schedule of Expenditures of Federal Awards	85
REPORTS ON COMPLIANCE AND INTERNAL CONTROL	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	89
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	93
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	95
Summary Schedule of Prior Audit Finding.....	97

FINANCIAL AUDIT REPORT



GranthamPoole
Certified Public Accountants

We See You Through. ®

INDEPENDENT AUDITORS' REPORT

Dr. Adam Breerwood, President
And Board of Trustees
Pearl River Community College
Poplarville, Mississippi 39470

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position the business-type activities and the aggregate discretely presented component unit of Pearl River Community College, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Pearl River 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. The financial statements of Pearl River Community College Development Foundation, Inc., a discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

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 Pearl River 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.

GranthamPoole PLLC
granthampoole.com

1062 Highland Colony Pkwy, Suite 201, Ridgeland, MS 39157 P 601.499.2400
1200 Jefferson Avenue, Suite 206, Oxford, MS 38655 P 601.234.8130
P.O. Box 17986, Hattiesburg, MS 39404 P 601.271.8860



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pearl River 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 Pearl River 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 the College's Contributions (PERS), the Schedule of the College's Proportionate Share of the Net OPEB Liability, and the Schedule of the College's 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 Pearl River Community College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 February 28, 2023, on our consideration of Pearl River Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pearl River 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 Pearl River Community College's internal control over financial reporting and compliance.



GranthamPoole PLLC
Hattiesburg, Mississippi
February 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Pearl River Community College annual financial report presents our discussion and analysis of the financial performance of the College during the fiscal 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. The financial statements, footnotes, and this discussion are the responsibility of management.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*.

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

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

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

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

Condensed Statements of Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets	\$ 46,329,007	\$ 40,301,098
Non-current Assets:		
Capital, Net	102,457,752	100,927,676
Cash-Restricted	1,000,950	-
Long-term Investments-Restricted	7,500	7,500
<i>Total Assets</i>	<u>149,795,209</u>	<u>141,236,274</u>
Deferred Outflows of Resources		
Deferred Outflows-Pension	7,487,927	7,377,994
Deferred Outflows-OPEB	669,425	644,489
<i>Total Deferred Outflows of Resources</i>	<u>8,157,352</u>	<u>8,022,483</u>
Total Assets and Deferred		
Outflows of Resources	<u>157,952,561</u>	<u>149,258,757</u>
Liabilities		
Current Liabilities	4,395,694	4,335,443
Non-Current Liabilities	75,722,122	89,889,003
<i>Total Liabilities</i>	<u>80,117,816</u>	<u>94,224,446</u>
Deferred Inflows of Resources		
Deferred Inflows-Pension	11,582,874	657,105
Deferred Inflows-OPEB	812,508	584,909
<i>Total Deferred Inflows of Resources</i>	<u>12,395,382</u>	<u>1,242,014</u>
Total Liabilities and Deferred		
Inflows of Resources	<u>92,513,198</u>	<u>95,466,460</u>
Net Position		
Net Investment in Capital Assets	78,703,814	76,291,453
Restricted:		
Nonexpendable	7,500	7,500
Expendable	6,782,976	6,566,373
Unrestricted	(20,054,927)	(29,073,029)
<i>Total Net Position</i>	<u>65,439,363</u>	<u>53,792,297</u>
Total Liabilities, Deferred Inflows of		
Resources and Net Position	<u>\$ 157,952,561</u>	<u>\$ 149,258,757</u>

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the College's bank accounts, petty cash and certificates of deposit. The total amount of cash and cash equivalents reported as current assets on the college financial statements is \$35,048,256 at June 30, 2022, compared to the FY 2021 amount of \$31,802,413.

Accounts Receivable

Accounts receivable relate to several transactions including county appropriations, accrued interest, student tuition and fee billings, and auxiliary enterprise sales such as food service and bookstore. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowance for doubtful accounts. The College receivables totaled \$6,214,127 at June 30, 2022, compared to \$4,627,413 for FY 2021.

Inventories

The College maintains inventories of resale merchandise as well as items for internal consumption. Books, student supplies, and institutional memorabilia make up the majority of the resale inventory. Inventories maintained for internal departmental use include paper goods. Inventories totaled \$589,142 at June 30, 2022, compared to \$483,582 for FY 2021.

Non-current Assets

Other Investments

Other long-term investments include bank certificates of deposit held by F.D.I.C. insured banks. The value at June 30, 2022, was \$7,500 and \$7,500 at June 30, 2021. At June 30, 2022, the College had \$1,000,950 in long-term restricted cash.

Capital Assets, Net

Capital assets, net, consist of land, infrastructure, buildings, equipment, and historical College holdings at June 30, 2022. The amount reported is net of accumulated depreciation. Capital assets, net totaled \$102,457,752 at June 30, 2022, compared to \$100,927,676 for FY 2021.

Deferred Outflows of Resources

The deferred outflows of resources are related to the pension and other postemployment benefits (OPEB). At June 30, 2022, the balance was \$8,157,352. The balance was \$8,022,483 at 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 \$1,311,409 at June 30, 2022, compared to \$1,286,082 for FY 2021.

Long-Term Liabilities-Current Portion

Long-term liabilities-current portion, bonds, leases, and Net OPEB Liability-current portion represent the portion that would be payable by the end of the June 30, 2022 fiscal year. The amount of the current portion of debt at June 30, 2022 is \$1,005,000, compared to \$1,350,408 for FY 2021. The amount of the current portion of the Net OPEB Liability at June 30, 2022 is \$77,250, compared to \$94,218 for FY 2021. The amount of the Leases Payable at June 30, 2022 was \$234,693.

Non-current Liabilities

This liability consists of bonds payable and bond discounts and premiums. The total amount of the non-current portion of long-term liabilities is \$22,236,353 at June 30, 2022, compared to \$23,437,318 for FY 2021.

The leases payable non-current portion was \$277,892 at June 30, 2022.

The net pension liability was \$48,033,464 at June 30, 2022 and \$61,112,754 at June 30, 2021.

The non-current portion of the Net OPEB Liability was \$2,267,595 at June 30, 2022 and \$2,610,122 at June 30, 2021.

Deferred Inflows of Resources

The deferred inflows of resources are related to the pension and other postemployment benefits. The balance was \$12,395,382 at June 30, 2022 and \$1,242,014 at June 30, 2021.

Net Position

Net position represents the difference between the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Total net position at June 30, 2022 is \$65,439,363 compared to \$53,792,297 for FY 2021.

Analysis of Net Position

Restricted non-expendable net position consists of endowment gifts with specific restrictions on spending the principal given.

Restricted expendable net position consists of endowment gifts, gifts with specific restrictions, grants from third party agencies with expenditure restrictions, and loan funds.

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 following is a breakdown of the unrestricted net position:

	<u>2022</u>	<u>2021</u>
Unrestricted General Fund	\$ (24,943,840)	\$ (34,542,182)
Unrestricted Auxiliary Fund	<u>4,888,913</u>	<u>5,469,153</u>
<i>Total Unrestricted Net Position</i>	<u><u>\$ (20,054,927)</u></u>	<u><u>\$ (29,073,029)</u></u>

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2022 and 2021**

Operating Revenues	2022	2021
Tuition and Fees	\$ 7,669,093	\$ 6,606,799
Grants and Contracts	34,539,590	29,943,420
Sales and Services of Educational Departments	243,248	145,457
Auxiliary Enterprises	7,921,552	7,317,492
Other Operating Revenues	<u>662,708</u>	<u>301,520</u>
Total Operating Revenues	51,036,191	44,314,688
Operating Expenses	<u>(65,713,518)</u>	<u>(71,907,163)</u>
<i>Operating Loss</i>	<u>(14,677,327)</u>	<u>(27,592,475)</u>
Non-operating Revenues		
State Appropriations	18,753,316	16,735,373
County Appropriations	6,561,131	6,468,620
Investment Income (Expense), Net	(848,129)	(861,977)
Other Non-operating (Expenses)	<u>(47,982)</u>	<u>(24,757)</u>
Net Non-operating Revenues	<u>24,418,336</u>	<u>22,317,259</u>
Income (Loss) Before Other Revenues	9,741,009	(5,275,216)
Capital Appropriations	<u>1,623,955</u>	<u>3,058,469</u>
<i>Total Increase (Decrease) in Net Position</i>	11,364,964	(2,216,747)
Net Position		
Net Position - Beginning of Year	53,792,297	56,009,044
Prior Period Adjustment	<u>282,102</u>	<u>-</u>
Net Position - Beginning of Year, Restated	<u>54,074,399</u>	<u>56,009,044</u>
Net Position - End of Year	<u><u>\$ 65,439,363</u></u>	<u><u>\$ 53,792,297</u></u>

Total operating loss for the fiscal year 2022 is \$(14,677,327) compared to \$(27,592,475) for FY 2021. Since the State of Mississippi appropriation is not included within operating revenue per GASB No. 35, the College will continue to 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 are \$51,036,191, compared to \$44,314,688 for FY 2021. Tuition and fees are \$7,669,093, compared to \$6,606,799 for FY 2021. Operating expenses, including depreciation and amortization of \$4,254,670 totaled \$65,713,518. Of this total \$23,060,393 or 35% is for instruction. Operating expenses for FY 2021, including depreciation of \$3,793,145, totaled \$71,907,163. Of this total \$27,732,514, or 39%, was for instruction.

Revenues

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes totaling \$7,669,093 for FY 2022, compared to \$6,606,799 for FY 2021.

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. Nonexchange 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 year ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Federal Sources:		
Department of Education	\$ 28,620,695	\$ 25,305,029
Other Sources	5,918,895	4,638,391
<i>Total All Sources</i>	<u>\$ 34,539,590</u>	<u>\$ 29,943,420</u>

Non-capital Gifts

This consists of gifts made to the College from a nongovernmental organization and/or individual. The cash gifts totaled \$511,163 at June 30, 2022, compared to \$708,870 for FY 2021.

