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EAST CENTRAL COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2023

EAST CENTRAL COMMUNITY COLLEGE

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EAST CENTRAL COMMUNITY COLLEGE

FINANCIAL AUDIT REPORT



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of East Central Community College
PO Box 129
Decatur, Mississippi 39327

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of East Central Community College and East Central Community College Foundation, Inc., the aggregate discretely presented component unit of East Central Community College, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise East Central Community College's basic financial statements as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of East Central Community College, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East Central 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 the foundation 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 East Central 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.

Auditors' 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 auditors' 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 generally accepted auditing standards 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. The financial statements of East Central Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

In performing an audit in accordance with generally accepted auditing standards 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 East Central 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 East Central Community College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of College Contributions (PERS), the Schedule of the College's Proportionate Share of the Net OPEB Liability, and the Schedule of College Contributions (OPEB) on pages 4-13, 55, 56, 57, and 58, respectively, 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 East Central 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of East Central Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of East Central 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 East Central Community College's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
March 18, 2024

Watkins Ward and Stafford, PLLC

EAST CENTRAL COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

This section of the East Central Community College annual financial report presents our discussion and analysis of the financial performance of the College during the fiscal year ended June 30, 2023. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. We have included in this discussion comparative data for 2022. 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*. These financial statements differ significantly, in both form and the accounting principles used, from those presented prior to fiscal year 2003. The financial statements presented in prior years focused on the accountability of funds, while these statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

The College is required to present the liability of the present value of projected benefit payments for defined benefit pension plans and the present value of projected OPEB payments as a liability on the College's financial statements. The College's net pension liability at June 30, 2023 was \$33,846,089 and the net OPEB liability was \$947,038.

One of the most important questions asked is whether the College's financial position has improved or deteriorated during the fiscal year. 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 and 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.

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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 Statement of Net Position
June 30, 2023 and 2022**

	2023		2022	
	Amount	Percent	Amount	Percent
Assets:				
Current Assets	\$ 11,811,977	19.84%	\$ 12,334,156	22.61%
Noncurrent Assets:				
Capital, Net	47,646,948	80.02%	40,223,046	73.73%
Other	88,118	0.14%	2,001,015	3.66%
Total Assets	59,547,043	100%	54,558,217	100%
Deferred outflows of resources:				
Pension related deferred outflows	5,554,703	95.25%	4,270,869	93.09%
OPEB related deferred outflows	276,806	4.75%	316,974	6.91%
Total Deferred Outflows of Resources	5,831,509	100%	4,587,843	100%
Total Assets & Deferred Outflows	65,378,552	100%	59,146,060	100%
Liabilities:				
Current Liabilities	2,654,347	5.68%	1,650,381	4.62%
Noncurrent Liabilities	44,050,345	94.32%	34,073,348	95.38%
Total Liabilities	46,704,692	100%	35,723,729	100%
Deferred inflows of resources:				
Pension related deferred inflows	246,968	32.52%	7,813,946	94.60%
OPEB related deferred inflows	512,389	67.48%	445,750	5.40%
Total Deferred Inflows of Resources	759,357	100%	8,259,696	100%
Net Position:				
Net Investment in Capital Assets	38,299,397	213.79%	31,776,479	209.57%
Restricted:				
Expendable	549,635	3.07%	2,730,176	18.01%
Unrestricted	(20,934,529)	-116.86%	(19,344,020)	-127.58%
Total Net Position	\$ 17,914,503	100.00%	\$ 15,162,635	100%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 65,378,552	100%	\$ 59,146,060	100%

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Assets

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the College's bank accounts. The total amount of cash and cash equivalents reported as current assets on the College financial statements was \$8,606,314 at June 30, 2023. This represents a decrease of \$2,038,979 from the balance of \$10,645,293 on June 30, 2022.

Accounts Receivable

Accounts receivable consists of several transactions including local appropriations, student tuition and fees and auxiliary services vendor credits. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of an allowance for doubtful accounts. The College's receivables totaled \$2,561,749 at June 30, 2023. This represents a decrease of \$210,083 from the balance of \$2,771,832 at June 30, 2022.

Inventories

The College maintains inventories of resale merchandise within the college bookstore. Books, student supplies, sportswear, gift items and institutional memorabilia make up the majority of the resale inventory. Inventories totaled \$316,478 at June 30, 2023. This represents an increase of \$9,368 from the balance of \$307,110 at June 30, 2022.