Sales and Services from Educational Activities

Sales and services from educational departments totaled \$243,248 for the 2022 fiscal year and \$145,457 for the 2021 fiscal year.

Other Operating Revenues

Other operating revenues, which consist of income from educational activities, totaled \$662,708 for the 2022 fiscal year and \$301,520 for the 2021 fiscal year.

Auxiliary Enterprises, Net

Auxiliary Enterprises, net, consist of various enterprise entities that exist predominantly to furnish goods and services to students, faculty, staff, or the general public and charge a fee directly related to the cost of those goods or services. They are intended to be self-supporting. Auxiliary enterprises primarily include the College bookstore.

Operating Expenses

Operating expenses for FY 2022 totaling \$65,713,518, include salaries and benefits of \$28,821,304, scholarships and fellowships of \$15,866,616, utilities of \$2,222,702, supplies of \$5,729,802, services of \$8,165,673, travel of \$652,751, and depreciation and amortization of \$4,254,670. Operating expenses for FY 2021 totaling \$71,907,163, include salaries and benefits of \$37,385,670, scholarships and fellowships of \$12,407,198, utilities of \$1,927,067, supplies of \$8,000,248, services of \$8,131,369, travel of \$262,466, and depreciation of \$3,793,145.

	2022	2021
Expenses by Function:		
Instruction	\$ 23,060,393	\$ 27,732,514
Academic Support	1,011,354	1,433,172
Student Services	16,361,900	13,889,051
Institutional Support	9,924,255	13,120,018
Operations and Maintenance of Plant	5,833,794	6,714,182
Auxiliary Enterprises	5,267,152	5,225,081
Depreciation and Amortization	4,254,670	3,793,145
<i>Total Operating Expenses by Function</i>	<u>\$ 65,713,518</u>	<u>\$ 71,907,163</u>

Non-operating Revenues (Expenses)

State Aid

The College's largest source of non-operating revenue is the State of Mississippi appropriation. The College received \$20,377,271 for 2021-2022 fiscal years, of which \$18,753,316 was for operations. In 2022, the College received \$1,623,955 in general obligation bonds of the State for capital improvements. During FY 2021, the College received \$19,793,842 which \$16,735,373 was for operations. The College received \$3,058,469 in general obligation bonds of the State for capital improvements for FY 2021.

County Appropriations

The College also receives revenue from the six county districts in which the school resides. The College uses the funding for salaries, benefits, and operational purposes. The College receives the appropriation in monthly payments, beginning in July of each year, since the fiscal year begins July 1st. The College received \$6,561,131 for the 2022 fiscal year from the counties and \$6,468,620 for FY 2021. This appropriation was fully recorded by the College during the fiscal year.

Investment Income

This includes the interest income from the cash in the bank accounts. The investment income at June 30, 2022 was \$15,195, compared to the FY 2021 amount of \$32,602.

Interest Expense

Interest expense totaled \$863,324 for the 2022 fiscal year and \$894,579 for the 2021 fiscal year.

Other Non-operating Expenses

Total net other non-operating expenses amounted to \$(47,982) compared to FY 2021 in the amount of \$(24,757).

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 Statements of Cash Flows (Direct Method) Years Ended June 30, 2022 and 2021

	2022	2021
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (14,089,647)	\$ (16,173,056)
Non-capital Financing Activities	25,314,447	22,912,422
Capital and Related Financing Activities	(5,823,783)	(8,303,052)
Investing Activities	(1,154,224)	6,689,141
Net Increase in Cash and Cash Equivalents	4,246,793	5,125,455
Cash and Cash Equivalents:		
Beginning of the Year	31,802,413	26,676,958
End of the Year	<u>\$ 36,049,206</u>	<u>\$ 31,802,413</u>

The major sources of funds for FY 2022 included in operating activities includes student tuition and fees \$7,930,039, auxiliary enterprises \$7,921,552, and grants and contracts \$33,990,299. The major uses of funds were payments made to employees \$(32,101,477), and to suppliers \$(13,985,418). During FY 2021, the major sources of funds included in operating activities include student tuition and fees \$6,725,396, auxiliary enterprises \$7,317,493, and grants and contracts \$29,746,435. The major uses of funds during FY 2021 were payments made to employees \$(29,632,102), and to suppliers \$(16,244,342).

The largest inflow of cash for FY 2022 in the non-capital financing activities group is the State appropriation of \$18,753,316. This figure compares to the FY 2021 amount of \$16,446,137.

Significant Capital Asset Transactions

During the 2022 fiscal year, \$(5,201,267) was paid for capital asset transactions. This figure compares to the fiscal year 2021 amount of \$(9,128,073).

Factors Impacting Future Periods

There are a number of issues of Community College-wide importance that directly impacted the fiscal year 2022 financial situation. The level of State support, compensation increases, student tuition and fee increases, and energy cost increases, impact the College's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs.

State appropriations for non-capital purposes contribute approximately thirty-seven percent (37%) of general operations' revenue. The level of State support is therefore one of the key factors influencing the College's financial condition.

The need to continue to address priority needs and requirements for deferred maintenance, new technology, repairs, and new construction projects is a large challenge facing the College in the years to come.

Various committees and individuals are assessing the College's performance toward identified goals and ways to achieve greater efficiencies and reduce expenditures in an effort to assist in meeting the future challenges.

AUDITED FINANCIAL STATEMENTS

EXHIBIT A
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 35,048,256
Short-term Investments	3,708,241
Accounts Receivable, Net	6,214,127
Interest Receivable	561
Inventories	589,142
Prepaid Expenses	768,680
Total Current Assets	<u>46,329,007</u>

NON-CURRENT ASSETS

Cash-Restricted	1,000,950
Long-term Investments-Restricted	7,500
Capital Assets, Net of Accumulated Depreciation	102,457,752
Total Non-current Assets	<u>103,466,202</u>

<i>Total Assets</i>	<u>149,795,209</u>
----------------------------	--------------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows-Pension	7,487,927
Deferred Outflows-OPEB	669,425
<i>Total Deferred Outflows of Resources</i>	<u>8,157,352</u>

***TOTAL ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES***

<u>\$ 157,952,561</u>

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

**EXHIBIT A
PAGE TWO
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2022**

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 1,311,409
Accrued Interest Payable	203,262
Retainage Payable	339,965
Unearned Revenues	1,224,115
Net OPEB Liability-Current Portion	77,250
Leases Payable-Current Portion	234,693
Long-term Liabilities-Current Portion	1,005,000
Total Current Liabilities	<u>4,395,694</u>

NON-CURRENT LIABILITIES

Accrued Leave Liabilities	2,906,818
Long-term Liabilities	22,236,353
Leases Payable-Long-term Portion	277,892
Net Pension Liability	48,033,464
Net OPEB Liability	2,267,595
Total Noncurrent Liabilities	<u>75,722,122</u>
<i>Total Liabilities</i>	<u>80,117,816</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows-Pension	11,582,874
Deferred Inflows-OPEB	812,508
<i>Total Deferred Inflows of Resources</i>	<u>12,395,382</u>
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>92,513,198</u>

NET POSITION

Net Investment in Capital Assets	78,703,814
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	7,500
Expendable:	
Scholarships and Fellowships	405
Capital Projects	3,585,417
Debt Service	3,197,154
Unrestricted	(20,054,927)
<i>Total Net Position</i>	<u>65,439,363</u>
<i>Total Liabilities, Deferred Inflows of Resources and Net Position</i>	<u>\$ 157,952,561</u>

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

EXHIBIT B
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
PEARL RIVER COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.
JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 484,201	\$ 1,311,642	\$ 1,795,843
Cash Value of Annuities	373,170	127,539	500,709
Investments	89,644	7,292,408	7,382,052
Total Current Assets	<u>947,015</u>	<u>8,731,589</u>	<u>9,678,604</u>
Noncurrent Assets			
Property and Equipment, net	89,921	-	89,921
Total Assets	<u>\$ 1,036,936</u>	<u>\$ 8,731,589</u>	<u>\$ 9,768,525</u>

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

EXHIBIT B
PAGE TWO
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
PEARL RIVER COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.
JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restricted</u>	<u>Total</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 21,653	\$ 12,226	\$ 33,879
Total Current Liabilities	<u>21,653</u>	<u>12,226</u>	<u>33,879</u>
Net Assets			
Without Donor Restrictions			
Undesignated	925,362	-	925,362
Net Investment in Capital Assets	89,921	-	89,921
With Donor Restrictions			
Purpose Restrictions	-	1,838,018	1,838,018
Perpetual in Nature	<u>-</u>	<u>6,881,345</u>	<u>6,881,345</u>
Total Net Assets	<u>1,015,283</u>	<u>8,719,363</u>	<u>9,734,646</u>
Total Liabilities and Net Assets	<u><u>\$ 1,036,936</u></u>	<u><u>\$ 8,731,589</u></u>	<u><u>\$ 9,768,525</u></u>

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

EXHIBIT C
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

OPERATING REVENUES

Tuition and Fees (Net of Scholarship Allowances of \$11,213,715)	\$ 7,669,093
Federal Grants and Contracts	28,620,695
State Grants and Contracts	4,943,878
Local Grants and Contracts	463,854
Non-governmental Grants and Contracts	511,163
Sales and Services of Educational Departments	243,248
Auxiliary Enterprises:	
Student Housing	2,312,258
Food Services	1,890,312
Bookstore	3,718,982
Other Operating Revenues	662,708
Total Operating Revenue	<u>51,036,191</u>

OPERATING EXPENSES

Salaries and Wages	23,532,756
Fringe Benefits	5,288,548
Travel	652,751
Contractual Services	8,165,673
Utilities	2,222,702
Scholarships and Fellowships	15,866,616
Commodities	5,729,802
Depreciation and Amortization Expense	4,254,670
Total Operating Expenses	<u>65,713,518</u>

OPERATING (LOSS) (14,677,327)

NON-OPERATING REVENUES (EXPENSES)

State Appropriations	18,753,316
Local Appropriations	6,561,131
Investment Income	15,195
Interest Expense on Capital Asset-related Debt	(863,324)
Other Non-operating Expenses	(47,982)
Total Non-operating Revenues	<u>24,418,336</u>

**INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS
AND LOSSES**

9,741,009

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

EXHIBIT C
PAGE TWO
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

State Appropriations Restricted for Capital Purposes	<u>\$ 1,623,955</u>
CHANGE IN NET POSITION	11,364,964
NET POSITION	
Net Position - Beginning of Year, As Previously Reported	53,792,297
Prior Period Adjustment	<u>282,102</u>
Net Position - Beginning of Year, As Restated	<u>54,074,399</u>
Net Position - End of Year	<u><u>\$ 65,439,363</u></u>

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

EXHIBIT D
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF ACTIVITIES
PEARL RIVER COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 25,030	\$ 1,923,067	\$ 1,948,097
Special Projects	-	80,170	80,170
Other	17,150	-	17,150
Dividend and Interest Income	49,258	337,795	387,053
Net Assets Released From Restriction:			
Expiration of Usage Restrictions	1,638,395	(1,638,395)	-
Total Revenues, Gains, and Other Support	<u>1,729,833</u>	<u>702,637</u>	<u>2,432,470</u>
EXPENSES			
Program Services:			
Scholarships	650,463	-	650,463
Educational Departments	839,093	-	839,093
Alumni Activities	2,952	-	2,952
Service Awards	488	-	488
Special Projects	108,455	-	108,455
Total Program Services	<u>1,601,451</u>	<u>-</u>	<u>1,601,451</u>

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

EXHIBIT D
PAGE TWO
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF ACTIVITIES
PEARL RIVER COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Supporting Services:			
General Administration	\$ 143,505	\$ -	\$ 143,505
Fundraising Expense	16,737	-	16,737
Total Supporting Services	<u>160,242</u>	<u>-</u>	<u>160,242</u>
Total Expenses	<u>1,761,693</u>	<u>-</u>	<u>1,761,693</u>
Change in Net Assets Before Other Income and Expenses	<u>(31,860)</u>	<u>702,637</u>	<u>670,777</u>
Other Income and Expenses:			
Realized Loss on Investments	(4,223)	(43,853)	(48,076)
Unrealized Loss on Investments	(142,270)	(986,300)	(1,128,570)
Transfers In	9,193	18,165	27,358
Transfers Out	(17,257)	(10,101)	(27,358)
Total Other Income and Expenses	<u>(154,557)</u>	<u>(1,022,089)</u>	<u>(1,176,646)</u>
Change in Net Assets	<u>(186,417)</u>	<u>(319,452)</u>	<u>(505,869)</u>
Net Assets:			
Beginning of the Year	<u>1,201,700</u>	<u>9,038,815</u>	<u>10,240,515</u>
End of the Year	<u><u>\$ 1,015,283</u></u>	<u><u>\$ 8,719,363</u></u>	<u><u>\$ 9,734,646</u></u>

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

EXHIBIT E
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 7,930,039
Grants and Contracts	33,990,299
Sales and Services of Educational Departments	243,248
Other Operating Revenues	651,730
Payments to Suppliers	(13,985,418)
Payments to Employees for Salaries and Benefits	(32,101,477)
Payments for Utilities	(2,205,556)
Payments for Travel	(660,121)
Payments for Scholarships and Fellowships	(15,873,943)
Auxiliary Enterprise Charges:	
Student Housing	2,312,258
Food Services	1,890,312
Bookstore	3,718,982
Net Cash (Used) by Operating Activities	<u>(14,089,647)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	18,753,316
Local Appropriations	6,561,131
Net Cash Provided by Non-capital Financing Activities	<u>25,314,447</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of Capital Assets	(5,201,267)
Proceeds from Debt	115,847
Principal Paid on Capital Debt	(1,493,845)
Interest Paid on Capital Debt	(868,473)
Capital Appropriations Received	1,623,955
Net Cash (Used) by Capital and Related Financing Activities	<u>(5,823,783)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(1,169,419)
Interest Received on Investments	15,195
Net Cash (Used) by Investing Activities	<u>(1,154,224)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

4,246,793

CASH AND CASH EQUIVALENTS BALANCES

Beginning of Year	<u>31,802,413</u>
End of Year	<u><u>\$ 36,049,206</u></u>

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

EXHIBIT E
PAGE TWO
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
(USED) BY OPERATING ACTIVITIES**

Operating (Loss)	\$ (14,677,327)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization Expense	4,254,670
(Increase) Decrease in Assets:	
Receivables, Net	(1,586,836)
Inventories	(105,560)
Prepaid Expenses	79,749
(Increase) in Deferred Outflows of Resources:	
Deferred Outflows of Resources-Pension	(109,933)
Deferred Outflows of Resources-OPEB	(24,936)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Liabilities	16,820
Accrued Leave Liabilities	178,009
Retainage Payable	8,690
Net Pension Liability	(13,079,290)
Net OPEB Liability	(359,495)
Unearned Revenues	162,424
Increase in Deferred Inflows of Resources:	
Deferred Inflows of Resources-Pension	10,925,769
Deferred Inflows of Resources-OPEB	227,599
Total Adjustments	<u>587,680</u>
Net Cash (Used) by Operating Activities	<u><u>\$ (14,089,647)</u></u>

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

EXHIBIT F
PEARL RIVER COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
PEARL RIVER COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.
YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (505,869)
Adjustment to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	12,658
Unrealized Loss on Investments	1,128,570
Realized Loss on Investments	48,076
Increase in Accounts Payable	15,883
Net Cash Provided by Operating Activities	<u><u>699,318</u></u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Investments	(662,171)
Purchase of Property and Equipment	(9,197)
Net Cash (Used) by Investing Activities	<u><u>(671,368)</u></u>

NET INCREASE IN CASH 27,950

CASH BALANCES:

Beginning of the Year	<u>1,767,893</u>
End of the Year	<u><u>\$ 1,795,843</u></u>

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

NOTES TO FINANCIAL STATEMENTS

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - Pearl River Community College was founded in 1924 and is one of Mississippi's fifteen (15) public community colleges. The legal authority for the establishment of Pearl River Community College is found in § 37-29-31, Miss. Code Ann. (1972).

Pearl River Community College is locally-governed by a sixteen-member Board of Trustees, selected by the Board of Supervisors of Forrest, Hancock, Jefferson Davis, Lamar, Marion, and Pearl River Counties who support the district through locally assessed Ad Valorem tax millage. One of the trustees from each of the supporting counties must be the County Superintendent of Education, unless the Superintendent chooses not to serve, in which case the county Board of Supervisors shall fill the vacancy in accordance with § 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a five-year term. In addition, Pearl River Community College works jointly with the Mississippi State Board for Community and Junior Colleges, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

Pearl River Community College reports the following discretely presented component unit:

Pearl River Community College Development Foundation, Inc. (Foundation) - The Foundation is a legally separate, tax-exempt nonprofit organization founded in 1987. The Foundation acts primarily as a fund-raising organization to supplement the resources available to Pearl River Community College (College) in support of its programs.

Although the College does not control the timing or number 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 \$497,552 to the College. Of this amount, \$477,152 was for scholarships and \$20,400 was for salary reimbursement.

- B. Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - 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.
- 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.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWO
YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. Cash Equivalents - For purposes of the Statement of Cash Flows, the College considers all highly liquid investments with an original maturity of three (3) months or less to be cash equivalents.
- E. Short-term Investments - Investments that are not cash equivalents but mature within the next fiscal year are classified as short-term investments.
- F. Accounts Receivable, Net - Accounts receivable consists of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts, local governments and credits due to the College from vendors. Accounts receivable are recorded net of an allowance for doubtful accounts.
- G. Student Notes Receivable, Net - Student notes receivable consists 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.
- H. Inventories - Inventories consist of the bookstore and printing supplies. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out ("FIFO") basis or the average cost basis.
- I. Restricted Cash and Cash Equivalents - Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as restricted cash and cash equivalents on the Statement of Net Position.
- J. Endowment Investments - Endowment investments are generally subject to the restrictions of donor gift instruments. They include true endowment funds, which are funds received from a donor with the restrictions that only the income is to be utilized.
- K. 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 repair and maintenance costs are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 6 for additional details concerning useful lives, salvage values and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.
- L. Deferred Outflows 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The college has incurred deferred outflows that are related to pension reporting and to other postemployment benefits reporting.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE THREE
YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- M. 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.
- N. Compensated Absences - Twelve-month employees earn annual personal leave at a rate of eighteen (18) days per year for three (3) months to three (3) years of service, twenty-one (21) days per year for three (3) to eight (8) years of service, twenty-four (24) days per year for eight (8) to fifteen (15) years of service and twenty-seven (27) days per year for over fifteen (15) years of service. Personal leave accrual is also provided for eleven (11) month, ten (10) month, nine and one-half (9.5) month and nine (9) month employees. Part-time regular employees working twenty (20) hours or more per week shall accrue the same personal leave benefits as full-time employees on a pro rata basis as full-time employees with a comparable length of contract. Adjunct faculty do not accrue personal leave. There is no requirement that annual leave be taken and there is no maximum accumulation. Upon retirement from employment, each employee shall be paid for not more than thirty days of unused accumulated personal leave. This payment shall be made based on the remaining number of days (up to 30) after the employee has banked all applicable unused personal leave as creditable service for the purposes of the retirement system. The liability for accrued leave at June 30, 2022, as reported in the Statement of Net Position is \$2,906,818. The current portion cannot be reasonably estimated. Therefore, all liability for accrued leave is classified as long-term.
- O. Leases – The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases (GASB 87) to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.
- Pearl River Community College uses its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.
- P. Long-term Liabilities and Bond Discounts and Premiums - In the proprietary financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.
- Q. Deferred Inflows of Resources - This amount represents the College's proportionate share of the deferred inflows of resources reported by the pension plan and the other postemployment benefits in which the College participates. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. See Notes 11 and 12 for additional details.
- R. Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE FOUR
YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- S. Postemployment Benefits Other than Pensions (OPEB) - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits become due. Investments are reported at fair value as determined by the State.
- T. Classification of Revenues - The College has classified its revenues as either operating or non-operating revenues according to the following criteria:
- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances and (3) most federal, state and local grants and contracts.
- Non-operating revenues: Non-operating revenues include activities that have the characteristics of nonexchange 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.
- U. State Appropriations - Pearl River Community College receives funds from the State of Mississippi based on a full-time equivalent formula, which is based on total credit hours generated by all students with special consideration given only to high-cost programs.
- V. Scholarship Discounts and Allowances - Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.
- W. Net Position - GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, reports equity as "Net Position" rather than "Net Assets". Net position is classified in three categories. Net Investment in capital assets is the portion of net position that consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or others. Unrestricted net position is the remaining net position less remaining noncapital liabilities which are not restricted-expendable.