Non-Current Assets

Capital Assets, Net

Capital assets, net, consists of land, improvements, buildings, equipment, historical library holdings, construction in progress, and assets under capital lease at June 30, 2023. The amount reported is net of accumulated depreciation. Capital assets, net totaled \$46,528,936 at June 30, 2023. This represents an increase of \$6,305,890 from the balance of \$40,223,046 at June 30, 2022.

Subscription IT Assets, Net

The College implemented GASB 96 Subscription-Based Information Technology Arrangements, during the current year. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, reliability, relevance, and consistency of information about SBITAs. The amount of SBITAs reported net of amortization is \$1,118,012 at June 30, 2023.

Liabilities

Current Liabilities

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts due at June 30, 2023 for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$1,954,624 at June 30, 2023. This represents an increase of \$713,436 from the balance of \$1,241,188 at June 30, 2022.

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Unearned Revenue

Unearned revenue represents revenue that was received by the College prior to the fiscal year end that has not been earned. The unearned revenue totaled \$41,967 at June 30, 2023. This represents an increase of \$5,729 from the balance of \$36,238 at June 30, 2022.

Long-Term Liabilities-Current Portion

Long-term liabilities-current portion represents the portion of long-term debt that will be paid during the 2024 fiscal year. The current portion of long-term debt was \$283,432 at June 30, 2023.

Subscription IT Liability-Current Portion

Subscription IT Liability-current portion represents the portion of subscription IT liabilities that will be paid during the 2024 fiscal year. The current portion of subscription liability was \$271,449 at June 30, 2023.

Non-Current Liabilities

Deposits

Deposits represents the deposits paid by students for reservation and possible damage to a dorm room for the future semester and also the deposits held for others such as individuals or organizations for which the college acts as custodian. The housing deposits are payable to the student upon check-out at the end of the semester. The custodial deposits are payable upon the request of the individual or organization. The amount of deposits totaled \$217,122 at June 30, 2023, a decrease of \$7,041 compared to the balance of \$224,163 at June 30, 2022.

Accrued Leave

This liability consists of accrued compensated absence balances that represent the amount payable to employees for earned but unpaid vacation. The total amount of the non-current portion of accrued compensated balances on June 30, 2023 was \$293,580. This represents an increase of \$26,667 from the balance of \$266,913 at June 30, 2022.

Long-Term Liabilities

This liability consists of long-term debt for outstanding bonds and notes. The non-current portion of long-term debt totaled \$7,887,726 at June 30, 2023, which represents a decrease of \$283,426 compared to the balance of \$8,171,152 at June 30, 2022.

Subscription IT Liability

This liability consists of long-term debt related to subscription based information technology arrangements. The non-current portion of subscription IT liability totaled \$904,944 at June 30, 2023.

Changes Related to Implementation of GASB 68/75 (PERS and OPEB Liability)

The college is required to report their proportional share of the net pension liability associated with PERS and OPEB. This requirement significantly alters the financial position reported on the statement of net position. The college reported pension related deferred outflows of \$5,554,703 and OPEB related deferred outflows of \$276,806 at June 30, 2023. The college reported a net pension liability of \$33,846,089 and a net OPEB liability of \$947,038 at June 30, 2023. The net pension liability represents the college's proportionate share of the overall net pension liability of the PERS system as a whole. The net OPEB liability represents the college's proportionate share of the net OPEB liability related to group health insurance costs of the system as a whole. Pension related deferred inflows of \$246,968 and OPEB related deferred inflows of \$512,389 were reported at June 30, 2023.

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Net Position

Net Position represents the difference between the College's assets and deferred outflows less liabilities and deferred inflows. Total Net Position at June 30, 2023 was \$17,914,503. This represents an increase of \$2,751,868 from the balance of \$15,162,635 on June 30, 2022, as reflected on the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2023.

Analysis of Net Position

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

The following is a breakdown of the restricted expendable net position:

	June 30, 2023	June 30, 2022
	Amount	Amount
Unemployment Funds	\$ 47,314	\$ 47,097
Capital Projects	71,888	1,542,395
Grants and Contracts	430,433	1,140,684
Total Restricted Expendable Net Position	\$ 549,635	\$ 2,730,176

Unrestricted Net Position represents those balances from operational activities that are not restricted by external parties 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:

	June 30, 2023	June 30, 2022
	Amount	Amount
Unrestricted General Fund	\$ (25,767,191)	\$ (23,918,432)
Unrestricted Auxiliary Fund	4,832,662	4,574,412
Total Unrestricted Net Position	\$ (20,934,529)	\$ (19,344,020)