The unrestricted net position balance of \$(20,054,927) at June 30, 2022, includes \$589,142 reserved for inventories and \$4,888,913 reserved for auxiliaries.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE FIVE
YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- X. Accounting Standards Update - GASB 87, leases, were implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.
- Y. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 – PRIOR PERIOD ADJUSTMENT

A summary of the significant Net Position adjustment is as follows:

Exhibit C -Statement of Revenues, Expenses, and Changes in Net Position

Explanation	Amount
1. To implement GASB 87 lease assets and lease liabilities	\$ 282,102
Total	<u>\$ 282,102</u>

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Policies:

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

The carrying amount of the College's deposits with financial institutions reported in the accompanying financial statements was \$36,049,206. The bank balance was \$39,797,269.

Custodial Credit Risk – Deposits

Custodial credit risk is defined as the risk that, in the event of a financial institution's failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk. As of June 30, 2022, the College's bank balance was not exposed to custodial credit risk.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE SIX
YEAR ENDED JUNE 30, 2022

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

As of June 30, 2022, the College had the following investments:

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Standard & Poors' Rating</u>
Short-term Investments			
Certificates of Deposit	Less than 1	\$ 3,708,241	AAA
Total Short-term Investments		<u>3,708,241</u>	
Long-term Investments			
Certificate of Deposit	More than 1	7,500	AAA
Total Long-term Investments		<u>7,500</u>	
Total Investments		<u>\$ 3,715,741</u>	

Credit Risk – Investment policies are set forth by state statute. Investments are reported at fair value (market). The College does not have a formal investment policy that addresses credit risk. Section 37-59-43, Miss. Code Ann. (1972), authorizes the College to invest surplus funds in the types of investments authorized by Section 21-105-33(d) and (e), Miss Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest-bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration.

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

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

Concentration of Credit Risk – Disclosures of investments by amount and issuer for any issuer that represents five percent (5%) or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2022, the College had the following investments that represent five percent (5%) or more of total investments:

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE SEVEN
YEAR ENDED JUNE 30, 2022

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Total Issuer	Fair Value	% of Investments
Bank Plus Bank Certificate of Deposit	\$ 1,190,237	32%
First Southern Bank Certificate of Deposit	1,168,173	31%
Bank Plus Bank Certificate of Deposit	622,319	17%
Bank Plus Bank Certificate of Deposit	619,513	17%

Level 1 Inputs

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. All investments are measured using Level 1 inputs, which are quoted market prices for identical assets traded in active markets.

NOTE 4 - ACCOUNTS RECEIVABLE

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

Student tuition	\$ 12,383,173
Federal, state, and private grants and contracts	4,674,407
Local appropriations	263,236
Other	59,737
Total accounts receivable	17,380,553
Less allowance for doubtful accounts	(11,166,426)
<i>Net accounts receivable</i>	<u><u>\$ 6,214,127</u></u>

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE EIGHT
YEAR ENDED JUNE 30, 2022

NOTE 5 - NOTES RECEIVABLE FROM STUDENTS

Notes receivable from students are payable in installments over a period of up to ten (10) years, commencing three (3) to twelve (12) months from the date of separation from the institution. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the institution at June 30, 2022.

	<u>Interest Rates</u>	<u>June 30, 2022</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>
Nursing Student Loans	3 % to 5%	\$ 15,066	\$ -	\$ 15,066
Total Notes Receivable		<u>15,066</u>	<u>-</u>	<u>15,066</u>
Less Allowance for Doubtful Accounts		<u>(15,066)</u>	<u>-</u>	<u>(15,066)</u>
Net Notes Receivable		<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NOTE 6 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:					
Land	\$ 1,536,871	\$ -	\$ -	\$ -	\$ 1,536,871
Construction in Progress	<u>25,007,631</u>	<u>4,126,175</u>	<u>-</u>	<u>(4,298,024)</u>	<u>24,835,782</u>
Total Nondepreciable Capital Assets	<u><u>\$ 26,544,502</u></u>	<u><u>\$ 4,126,175</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4,298,024)</u></u>	<u><u>\$26,372,653</u></u>

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE NINE
YEAR ENDED JUNE 30, 2022

NOTE 6 - CAPITAL ASSETS (Continued)

[illegible]

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TEN
YEAR ENDED JUNE 30, 2022

NOTE 6 - CAPITAL ASSETS (Continued)

The adjustments above for intangible right to use equipment are a result of the retroactive implementation of GASB 87 related to lease assets and lease liabilities. See Note 8 for further detail.

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

	<u>Estimated Useful Lives</u>	<u>Salvage Value</u>	<u>Capitalization Threshold</u>
Buildings	40 years	20%	\$ 50,000
Improvements other than buildings	20 years	20%	25,000
Equipment	3 - 15 years	10%	5,000
College books	10 years	10%	--
Intangible right to use assets	**	**	**

** - Intangible assets for the College represent right to use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period.

The term "depreciation" includes the amortization of intangible assets.

NOTE 7 - NON-CURRENT LIABILITIES

Long-term liabilities of the College consist of bonds payable and certain other liabilities that are expected to be liquidated at least one (1) year from June 30, 2022. The College has the option to prepay all outstanding payments less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

Information regarding original issue amounts, interest rates and maturity dates for bonds 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 Schedule on Next Page)

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE ELEVEN
YEAR ENDED JUNE 30, 2022

NOTE 7 - NON-CURRENT LIABILITIES (Continued)

Description and Purpose	Original Issue	Annual Interest Rate	Maturity	Beginning Balance	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Bonded Debt:								
General Obligation Bonds, Series 2010 (a)	\$ 1,765,000	2.50-3.25%	2026	\$ 675,000	\$ -	\$ (125,000)	\$ 550,000	\$ 130,000
General Obligation Bonds, Series 2011 (b)	2,450,000	2.50-3.25%	2026	955,000	-	(180,000)	775,000	185,000
Special Obligation Refunding Bonds - Student Housing Series 2012 (c)	10,000,000	2.00-3.375%	2037	7,715,000	-	(395,000)	7,320,000	400,000
General Obligation Refunding Bonds - Series 2013 (d)	3,025,000	2.00%	2022	275,000	-	(275,000)	-	-
General Obligation Refunding Bonds - Series 2018 (e)	15,000,000	3.00-4.00%	2049	14,730,000	-	(280,000)	14,450,000	290,000
Total Bonded Debt				<u>24,350,000</u>	<u>-</u>	<u>(1,255,000)</u>	<u>23,095,000</u>	<u>1,005,000</u>
Bond Discount and Premium								
Less: Discount Amount on Premium				(166,204)	-	6,250	(159,954)	-
Add: Premium on Bonds				317,707	-	(11,400)	306,307	-
Bonds Payable Net				<u>24,501,503</u>	<u>-</u>	<u>(1,260,150)</u>	<u>23,241,353</u>	<u>-</u>
Other Non-Current Liabilities								
Net Pension Liability				61,112,754	-	(13,079,290)	48,033,464	-
Net OPEB Liability				2,704,340	-	(359,495)	2,344,845	77,250
Compensated Absences				2,728,809	178,009	-	2,906,818	-
Leases Payable				286,223	465,207	(238,845)	512,585	234,693
Total Other Non-Current Liabilities				<u>66,832,126</u>	<u>643,216</u>	<u>(13,677,630)</u>	<u>53,797,712</u>	<u>311,943</u>
Total				<u>\$ 91,333,629</u>	<u>\$ 643,216</u>	<u>\$ (14,937,780)</u>	<u>77,039,065</u>	<u>\$ 1,316,943</u>
Current Portion							(1,316,943)	
Total Long-Term Liabilities							<u>\$ 75,722,122</u>	

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWELVE
YEAR ENDED JUNE 30, 2022

NOTE 7 - NON-CURRENT LIABILITIES (Continued)

A. Bonded Debt:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,005,000	\$ 844,235	\$ 1,849,235
2024	1,040,000	812,052	1,852,052
2025	1,075,000	775,541	1,850,541
2026	1,115,000	737,620	1,852,620
2027	795,000	700,519	1,495,519
2028-2032	4,385,000	3,071,878	7,456,878
2033-2037	5,265,000	2,183,656	7,448,656
2038-2042	3,030,000	1,388,900	4,418,900
2043-2047	3,690,000	719,800	4,409,800
2048-2049	1,695,000	68,500	1,763,500
Totals	<u><u>\$ 23,095,000</u></u>	<u><u>\$ 11,302,701</u></u>	<u><u>\$ 34,397,701</u></u>

- (a) The bonds mature through 2026. Interest payments are due on May 1 and November 1 of each year. The bonds are for Campus Improvements.
- (b) The bonds mature through 2026. Interest payments are due on May 1 and November 1 of each year. The bonds are for Campus Improvements.
- (c) The bonds mature through 2037. Interest payments are due on March 1 and September 1 of each year. The bonds are for refinancing a previous issue for student housing on the Poplarville Campus.
- (d) The bonds matured in 2022. Interest payments are due on October 1 and April 1 of each year. The bonds are for refinancing a previous issue for Campus Improvements.
- (e) The bonds mature through 2049. Interest payments are due on April 1 and October 1 of each year. The bonds are for Student Housing Construction and other capital projects.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE THIRTEEN
YEAR ENDED JUNE 30, 2022

NOTE 8 – LEASES

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

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

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

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

As Lessee:

The following is a summary of changes in lease assets and liabilities:

	Balance 7/1/2021	Additions	Amortization	Balance 6/30/2022
<u>Lease Assets</u>				
Computer Equipment Leases, Net	\$ 286,223	\$ -	\$ (95,408)	\$ 190,815
Copier Leases, Net	-	487,717	(145,257)	342,460
Total	<u>\$ 286,223</u>	<u>\$ 487,717</u>	<u>\$ (240,665)</u>	<u>\$ 533,275</u>

See Note 6 for further details regarding intangible right to use equipment, which represents leased assets.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE FOURTEEN
YEAR ENDED JUNE 30, 2022

NOTE 8 – LEASES (Continued)

	Balance 7/1/2021	Additions	Amortization	Balance 6/30/2022
<u>Lease Liabilities</u>				
Computer Equipment	\$ 286,223	\$ -	\$ (95,408)	\$ 190,815
Copier Leases	-	465,207	(143,437)	321,770
Total	<u>\$ 286,223</u>	<u>\$ 465,207</u>	<u>\$ (238,845)</u>	<u>\$ 512,585</u>

NOTE: Beginning balances include a prior period adjustment to retroactively apply GASB 87 to the beginning of the fiscal year.

Copier Leases:

The College has entered into a various 48–60-month leases of copiers and computer equipment from various companies for a total fixed \$13,974 per month and \$95,408 yearly, respectively. The lease agreements can only be cancelled if both parties agree. There are no options to extend the lease agreements and no variable payment options.

	Discount		Issue	Maturity		Amount
Description	Rate	Term	Date	Date	Payment	Outstanding
Computer Equipment	0%	60 months	7/1/2019	6/30/2024	\$95,408/year	<u>\$190,815</u>
Copiers	3.82%	48-60 months	7/1/2021	Various	\$13,974/month	<u>\$321,770</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 234,693	\$ 9,744	\$ 244,437
2024	194,854	5,092	199,946
2025	58,445	1,954	60,399
2026	24,593	423	25,016
Totals	<u>\$ 512,585</u>	<u>\$ 17,213</u>	<u>\$ 529,798</u>

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE FIFTEEN
YEAR ENDED JUNE 30, 2022

NOTE 9 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

Functional Classification	Salaries and Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships and Fellowships	Commodities	Depreciation and Amortization Expense	Total
Instruction	\$ 14,313,702	\$ 3,138,809	\$ 128,114	\$ 645,273	\$ 1,782	\$ 3,538,204	\$ 1,294,509	\$ -	\$ 23,060,393
Academic Support	637,747	158,179	550	123,173	-	-	91,705	-	1,011,354
Student Services	2,831,971	626,178	466,192	622,465	162	11,247,006	567,926	-	16,361,900
Institutional Support	3,479,860	783,862	54,014	4,281,631	2,301	1,018,106	304,481	-	9,924,255
Operation of Plant	1,738,346	445,842	2,640	784,008	2,168,882	-	694,076	-	5,833,794
Auxiliary Enterprises	531,130	135,678	1,241	1,709,123	49,575	63,300	2,777,105	-	5,267,152
Depreciation and Amortization	-	-	-	-	-	-	-	4,254,670	4,254,670
Total Operating Expenses	\$ 23,532,756	\$ 5,288,548	\$ 652,751	\$ 8,165,673	\$ 2,222,702	\$ 15,866,616	\$ 5,729,802	\$ 4,254,670	\$ 65,713,518

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE SIXTEEN
YEAR ENDED JUNE 30, 2022

NOTE 10 - CONSTRUCTION COMMITMENTS AND FINANCING

The College has contracted for construction projects as of June 30, 2022. Estimated cost to complete the project and the source of anticipated funding are presented below:

Project Title	Total Cost					Remaining Cost
	To Complete	Bond Funds	Federal Sources	State Sources	Local Sources	To Complete
Shivers Gym Reroofing Project	\$ 586,000	\$ 586,000	\$ -	\$ -	\$ -	\$ 547,750
Seal Hall	4,382,762	4,382,762	-	-	-	1,338,795
Cafeteria Expansion	172,289	-	-	-	172,289	168,052
Hancock County Hangar	2,475,000	-	2,475,000	-	-	2,169,885
Hancock County Academy	9,421,500	-	5,484,255	3,925,939	11,306	9,126,672
Maintenance Relocation	60,175	-	-	-	60,175	19,340
New Library Exterior	185,967	-	-	-	185,967	100,000
FCC New Lab	272,819	-	-	-	272,819	205,354
Total	<u>\$ 17,556,512</u>	<u>\$ 4,968,762</u>	<u>\$ 7,959,255</u>	<u>\$ 3,925,939</u>	<u>\$ 702,556</u>	<u>\$ 13,675,848</u>

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE SEVENTEEN
YEAR ENDED JUNE 30, 2022

NOTE 11 - PENSION PLAN OBLIGATIONS

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 State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-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 and 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 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

At June 30, 2022, PERS members were required to contributed 9% of their annual covered salary, and the College is required to contribute at an actuarially determined rate. The employer's rate at June 30, 2022, was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The College's contributions (employer share only) to PERS for the years ending June 30, 2022, 2021 and 2020 were \$3,923,273, \$3,759,765 and \$3,657,590, respectively, equal to the required contributions for each year.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE EIGHTEEN
YEAR ENDED JUNE 30, 2022

NOTE 11 - PENSION PLAN OBLIGATIONS (Continued)

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

At June 30, 2022, the Pearl River Community College reported a liability of \$48,033,464 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 employer contributions to PERS for the plan's fiscal year ended June 30, 2021, relative to the total employer contributions of participating employers to PERS.

The College's proportionate share used to calculate the June 30, 2022, net pension liability was .32498%, which was based on a measurement date of June 30, 2021. This was an increase of .009296% from its proportionate share used to calculate the June 30, 2021 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended June 30, 2022, the College, recognized pension expense of \$3,378,150. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 572,536	\$ -
Net difference between projected and actual earnings on pension plan investments	-	11,582,874
Changes of assumptions	2,630,729	-
Changes in proportion and differences between College contributions and proportionate share of contributions	361,389	-
Contributions subsequent to the measurement date	3,923,273	-
	<u>\$ 7,487,927</u>	<u>\$ 11,582,874</u>

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE NINETEEN
YEAR ENDED JUNE 30, 2022

NOTE 11 - PENSION PLAN OBLIGATIONS (Continued)

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

At June 30, 2022, The Pearl River Community College reported \$3,923,273 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ (1,395,900)
2024	(1,381,485)
2025	(1,841,969)
2026	(3,398,866)
<i>Total minimum payments required</i>	<u>\$ (8,018,220)</u>

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 for service 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 actuarial assumptions used for the purposes of determining the TPL were based on the results of an actuarial experience study for the 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.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY
YEAR ENDED JUNE 30, 2022

NOTE 11 - PENSION PLAN OBLIGATIONS (Continued)

Actuarial Assumptions (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 Percentage	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)
	<u>100.00 %</u>	

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 employee contributions will be made at the current contribution rate (9.00%) and that participating employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-ONE
YEAR ENDED JUNE 30, 2022

NOTE 11 - PENSION PLAN OBLIGATIONS (Continued)

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

The College's proportionate share of the net pension liability has been calculated using a discount rate of 7.55%. The following presents the College's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Proportionate share of the net pension liability	\$ 68,026,646	\$ 48,033,464	\$ 31,557,492

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 12 - 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 sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-TWO
YEAR ENDED JUNE 30, 2022

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS(OPEB) (Continued)

General Information about the OPEB Plan (Continued)

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 were initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who were 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 \$77,250 for the year ended June 30, 2022.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-THREE
YEAR ENDED JUNE 30, 2022

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS(OPEB) (Continued)

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 \$2,344,845 for its proportionate share of the net OPEB liability. The net OPEB 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 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 0.36428623 percent. This was an increase of 0.01677766 percent 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 (\$79,581). At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,550	\$ 733,203
Net difference between projected and actual earnings on OPEB plan investments	109	-
Changes of assumptions	379,765	79,305
Changes in the proportion and differences between the College's contributions and proportionate share of contributions	209,751	-
College contributions subsequent to the measurement date	77,250	-
	<u>\$ 669,425</u>	<u>\$ 812,508</u>

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-FOUR
YEAR ENDED JUNE 30, 2022

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS(OPEB) (Continued)

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

\$77,250 reported as deferred outflows of resources related to OPEB resulting from college contributions subsequent to the measurement date, will be recognized as a reduction to the net OPEB liability in the year ended June 30, 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:

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$ (53,018)
2024	(47,843)
2025	(31,284)
2026	(52,954)
2027	(35,234)
	<u>\$ (220,333)</u>

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-FIVE
YEAR ENDED JUNE 30, 2022

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS(OPEB) (Continued)

Actuarial Assumptions

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

Inflation	2.40 percent
Salary Increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.13 percent
Prior Measurement Date	2.19 percent
Year 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 percent
Prior Measurement Date	2.19 percent
Health Care Cost Trends	
Medicare Supplement Claims	6.50 percent for 2022 decreasing to an
Pre-Medicare	ultimate rate of 4.50 percent by 2030

Mortality rates for service 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 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 plan investments is 4.50%.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-SIX
YEAR ENDED JUNE 30, 2022

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS(OPEB) (Continued)

Discount Rate

The discount rate used to measure the 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, 2022 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 percent) or 1-percentage-point higher (3.13 percent) than the current discount rate:

	1% Decrease (1.13%)	Discount Rate (2.13%)	1% Increase (3.13%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB liability	\$ 2,595,408	\$ 2,344,845	\$ 2,131,202

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
	<u> </u>	<u> </u>	<u> </u>
Net OPEB liability	\$ 2,171,933	\$ 2,344,845	\$ 2,540,525

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-SEVEN
YEAR ENDED JUNE 30, 2022

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS(OPEB) (Continued)

OPEB Plan Fiduciary Net Position

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

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 or students; and natural disasters. The College carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 14 - CONCENTRATIONS

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

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 those resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the College.