Additional information on unrestricted net position:

In connection with the implementation of new standards on accounting and financial reporting for pensions and OPEB, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (20,934,529)
Less unrestricted deficit in net position resulting from recognition of the net pension and OPEB liability	29,720,975
Unrestricted net position, exclusive of the net pension liability effect	\$ 8,786,446

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

**Condensed Statement of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Tuition and Fees	\$ 2,345,746	\$ 1,742,459
Grants and Contracts	14,459,121	16,476,720
Auxiliary Enterprises	3,452,006	3,304,059
Other Operating Revenue	501	645
Total Operating Revenues	<u>20,257,374</u>	<u>21,523,883</u>
Operating Expenses	<u>30,587,516</u>	<u>32,476,177</u>
Operating Loss	<u>(10,330,142)</u>	<u>(10,952,294)</u>
Nonoperating Revenues:		
State Appropriations	9,709,790	8,865,319
Local Appropriations	3,712,981	3,184,962
Investment Income	110,421	43,948
Interest Expense on Capital		
Related Debt	(261,349)	(261,838)
Other Uses	(639,159)	739,159
Other Nonoperating		
Revenues (Expenses)	<u>55,479</u>	<u>12,514</u>
Net Nonoperating Revenues	<u>12,688,163</u>	<u>12,584,064</u>
Income(Loss) Before Other Revenues	<u>2,358,021</u>	<u>1,631,770</u>
Appropriations restricted for		
Capital Purpose	35,000	3,237,866
Capital Grants and Gifts	<u>353,590</u>	<u>101,554</u>
Total Restricted Appropriations and Grants	<u>388,590</u>	<u>3,339,420</u>
Total Increase (Decrease)		
in Net Position	<u>2,746,611</u>	<u>4,971,190</u>
Net Position		
Net Position at Beginning of Year	15,162,635	10,246,332
Prior Period Adjustment	5,257	(54,887)
Net Position at End of Year	<u><u>\$ 17,914,503</u></u>	<u><u>\$ 15,162,635</u></u>

The total operating loss for the fiscal year 2023 was \$(10,330,142), a decrease of \$622,152 from the loss for fiscal year 2022 of \$(10,952,294). Since the State of Mississippi appropriation is not included within operating revenue per GASB No. 35, beginning in fiscal year 2003 and forward, the College will show a significant operating loss.

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

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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

Total operating revenues for fiscal year 2023 were \$20,257,374. Tuition and fees were \$2,345,746. The tuition discount allocated to tuition and fees and auxiliary services was \$4,395,330 and \$580,635, respectively. Operating expenses, including depreciation of \$1,704,628 and amortization of \$294,669 totaled \$30,587,516.

Revenues

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes at a gross amount totaling \$6,741,076. The tuition discount allocated to tuition and fees for the 2023 fiscal year was \$4,395,330.

Grants and Contracts

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

Sales and Services from Educational Activities

Other operating revenues consist of income from educational activities that totaled \$390,937 for the 2023 fiscal year. This represents an increase of \$126,504 from the balance of \$264,433 for the 2022 fiscal year.

Sales and Services, Net

Auxiliary enterprises include the College bookstore, food services and housing.

Operating Expenses

Operating expenses totaled \$30,587,516. This includes salaries and benefits of \$16,865,089, utilities of \$1,039,463, supplies of \$2,926,243, contractual services of \$3,472,283, and depreciation of \$1,704,628.

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>
	<u>Amount</u>	<u>Amount</u>
Expenses by Function:		
Instruction	\$ 9,854,408	\$ 8,268,049
Public Service	918,646	671,928
Academic Support	257,663	389,144
Student Services	3,349,272	2,888,352
Institutional Support	3,661,456	3,306,472
Operations and Maintenance Of Plant	3,661,539	3,769,604
Student Financial Aid	3,892,992	8,860,163
Auxiliary Enterprises	2,992,243	2,931,258
Depreciation	1,704,628	1,391,207
Amortization	294,669	-
Total Operating Expenses By Function	<u>\$ 30,587,516</u>	<u>\$ 32,476,177</u>

Non-operating Revenues (Expenses)

State Appropriation

The College's largest source of non-operating revenue is the State of Mississippi appropriation. The College received \$9,709,790 for the 2022-2023 fiscal year. This represents an increase of \$844,471 from the amount received for operations in the previous year. There were no State appropriations for capital projects on behalf of the College during the 2023 fiscal year. During the previous year the college received \$3,205,783 of state appropriations for capital projects.