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

NOTE 16 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The unrestricted net position amount of \$(20,054,927) includes the effect of deferred inflows/outflows of resources related to pensions and OPEB. A portion of the deferred outflow of resources related to pension in the amount of \$3,923,273 and OPEB in the amount of \$77,250 resulting from the College contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability and net OPEB liability in the year ended June 30, 2023. The \$3,564,654 balance of the deferred outflow of resources related to pension at June 30, 2022, will be recognized in pension expense over the next three years. The \$592,175 balance of the deferred outflow of resources related to OPEB at June 30, 2022, will be recognized in expense over the next five years. The \$11,582,874 balance of the deferred inflow of resources related to pension at June 30, 2022, will be recognized in revenue over the next four years. The \$812,508 balance of deferred inflow of resources related to OPEB will be recognized in revenue over the next five years.

PEARL RIVER COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-EIGHT
YEAR ENDED JUNE 30, 2022

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 the College evaluated the activity of the College through February 28, 2023 (the date the financial statements were available to be issued), and determined that no subsequent events require disclosure in the notes to the financial statements.

***PEARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS***

**PEARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pearl River Community College Development Foundation, Inc., a nonprofit organization, was founded in 1987. The Foundation's mission is to raise funds in order to provide scholarships, faculty awards, teacher grants and endowments for the students and faculty of Pearl River Community College. Revenue is derived primarily from outside contributors.

The accounting policies of Pearl River Community College Development Foundation, Inc. conform to accounting principles generally accepted in the United States of America applicable to nonprofit organizations. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting - The financial statements of the Foundation have been prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds have been combined and presented for the Foundation as a whole in accordance with the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

Contributions - Contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donations of property, equipment, marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose.

Cash and Cash Equivalents - For purposes of the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents are considered to be all unrestricted highly liquid investments with maturities of three months or less at the time of acquisition.

Investments - The Foundation has investments in certificates of deposit, which are short-term in nature and the fair market value approximates cost. The fair value of all the Foundation's investments in marketable securities are based upon quoted prices for these securities in active markets (Level 1 Measurements). Gains or losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

**PEARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
PAGE TWO
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements - Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Pearl River Community Development Foundation groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Income Taxes - The Foundation is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

Contributed Facilities - The Foundation occupies, without charge, certain premises located in Pearl River Community College owned buildings. The Foundation does not have a lease with the College for the office space and office furniture, which is for future benefits to be received from the Foundation. The College also provides other operating expenses, such as staff payroll and benefits, which have been shown on the Statement of Activities as both support and general administration expenses. The value of the office space, office furniture and utilities has not been included in the Statement of Activities because they cannot be reasonably determined.

Fixed Assets - The Foundation's fixed assets consist of computer equipment and office furniture. All assets are valued at cost and depreciated using the straight-line method over the estimated useful life of the asset. Office furniture and equipment are being depreciated over 5-7 years. Leasehold improvements are being depreciated over 15 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in the results of operations. Depreciation charged to expense in the current year totaled \$12,658. The fixed assets have a cost of \$164,461 and accumulated depreciation is \$74,540 at June 30, 2022.

**PEARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
PAGE THREE
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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

NOTE 2 – AVAILABILITY AND LIQUIDITY

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

Financial assets at year end:	
Cash and cash equivalents	\$ 1,795,843
Annuities	500,709
Investments	7,382,052
Total financial assets	<u>\$ 9,678,604</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>\$ 8,719,363</u>
Financial assets available to meet general expenses over the next twelve months	<u>\$ 959,241</u>

Pearl River Community College Development Foundation's goal is generally to maintain financial assets without restrictions to meet 90 days of operating expenses (approximately \$440,000).

NOTE 3 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**PEARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
PAGE FOUR
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4 – FUNDRAISING

The Foundation conducts various fundraising events throughout the year. Fundraising revenue included under revenues in the Statement of Activities are for funds received from contributors related to a fundraising activity.

The fundraising expenses included under supporting services in the Statement of Activities are for expenses incurred in inducing others to contribute money for which the contributor will receive no direct economic benefit, such as printing, mailing and maintaining mailing lists.

NOTE 5 – CONCENTRATIONS OF CREDIT RISK

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

Financial instruments that potentially subject the Foundation to credit risk include cash and investments.

The Federal Deposit Insurance Corporation (FDIC) provides up to \$250,000 coverage at each institution. On June 30, 2022, \$1,786,446 of cash deposits were uninsured. Because the Foundation is classified as a private non-profit foundation, many financial institutions will not pledge securities for deposits in excess of FDIC coverage. However, management feels there is minimal risk exposure as a result of this uninsured balance.

The Foundation's investments are not collateralized. Future changes in market prices may make such investments less valuable.

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

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

NOTE 6 – INVESTMENTS

Interest Rate Risk – The Foundation does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Concentration of Credit Risk – Disclosure of investments by amounts and issuer for any issuer that represents 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 Foundation did not have any investments to which this would apply.

**PEARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
PAGE FIVE
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – INVESTMENTS – Continued

	Fair Value	Carrying Amount
Level 1 Investments		
Cash Value of Annuities	\$ 500,709	\$ 514,281
Fixed Income Investments	3,394,748	3,500,000
Stock	3,987,304	2,839,851
Total Investments	<u>\$ 7,882,761</u>	<u>\$ 6,854,132</u>

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. At June 30, 2022, fair value exceeded cost by \$1,028,629. Interest and investment income for the year ended June 30, 2022, consisted of interest income of \$387,053, realized losses of \$48,076, and unrealized losses of \$1,128,570.

Level 1 Inputs

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. All investments are measured using Level 1 inputs, which are quoted market prices for identical assets traded in active markets.

During the year ended June 30, 1996, the Foundation received a \$250,000 Endowment Challenge Grant. This grant, along with the funds raised during the Endowment Challenge period, is invested with a regional investment firm.

The activity in the Investment Account for the year ended June 30, 2022, is as follows:

Market Value at June 30, 2021, including cash and cash equivalents	\$ 2,604,311
Dividends and Interest Income	123,148
Unrealized Market Loss	(391,448)
Realized Market Loss	(26,646)
Expenses	(14,700)
Contributions	57,121
Less: Cash and Cash Equivalents	<u>(180,029)</u>
Market Value at June 30, 2022	<u>\$ 2,171,757</u>
Cost Basis at June 30, 2022, including Cash and Cash Equivalents	\$ 1,656,405
Less: Cash and Cash Equivalents	<u>(180,029)</u>
Cost Basis at June 30, 2022, excluding Cash and Cash Equivalents	<u>\$ 1,476,376</u>

**PEARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
PAGE SIX
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – INVESTMENTS – Continued

The Foundation is restricted from spending the fund corpus for twenty (20) years from the grant date. The Foundation is allowed to spend fifty percent (50%) of the income earned each year; however, it is not the Foundation's intent to do so.

The Foundation maintains a stock account at another regional investment firm. The activity in this investment account for the year ended June 30, 2022, is as follows:

Market Value at June 30, 2021, including cash and cash equivalents	\$ -
Transfer from Certificate of Deposit	350,000
Dividends	28,303
Unrealized Market Loss	(43,432)
Realized Market Loss	(31,534)
Expenses	(1,944)
Less: Cash and Cash Equivalents	(17,250)
Market Value at June 30, 2022	<u>\$ 284,143</u>
Cost Basis at June 30, 2022	\$ 344,825
Less: Cash and Cash Equivalents	(17,250)
Cost Basis at June 30, 2022, excluding Cash and Cash Equivalents	<u>\$ 327,575</u>

The Foundation maintains a stock account at another investment firm. The activity in this investment account for the year ended June 30, 2022, is as follows:

Market Value at June 30, 2021	\$ 40,819
Disbursements	(45,289)
Dividends	480
Realized Market Gain	4,170
Expenses	(180)
Market Value at June 30, 2022	<u>\$ -</u>
Cost Basis at June 30, 2022	<u>\$ -</u>

**PEARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
PAGE SEVEN
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – INVESTMENTS – Continued

The Foundation maintains a stock account at another regional investment firm. The activity in this investment account for the year ended June 30, 2022, is as follows:

Market Value at June 30, 2021, including cash and cash equivalents	\$ 643,988
Expenses	(3,797)
Dividends and Interest	20,845
Realized Market Gain	3,949
Unrealized Market Loss	(31,584)
Less: Cash and Cash Equivalents	(19,240)
Market Value at June 30, 2022	\$ 614,161
Cost Basis at June 30, 2022, including Cash and Cash Equivalents	\$ 588,352
Less: Cash and Cash Equivalents	(19,240)
Cost Basis at June 30, 2022, excluding Cash and Cash Equivalents	\$ 569,112

During the year ended June 30, 2017, the Foundation received a \$2,000,000 contribution for scholarships. This contribution is invested with a regional investment firm. The activity in this investment account for the year ended June 30, 2022, is as follows:

Market Value at June 30, 2021, including cash and cash equivalents	\$ 2,145,622
Dividends and Interest	104,655
Unrealized Market Loss	(305,106)
Expenses	(12,129)
Less: Cash and Cash Equivalents	(126,789)
Market Value at June 30, 2022	\$ 1,806,253
Cost Basis at June 30, 2022, including Cash and Cash Equivalents	\$ 659,881
Less: Cash and Cash Equivalents	(126,789)
Cost Basis at June 30, 2022, excluding Cash and Cash Equivalents	\$ 533,092

The Foundation maintains annuities at a national life insurance company. The cost basis in the annuities at June 30, 2022, was \$514,281 the cash surrender value was \$498,719, and the total contract value was \$500,709. One annuity has a guaranteed annual withdrawal amount of five percent, and one annuity has a guaranteed annual withdrawal amount of six percent. The current death benefit total of both annuities is \$922,000.

**P EARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
PAGE EIGHT
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – INVESTMENTS – Continued

this investment account for the year ended June 30, 2022, is as follows:

Market Value at June 30, 2021, including cash and cash equivalents	\$ 1,992,448
Disbursements	(56,848)
Dividends and Interest Income	58,924
Realized Market Gain	1,985
Unrealized Market Loss	(102,775)
Less: Cash and Cash Equivalents	(4,537)
Market Value at June 30, 2022	<u>\$ 1,889,197</u>
 Cost Basis at June 30, 2022, including Cash and Cash Equivalents	 \$ 1,678,077
Less: Cash and Cash Equivalents	<u>(4,537)</u>
Cost Basis at June 30, 2022, excluding Cash and Cash Equivalents	<u>\$ 1,673,540</u>

During the year ended June 30, 2014, the Foundation received a \$234,745 Title III Endowment Grant. This grant, along with Foundation funds in the amount of \$235,000 are invested with a regional investment firm.

The activity in the investment account for the year ended June 30, 2022, is as follows:

Market Value at June 30, 2021, including cash and cash equivalents	\$ 752,173
Dividends and Interest Income	78,521
Unrealized Market Loss	(170,830)
Expenses	(4,209)
Less: Cash and Cash Equivalents	(39,114)
Market Value at June 30, 2022	<u>\$ 616,541</u>
 Cost Basis at June 30, 2022, including Cash and Cash Equivalents	 \$ 799,270
Less: Cash and Cash Equivalents	<u>(39,114)</u>
Cost Basis at June 30, 2022, excluding Cash and Cash Equivalents	<u>\$ 760,156</u>

**PEARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
PAGE NINE
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – INVESTMENTS – Continued

Investment Policy – The endowment’s purpose is to enhance the educational mission of Pearl River Community College by providing an option for private sector support and by increasing community awareness of the programs and services offered by the College.

Overall Investment Objective – The Foundation does not have a formal investment policy.

Interpretations of Relevant Law – The Foundation’s Board has interpreted the State of Mississippi Code of 1972, cited as the “Uniform Management of Institutional Funds Act” (UMIFA) as requiring the Board to use reasonable care, skill and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds.

Spending Policy – The Foundation’s spending policy is to allocate funds available for scholarships based on return on endowments at the time scholarships are to be awarded. The Foundation believes this method is appropriate to apply the most recent investment earnings of the investments and to maintain its long-term goals.

NOTE 7 – RESTRICTIONS ON NET ASSETS

Net assets are released from donor restrictions by meeting the time restrictions or by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Restrictions Accomplished:

Scholarships	\$ 650,463
Educational Departments	839,093
Special Projects	108,455
Other	40,384
	<u>\$ 1,638,395</u>

Net assets with donor restrictions at June 30, 2022, are restricted as follows:

Purpose Restrictions:

Scholarships and Grants	<u>\$ 1,838,018</u>
-------------------------	---------------------

Perpetual in Nature:

Endowment Scholarships and Grants	<u>\$ 6,881,345</u>
-----------------------------------	---------------------

NOTE 8 – RELATED PARTY TRANSACTIONS

The Foundation distributed \$497,552 to the College during the year ended June 30, 2022. Of this amount, \$477,152 was for scholarships and \$20,400 was for salary reimbursement.

**PEARL RIVER COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
PAGE TEN
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 9 – STATEMENT OF FUNCTIONAL EXPENSES

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

	<u>Supporting Service</u>			
	Programs Service	Management and General	Fundraising	Total
Scholarships	\$ 650,463	\$ -	\$ -	\$ 650,463
Support for College	839,093	-	-	839,093
Service Awards	488	-	-	488
Special Projects	108,455	-	-	108,455
Alumni Activities	2,952	-	-	2,952
Investment Fees	-	48,905	-	48,905
Personnel Reimbursement	-	20,400	-	20,400
Event Expenses	-	-	16,737	16,737
Faculty Development	-	1,277	-	1,277
Professional Fees	-	17,308	-	17,308
Depreciation	-	12,658	-	12,658
Insurance	-	2,531	-	2,531
Office of the President Expense	-	14,871	-	14,871
Software	-	11,027	-	11,027
Rental of Office Equipment	-	3,744	-	3,744
Travel	-	353	-	353
Committee Meetings	-	1,839	-	1,839
Office Expenses	-	8,592	-	8,592
	<u>\$ 1,601,451</u>	<u>\$ 143,505</u>	<u>\$ 16,737</u>	<u>\$ 1,761,693</u>

NOTE 10 – SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of The Foundation evaluated the activity of the Foundation through February 28, 2023, and determined that no subsequent events require disclosure in the notes to the financial statements.

***PEARL RIVER COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION***

Pearl River Community College
Schedule of the College's Proportionate Share
of the Net Pension Liability - PERS - Unaudited
Last 10 Fiscal Years*
For the Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	.32498%	.315684%	.304415%	.292828%	.300%	.300%	.312%	.314%
Employer's proportionate share of the net pension liability (asset)	\$ 48,033,464	\$ 61,112,754	\$ 53,552,605	\$ 48,705,996	\$ 49,870,182	\$ 53,587,491	\$ 48,229,047	\$ 38,113,851
Employer's covered payroll	\$ 21,607,845	\$ 21,021,073	\$ 19,825,796	\$ 18,699,841	\$ 19,085,695	\$ 19,206,635	\$ 19,478,057	\$ 19,166,451
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.30%	290.72%	270.12%	260.46%	261.30%	279.00%	247.61%	198.86%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

Information above is presented as of the measurement date of June 30 of the prior fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/15, and until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

See Notes to the Required Supplementary Information.

Pearl River Community College
Schedule of the College's Contributions - PERS - Unaudited
Last 10 Fiscal Years*
For the Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,923,273	\$ 3,759,765	\$ 3,657,590	\$ 3,122,563	\$ 2,945,225	\$ 3,005,997	\$ 3,025,045	\$ 3,067,794	\$ 3,018,716
Contributions in relation to the contractually required contributions	<u>(3,923,273)</u>	<u>(3,759,765)</u>	<u>(3,657,590)</u>	<u>(3,122,563)</u>	<u>(2,945,225)</u>	<u>(3,005,997)</u>	<u>(3,025,045)</u>	<u>(3,067,794)</u>	<u>(3,018,716)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 22,547,533	\$ 21,607,845	\$ 21,021,073	\$ 19,825,796	\$ 18,699,841	\$ 19,085,695	\$ 19,206,635	\$ 19,478,057	\$ 19,166,451
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%

Information above is presented as of the College's fiscal year

* The schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/15, and until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

See Notes to the Required Supplementary Information.

**Pearl River Community College
Required Supplementary Information
Schedule of the College's Proportionate
Share of the Net OPEB Liability - Unaudited
Last 10 Fiscal Years*
For the Years 2022, 2021, 2020, 2019, and 2018**

	2022	2021	2020	2019	2018
College's proportion of the net OPEB liability	0.36428623%	0.34750857%	0.33984688%	0.33472471%	0.32976135%
College's proportionate share of the net OPEB liability	\$ 2,344,845	\$ 2,704,340	\$ 2,883,740	\$ 2,589,263	\$ 2,587,337
College's covered employee payroll	\$ 21,607,845	\$ 21,021,073	\$ 19,825,796	\$ 18,699,841	\$ 19,085,695
College's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	10.85%	12.86%	14.55%	13.85%	13.56%
Plan fiduciary net position as a percentage of the Total OPEB liability	0.16%	0.13%	0.12%	0.13%	0%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE June 30, 2018, and, until a full 10-year trend is complied, the College has only presented information for the years in which information is available.

See Notes to the Required Supplementary Information.

Pearl River Community College
Required Supplementary Information
Schedule of the College Contributions - OPEB - Unaudited
Last 10 Fiscal Years*
For the Years 2022, 2021, 2020, 2019, and 2018

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 77,250	\$ 94,218	\$ 107,849	\$ 115,589	\$ 110,302
Contributions in relation to the actuarially determined contribution	<u>(77,250)</u>	<u>(94,218)</u>	<u>(107,849)</u>	<u>(115,589)</u>	<u>(110,302)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered employee payroll	\$ 22,547,533	\$ 21,607,845	\$ 21,021,073	\$ 19,825,796	\$ 18,699,841
Contributions as a percentage of covered employee payroll	0.34%	0.43%	0.51%	0.56%	0.59%

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

See Notes to the Required Supplementary Information.

Pearl River Community College
Notes to the Required Supplementary Information - Unaudited
For the Year Ended June 30, 2022

A. Pension Schedules.

Changes of Assumptions.