Local Appropriations

The College also receives revenue from Leake, Neshoba, Newton, Scott and Winston Counties. The College received \$3,747,981 for the 2023 fiscal year of which \$3,712,981 was for operating purposes. This represents an increase of \$528,019 from the previous year.

Investment Income, Net

This includes interest income earned on cash in the bank accounts and certificates of deposit. A total of \$110,421 was earned during the 2023 fiscal year.

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 the reporting 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
- The need for external financing.

**East Central Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Condensed Statement of Cash Flows (Direct Method)
For the Fiscal Year Ended June 30, 2023 and 2022

	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>
Cash and Cash Equivalents provided by (used in):		
Operating Activities	\$ (7,783,099)	\$ (11,873,694)
Non-Capital Financing Activities	13,471,962	11,727,637
Capital and related financing activities	(8,074,956)	210,275
Investing Activities	<u>50,172</u>	<u>43,948</u>
Net Increase (Decrease) in cash and cash equivalents	\$ (2,335,921)	\$ 108,166
Cash and cash equivalents - beginning of year	<u>10,942,235</u>	<u>10,834,069</u>
Cash and cash equivalents - end of year	<u><u>\$ 8,606,314</u></u>	<u><u>\$ 10,942,235</u></u>

The major source of cash inflows included in operating activities for the 2023 fiscal year includes student tuition and fees, \$1,513,945, auxiliary enterprises, \$3,455,276 and grants and contracts, \$14,517,571. The major cash outflows of funds for the 2023 fiscal year were payments made to and for employees, \$16,018,134, scholarships and fellowships, \$3,840,934, service providers, \$1,040,978, and suppliers, \$6,751,470.

The largest inflow of cash in the non-capital financing activities group is the State appropriation of \$10,000,099.

Factors Impacting Future Periods

The College is heavily dependent on funding from the State of Mississippi. There are indications that State funding will remain level for the near future which would likely necessitate an increase in student tuition and fees. There is also the likelihood that the College will have to utilize some of the College's cash reserves for future construction and major facilities maintenance such as roof replacements. However, current cash reserves should allow for these items with no negative impact on the College's normal operations.

Contacting East Central Community College's Management

If there are any questions regarding this report, please contact East Central Community College's business office at Post Office Box 129, Decatur, Mississippi 39327.

EAST CENTRAL COMMUNITY COLLEGE

BASIC FINANCIAL STATEMENTS

EAST CENTRAL COMMUNITY COLLEGE
Statement of Net Position
June 30, 2023

Assets and Deferred Outflows of Resources

Current Assets:

Cash and cash equivalents	\$ 5,018,196
Short-term investments	3,500,000
Accounts receivable, net	2,561,749
Inventories	316,478
Prepaid expenses	415,554
Total Current Assets	<u>11,811,977</u>

Non-Current Assets:

Restricted cash and cash equivalents	88,118
Capital assets, net of accumulated depreciation	46,528,936
Subscription IT assets, net of accumulated depreciation	1,118,012
Total Non-Current Assets	<u>47,735,066</u>

Total Assets	<u>59,547,043</u>
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Deferred Outflows of Resources:

Pension related deferred outflows	5,554,703
OPEB related deferred outflows	276,806
Total Deferred Outflows of Resources	<u>5,831,509</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 65,378,552</u>

Liabilities, Deferred Inflows of Resources and Net Position

Current Liabilities:

Accounts payable and accrued liabilities	\$ 1,954,624
Unearned revenue	41,967
Accrued interest payable	56,721
Subscription IT liability- current portion	271,449
Long-term liabilities- current portion	283,432
Net OPEB liability- current portion	46,154
Total Current Liabilities	<u>2,654,347</u>

Non-Current Liabilities:

Accrued leave liability	293,580
Deposits refundable	217,122
Long-term liabilities, net of current portion and premium/discount	7,887,726
Long-term Subscription IT liability, net of current portion	904,944
Net pension liability	33,846,089
Net OPEB liability - non-current portion	900,884
Total Non-Current Liabilities	<u>44,050,345</u>
Total Liabilities	<u>46,704,692</u>

Deferred Inflows of Resources:

Pension related deferred inflows	246,968
OPEB related deferred inflows	512,389
Total Deferred Inflows of Resources	<u>759,357</u>

Net Position:

Net investment in capital assets	38,299,397
Restricted for:	
Expendable:	
Capital projects	71,888
Grants and contracts	430,433
Unemployment	47,314
Unrestricted (deficit)	<u>(20,934,529)</u>
Total Net Position	<u>17,914,503</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 65,378,552</u>

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

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC.