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 female rates up to age 72, 100% for ages above 76.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to the PubS.H-2010(B) Disabled Table with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages.
 - For females, 110% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced 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 0.25% to 0.28% of payroll.
- 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%.

Pearl River Community College
Notes to the Required Supplementary Information - Unaudited
For the Year Ended June 30, 2022

A. Pension Schedules. – continued

Changes of Assumptions. - continued

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

2017

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

2016

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

Pearl River Community College
Notes to the Required Supplementary Information - Unaudited
For the Year Ended June 30, 2022

A. Pension Schedules. – continued

Changes of Assumptions. - continued

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.

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 proceeding year with a minimum rate of 1% and a maximum rate of 5%.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent , net of pension plan investment expense, including inflation

Pearl River Community College
Notes to the Required Supplementary Information - Unaudited
For the Year Ended June 30, 2022

B. OPEB Schedules

(1) Changes of Actuarial Assumptions and Methods

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.

Pearl River Community College
Notes to the Required Supplementary Information - Unaudited
For the Year Ended June 30, 2022

B. OPEB Schedules - continued

(3) Changes in Benefit Provisions.

2021

The schedule of monthly retiree contributions increased as of January 1, 2022. In addition, the in-network medical 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 rate, 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 Supplements Claims-Pre Medicare	4.75%
Year of ultimate trend rates	
Medicare Supplements Claims-Pre Medicare	2028
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.19%

***PEARL RIVER COMMUNITY COLLEGE
SUPPLEMENTARY INFORMATION***

PEARL RIVER COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022
SCHEDULE 1
PAGE ONE

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Commerce</u>			
Pass through Program from:			
Mississippi Manufacturer's Association - Manufacturing Extension Partnership	11.611	MEP 2022 - 5	\$ 37,059
Mississippi Manufacturer's Association - Manufacturing Extension Partnership	11.611	70NANB17HO17	11,995
Total U.S. Department of Commerce			<u>49,054</u>
<u>U.S. Department of Labor</u>			
WIOA Cluster:			
Workforce Innovation and Opportunity Act - Adult Program			
Pass-through Program from:			
Southern Mississippi Planning and Development - Internship Program	17.258	21-3521-21-110	25,519
Southern Mississippi Planning and Development - Work-Based Learning Coordinator	17.258	21-3521-21-150	14,310
Southern Mississippi Planning and Development - Case Manager	17.258	21-3521-21-570	7,967
Southern Mississippi Planning and Development - Healthcare Stabilization	17.258	21-3521-21-301	22,131
			<u>69,927</u>
Workforce Innovation and Opportunity Act - Dislocated Worker Formula Grant			
Pass through Program from:			
Southern Mississippi Planning and Development - Internship Program	17.278	21-3521-21-110	25,519
Southern Mississippi Planning and Development - Work-Based Learning Coordinator	17.278	21-3521-21-150	14,310
Southern Mississippi Planning and Development - Case Manager	17.278	21-3521-21-570	7,967
Southern Mississippi Planning and Development - Healthcare Stabilization	17.278	21-3521-21-301	22,131
Total Workforce Innovation and Opportunity Act			<u>69,927</u>
Total WIOA Cluster			<u>139,854</u>

PEARL RIVER COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022
SCHEDULE 1
PAGE TWO

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Labor (Continued)</u>			
Pass-through Program from:			
Mississippi Community College Board - Apprenticeship USA Grants	17.285	16-S90-029-6006-1	\$ 25,547
Mississippi Community College Board - MS Apprenticeship Program	17.285	20-S90-010-6060-1	71,043
			<u>96,590</u>
Total U.S. Department of Labor			<u>236,444</u>
<u>U.S. Department of Treasury</u>			
Pass-through Program from:			
Mississippi Department of Environmental Quality - Resource and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of The Gulf Coast States	21.015	21-00152	470,284
Total U.S. Department of Treasury			<u>470,284</u>
<u>National Aeronautics and Space Administration</u>			
Pass-through Program from:			
University of Mississippi - Office of Stem Engagement	43.008	22-08-011	7,500
Total National Aeronautics and Space Administration			<u>7,500</u>

PEARL RIVER COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022
SCHEDULE 1
PAGE THREE

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Student Financial Aid Cluster</u>			
<u>U.S. Department of Education</u>			
Federal Supplemental Educational Opportunity Grants (FSEOG)*	84.007		\$ 234,474
Federal Work-Study Program (FWS)*	84.033		96,215
Federal Pell Grant Program*	84.063		12,452,249
Federal Direct Student Loans*	84.268		7,060,122
Total Student Financial Aid Cluster			<u>19,843,060</u>
Trio - Student Support Services	84.042		<u>346,137</u>
Pass-through programs from:			
Mississippi Community College Board - Adult Education-Basic Grants to States	84.002	V002A190025	476,341
Mississippi Community College Board -Vocational Education			
Basic Grants for States	84.048	V048A180024	415,786
Subtotal Pass-through Programs			<u>892,127</u>
Child Care Access Means Parents in Schools	84.335	P335A200020	<u>52,760</u>
Cares Act: Higher Education Emergency Relief Fund:			
Covid-19 Education Stabilization Fund - HEERF Student Aid Portion*	84.425E		4,765,108
Covid-19 Education Stabilization Fund - HEERF Institutional Portion*	84.425F		8,184,429
			<u>12,949,537</u>
Total U.S. Department of Education			<u>34,083,621</u>

*- denotes major program

PEARL RIVER COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022
SCHEDULE 1
PAGE FOUR

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Pass-through Program from:			
Mississippi Community College Board-			
Temporary Assistance for Needy Families MiBest	93.558	FY 2021-59	\$ 25,166
Southern Mississippi Planning & Development-			
Temporary Assistance for Needy Families PRCC Career STEP	93.558	21-B-3901-21-570	148,838
Subtotal			<u>174,004</u>
Pass-through Program from:			
Mississippi Department of Human Services & Mississippi Community College Board			
Child Care and Development Block Grant	93.575	6023640/6023641/6023642	485,351
Picayune School District Early			
Head Start Childcare Partnership	93.600	04HP000323	167,302
Total U.S. Department of Health and Human Services			<u>826,657</u>
Total Expenditures of Federal Awards			<u><u>\$ 35,673,560</u></u>

*- denotes major program

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

PEARL RIVER COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

(3) Indirect Cost Rate

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

(4) Other Items

For purposes of this schedule, loans made to students under the Federal Direct Student Loans (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 private lending institutions and/or the federal government.

Student Loans	<u>\$ 7,060,122</u>
Federal Grants and Contracts	<u><u>\$ 7,060,122</u></u>

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



GranthamPoole
Certified Public Accountants

We See You Through. ®

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

Dr. Adam Breerwood, President
And Board of Trustees
Pearl River Community College
Poplarville, Mississippi 39470

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Pearl River Community College as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Pearl River Community College's basic financial statements, and have issued our report thereon dated February 28, 2023. The financial statements of Pearl River Community College Development Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Pearl River Community College Development Foundation, Inc.

Report on Internal Control Over Financial Reporting

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

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



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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

GranthamPoole PLLC
Hattiesburg, Mississippi
February 28, 2023



GranthamPoole
Certified Public Accountants

We See You Through. ®

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

Dr. Adam Breerwood, President
And Board of Trustees
Pearl River Community College
Poplarville, MS 39470

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Pearl River 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pearl River 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 Pearl River 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 Pearl River Community College's federal programs.

GranthamPoole PLLC
granthampoole.com

1062 Highland Colony Pkwy, Suite 201, Ridgeland, MS 39157 P 601.499.2400
1200 Jefferson Avenue, Suite 206, Oxford, MS 38655 P 601.234.8130
P.O. Box 17986, Hattiesburg, MS 39404 P 601.271.8860



Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgement 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 Pearl River 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 Pearl River 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 Uniform Guidance, but not for the purposes of expressing an opinion on the effectiveness of Pearl River 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in black ink that reads "Grantham Poole LLC". The signature is written in a cursive, flowing style.

GranthamPoole PLLC

Hattiesburg, Mississippi

February 28, 2023

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



GranthamPoole
Certified Public Accountants

We See You Through. ®

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Dr. Adam Breerwood, President
And Board of Trustees
Pearl River Community College
Poplarville, MS 39470

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of the Pearl River Community College as of and for the year ended June 30, 2022, which collectively comprise Pearl River Community College's basic financial statements and have issued our report thereon dated February 28, 2023. 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 Pearl River Community College Development Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

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

GranthamPoole PLLC
Hattiesburg, Mississippi
February 28, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PEARL RIVER COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified that is not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,070,207
Auditee qualified as low-risk auditee?	No
Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)?	Yes

**PEARL RIVER COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section II - Financial Statement Findings

The results of our tests did not disclose any financial statement findings.

Section III - Federal Award Findings and Questioned Costs

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



**Summary Schedule of Prior Audit Finding
Year Ended June 30, 2022**

Financial Statement Finding: As reported in the prior year, the Financial Aid Office had not reconciled the amount of private loans received to the student accounts for the year ended June 30, 2021. This results in an unidentifiable payable at year-end and lack of controls over receipts for private loans.

Finding: 2021-001. Reconciliation of Private Loans

Criteria:

The College should reconcile private loans received to student accounts in a timely manner.

Condition:

The College did not reconcile student accounts in a timely manner.

Cause:

The College did not have internal controls in place to ensure timely reconciliation of student accounts.

Effect:

As a result of ineffective monitoring of compliance with reconciling student accounts, an error in a student's account was not timely detected and corrected.

Recommendation:

In order to properly record financial statement amounts and for proper internal control over receipts, the private loan amounts received should be reconciled to student accounts in a timely manner.

Current Status:

During FY 2022, the College has reconciled the amount of private loans received to the student accounts and has implemented monthly reconciliation procedures.