Statement of Financial Position

June 30, 2023

Assets

Current Assets:

Cash	\$ 781,486
Investments	1,176,555
Contributions receivable, net	<u>4,932</u>
Total Current Assets	<u>1,962,973</u>

Non-Current Assets:

Investments	8,030,078
Contributions receivable, net	<u>31,103</u>
Total Non-Current Assets	<u>8,061,181</u>

Total Assets	<u><u>\$ 10,024,154</u></u>
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Liabilities and Net Assets

Liabilities:

Accounts payable	\$ <u>4,575</u>
Total Liabilities	<u>4,575</u>

Net Assets:

Without donor restrictions	154,782
With donor restrictions	<u>9,864,797</u>
Total Net Assets	<u>10,019,579</u>
Total Liabilities and Net Assets	<u><u>\$ 10,024,154</u></u>

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

EAST CENTRAL COMMUNITY COLLEGE
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

Operating Revenues:

Tuition and fees, (net of scholarship allowances of \$4,395,330)	\$ 2,345,746
Federal grants and contracts	10,646,482
State grants and contracts	3,305,287
Nongovernmental grants and contracts	116,415
Sales and services of educational departments	390,937
Auxiliary enterprises:	
Student housing, (net of scholarship allowances of \$252,883)	880,863
Food Services, (net of scholarship allowances of \$327,752)	1,049,226
Bookstore	1,373,670
Athletics	32,191
Other auxiliary revenues	116,056
Other operating revenues	501
Total Operating Revenues	<u>20,257,374</u>

Operating Expenses:

Salaries and wages	12,240,117
Fringe benefits	4,624,972
Travel	392,149
Contractual services	3,472,283
Utilities	1,039,463
Scholarships and fellowships	3,892,992
Commodities	2,926,243
Depreciation expense	1,704,628
Amortization expense	294,669
Total Operating Expense	<u>30,587,516</u>
Operating Loss	<u>(10,330,142)</u>

Non-Operating Revenues (Expenses):

State appropriations	9,709,790
Local appropriations	3,712,981
Investment income	110,421
Other non-operating revenues(expenses)	55,479
Interest expense on capital asset related debt	(261,349)
Other (sources) uses	(639,159)
Total Net Non-Operating Revenues (Expenses)	<u>12,688,163</u>

Income Before Other Revenues, Expenses, Gains and Losses	2,358,021
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Other Revenues, Expenses, Gains and Losses:

Local appropriations restricted for capital purposes	35,000
Capital gifts and donations	353,590
Total Other Revenues, Expenses, Gains and Losses	<u>388,590</u>

Change in Net Position	<u>2,746,611</u>
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Net Position:

Net Position-Beginning of Year, as previously reported	15,162,635
Prior Period Adjustment	5,257
Net Position-Beginning of Year, as restated	<u>15,167,892</u>
Net Position - End of Year	<u>\$ 17,914,503</u>

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

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC.

**Statement of Activities
For the Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Contributions of cash and other financial assets	\$ 41,031	\$ 1,076,355	\$ 1,117,386
Contributions of nonfinancial assets	20,596	-	20,596
Interest and dividends	180	218,648	218,828
Gain on sale of assets	-	(34,401)	(34,401)
Net assets released from restrictions:			
Satisfaction of purpose restrictions	668,333	(668,333)	-
Total Public Support, Revenues, and Reclassifications	<u>730,140</u>	<u>592,269</u>	<u>1,322,409</u>
Operating Expenses:			
Program expense	688,929	-	688,929
Management & general expense	11,318	-	11,318
Fund raising expense	327,352	-	327,352
Total Expenses	<u>1,027,599</u>	<u>-</u>	<u>1,027,599</u>
Change in net assets before other revenues and expenses	<u>(297,459)</u>	<u>592,269</u>	<u>294,810</u>
Other Revenues and Expenses:			
Unrealized holding gains (losses) on marketable securities available for sale	-	32,306	32,306
Unrealized holding gains (losses) on marketable securities available for sale - endowment funds	-	169,837	169,837
Transfers	426,541	(426,541)	-
Total Other Revenues (Expenses)	<u>426,541</u>	<u>(224,398)</u>	<u>202,143</u>
Change in Net Assets	129,082	367,871	496,953
Net Assets, Beginning,	<u>25,700</u>	<u>9,496,926</u>	<u>9,522,626</u>
Net Assets, End of Year	<u><u>\$ 154,782</u></u>	<u><u>\$ 9,864,797</u></u>	<u><u>\$ 10,019,579</u></u>

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

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2023

Description:	Program Expenses			Support Services			
	Without Restrictions	With Restrictions	Total Program Services	Management	Fund Raising	Total Support Services	Total Expenses
Awards	-	3,049	3,049	-	-	-	3,049
Scholarships	-	182,379	182,379	-	-	-	182,379
College Support - Grants:							
Donated Library Books	1,130	-	1,130	-	-	-	1,130
Donated Repairs	-	3,400	3,400	-	-	-	3,400
Donated Vehicles	14,630	-	14,630	-	-	-	14,630
Donated Office Equipment & Furniture	4,836	-	4,836	-	-	-	4,836
Donated Building & Fixed Equipment	-	341,010	341,010	-	-	-	341,010
Program Expense:							
Coaches 20	-	6,991	6,991	-	-	-	6,991
Warrior Club Athletics	-	68,415	68,415	-	-	-	68,415
Phi Theta Kappa	-	150	150	-	-	-	150
Founder's Gym	-	22,253	22,253	-	-	-	22,253
Friends of Wall O' Sound	-	4,000	4,000	-	-	-	4,000
Football Operations Center	-	50	50	-	-	-	50
Soccer Facility Project	-	1,015	1,015	-	-	-	1,015
Softball Special Project	-	5,618	5,618	-	-	-	5,618
Diamond Darlings	-	1	1	-	-	-	1
Faculty Excellence	-	17,818	17,818	-	-	-	17,818
Food Pantry	-	27	27	-	-	-	27
Band Hall	-	2,473	2,473	-	-	-	2,473
Alumni House	-	140	140	-	-	-	140
Color Guard Fund	-	41	41	-	-	-	41
Winter Guard Fund	-	4,346	4,346	-	-	-	4,346
Centralettes Fund	-	2,619	2,619	-	-	-	2,619
Band Members	-	1,640	1,640	-	-	-	1,640
Friends of the EC Gospel Choir	-	898	898	-	-	-	898
Administrative:							
Bank Fees	-	-	-	47	-	47	47
Meals & Entertainment	-	-	-	1,450	-	1,450	1,450
Other	-	-	-	4,612	-	4,612	4,612
Postage	-	-	-	2,196	-	2,196	2,196
Sales Tax	-	-	-	297	-	297	297
Supplies	-	-	-	2,716	-	2,716	2,716
Fundraiser Program:							
Baseball	-	-	-	-	47,658	47,658	47,658
Cheerleader	-	-	-	-	6,488	6,488	6,488
Football	-	-	-	-	4,132	4,132	4,132
Golf	-	-	-	-	6,774	6,774	6,774
Men's Basketball	-	-	-	-	16,263	16,263	16,263
Men's Soccer	-	-	-	-	27,693	27,693	27,693
Men's Tennis	-	-	-	-	2,106	2,106	2,106
Softball	-	-	-	-	53,045	53,045	53,045
Capital Campaign	-	-	-	-	93,760	93,760	93,760
Women's Basketball	-	-	-	-	6,911	6,911	6,911
Women's Soccer	-	-	-	-	61,194	61,194	61,194
Women's Tennis	-	-	-	-	1,328	1,328	1,328
	<u>20,596</u>	<u>668,333</u>	<u>688,929</u>	<u>11,318</u>	<u>327,352</u>	<u>338,670</u>	<u>1,027,599</u>

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

EAST CENTRAL COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows from Operating Activities:

Tuition and fees	\$ 1,513,945
Grants and contracts	14,517,571
Payments to suppliers	(6,751,470)
Payments to employees for salaries and benefits	(16,018,134)
Payments for utilities	(1,040,978)
Payments for scholarship and fellowships	(3,840,934)
Auxilliary enterprise charges:	
Student housing	880,863
Food services	1,049,226
Bookstore	1,373,670
Athletics	32,191
Other auxilliary enterprises	119,326
Sales and services of educational departments	389,965
Receipts into custodial accounts	105,273
Payments out of custodial accounts	(114,115)
Other receipts(payments)	502
Net Cash Used by Operating Activities	<u>(7,783,099)</u>

Cash Flows from Non-Capital Financing Activities:

State appropriations	10,000,099
Local appropriations	3,430,924
Federal loan program receipts	743,176
Federal loan program disbursements	(758,548)
Other receipts	56,311
Net Cash Provided by Non-Capital Financing Activities	<u>13,471,962</u>

Cash Flows from Capital and Related Financing Activities:

Cash paid for capital assets	(7,688,276)
Capital appropriations and donations received	388,590
Principal paid on capital debt and finance purchases	(267,285)
Principal paid on subscription based IT agreements	(236,288)
Interest paid on capital debt,finance purchases and subscription based IT agreements	(271,697)
Net Cash Used in Capital and Related Financing Activities	<u>(8,074,956)</u>

Cash Flows from Investing Activities:

Interest received	<u>50,172</u>
Net Cash Provided by Investing Activities:	<u>50,172</u>
 Net Increase in Cash and Cash Equivalents	 (2,335,921)
 Cash and Cash Equivalents - Beginning of the Year	 10,942,235
 Cash and Cash Equivalents - End of the Year	 <u>\$ 8,606,314</u>

Reconciliation of Cash and Cash Equivalents to Statement of Net Position:

Cash and cash equivalents - current assets	\$ 5,018,196
Short-term investments - current assets	3,500,000
Restricted cash and cash equivalents - non-current assets	88,118
Total Cash and Cash Equivalents	<u>\$ 8,606,314</u>

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

EAST CENTRAL COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2023

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:

Operating loss	\$ (10,330,142)
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Adjustments to reconcile operating loss to net cash used by operating activities:

Depreciation expense	1,704,628
Amortization expense	294,669
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables, net	(385,846)
Inventories and prepaid items	(110,929)
Increase (decrease) in liabilities:	
Accounts payables and accrued liabilities	448,224
Deferred revenues	5,729
Deposits refundable	(8,840)
Other liabilities	599,408
Total Adjustments	2,547,043

Net Cash Used by Operating Activities	\$ (7,783,099)
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The accompanying notes to financial statements are an integral part of these financial statements.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC.

**Statement of Cash Flows
For the Year Ended June 30, 2023**

Cash Flows from Operating Activities:

Excess revenues over expenses	\$ 496,953
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:	
Loss on sale of assets	34,401
Increase in contribution receivables	(4,041)
Decrease in accounts payable	(6,954)
Interest and dividends restricted for reinvestment	(218,648)
Unrealized holding gains on securities	(202,143)
Cash contributions restricted for endowments	(98,091)
Non-cash contributions	20,596
Non-cash expenses	<u>(20,596)</u>
Net Cash Provided by Operating Activities	<u>1,477</u>

Cash Flows from Investing Activities:

Proceeds from sale of assets	1,958,680
Interest and dividends restricted for reinvestment	218,648
Purchase of investments	<u>(2,066,018)</u>
Net Cash Provided by Investing Activities	<u>111,310</u>

Cash Flows from Financing Activities:

Proceeds from contributions restricted for:	
Investments in endowments	<u>98,091</u>
Net Cash Provided by Financing Activities	<u>98,091</u>

Net Increase in Cash	210,878
Cash - Beginning of the Year	570,608
Cash - End of the Year	<u><u>\$ 781,486</u></u>

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

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies

a. Financial Reporting Entity

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

East Central Community College is governed by a 29-member board of trustees, selected by the boards of supervisors of Leake, Neshoba, Newton, Scott and Winston Counties who support the College through locally assessed ad valorem tax millage. One of the trustees from each of the supporting counties must be the county superintendent of education, unless the superintendent chooses not to serve, in which case the county board of supervisors shall fill the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5-year term. In addition, East Central 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.

In accordance with Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, an Amendment to GASB Statement No. 14 East Central Community College reports the following discretely presented component unit:

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

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

During the year ended June 30, 2023, the Foundation distributed \$182,379 in scholarships, \$1,130 in books and \$363,876 in equipment, supplies and services to the college. Significant note disclosures applicable to the Foundation's financial statements are presented at the end of the College's notes to financial statements.

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 of 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 look at the college's financial activities.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

c. Measurement Focus and Basis of Accounting

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

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the College are charges to students for tuition sales and services and grants and contracts. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

d. Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The College deposits excess funds in the financial institutions selected by the Board of Trustees. State statutes specify how these depositories are to be selected.

e. Short-term Investments

Investments that are not cash equivalents but mature within the next fiscal year are classified as short-term investments. The College can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100 percent of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

f. Accounts Receivables, Net

Accounts receivables consist of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts, local governments and credits due to the college from vendors. Accounts receivables are recorded net of an allowance for doubtful accounts, which is based on historical losses and an analysis of currently outstanding amounts.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

g. Inventories and Prepaid Expenses

Inventories consist of bookstore, physical plant and printing supplies. These inventories are valued at the lower of cost or market, on the first-in, first-out ("FIFO") basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

h. 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.

i. Capital Assets, Net of Accumulated Depreciation

Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance costs are charged to operating expense in the year in which the 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 4 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.

j. Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangement (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance and consistency of information about SBITAs.

k. 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.

l. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 13 for further details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. See Note 13 for further details.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

m. Compensated Absences

Twelve-month employees earn annual personal leave at a rate of 10 days per year. There is no requirement that annual leave be taken and there is no maximum accumulation. At termination, these employees are paid for up to 30 days of accrued leave. The liability for accrued leave at June 30, 2023, is reported in the Statement of Net Position as a long-term liability in the amount of \$293,580. See Note 6 for additional details.

n. Classification of Revenues

The college has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances and most federal, state and local grants and contracts.
- Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, such as state appropriations, local appropriations and investment income.

o. State Appropriations

East Central Community College receives funds from the State of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the State of Mississippi. This formula is based entirely on full-time equivalent calculations.

p. Local Appropriations

East Central Community College receives funds from ad valorem taxes levied by the counties within the College's levying district for general support, maintenance, and capital improvements. Ad Valorem taxes are levied by the governing authority of each applicable county within the College's levying district. East Central Community College's levying district includes Leake, Neshoba, Newton, Scott and Winston Counties.

q. 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 not considered to be third party aid.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 benefit come due. Investments are reported at fair value as determined by the state.

t. Net Position

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

- a. Net investment in capital assets is the portion of net position that consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- b. Restricted expendable net position is noncapital assets (net of related liabilities) that must be used for a particular purpose as specified by creditors, grantors, or donors.
- c. Unrestricted net position is the remaining net position not restricted for any particular purpose.

The unrestricted net position balance of \$(20,934,529) at June 30, 2023, includes \$4,832,662 in an unrestricted auxiliary fund.

u. Accounting Standards Update

GASB 96, Subscription-Based Information Technology Arrangements, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, reliability, relevance, and consistency of information about SBITAs.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 2 – Cash and Cash Equivalents, and Short-Term Investments

Investment policies as set forth by policy and state statute authorize the college to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, and repurchase agreements. For the year ended June 30, 2023, the College had \$8,606,314 in cash and cash equivalents.

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

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the College will not be able to recover deposits of collateral securities that are in the possession of an outside party. The College does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the College.

Investments

As of June 30, 2023, the college has the following investments:

Investment Type	Rating	Maturities		Fair Value
Certificate of Deposit	N/A	6 Months	\$	3,500,000
Total			\$	<u>3,500,000</u>

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 the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs

The college has the following recurring fair value measurements as of June 30, 2023:

- Certificate of Deposit type of investments of \$3,500,000 are valued using quoted market prices (Level 1 inputs)

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the college will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The college does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2023, the college did not have any investments to which this would apply.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 2 – Cash and Cash Equivalents, and Short-Term Investments (Continued):

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2023, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Great Southern Bank	\$ 3,500,000	100%

Note 3 - Accounts Receivable

Accounts receivable consisted of the following at June 30, 2023:

Student Tuition and Fees	\$ 6,148,789
Federal, State, Private Grants and Contracts	1,282,391
Local Appropriations	341,133
Other	61,221
Total Accounts Receivable	7,833,534
Less: Allowance for Doubtful accounts	(5,271,785)
Accounts Receivable, Net	<u>\$ 2,561,749</u>

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 4 - Capital Assets

A summary of changes in capital assets for the year ended June 30, 2023, is presented as follows:

	Beginning Balance	Additions	Deletions	Completed Construction and Adjustments	Ending Balance
Nondepreciable Capital Assets:					
Land	\$ 465,792	\$ 749,984	\$ -	\$ -	\$ 1,215,776
Construction in Progress	5,174,922	5,907,161	-	(9,000,664)	2,081,419
Total Nondepreciable Capital Assets	5,640,714	6,657,145	-	(9,000,664)	3,297,195
Depreciable Capital Assets:					
Buildings	40,943,021	-		6,638,438	47,581,459
Improvements Other Than Buildings	8,111,516	42,000		2,362,226	10,515,742
Books and Films	532,842	6,406	(5,705)	-	533,543
Furniture and Equipment	6,828,470	1,301,276	(15,655)	(9,450)	8,104,641
Total Depreciable Capital Assets	56,415,849	1,349,682	(21,360)	8,991,214	66,735,385
Less Accumulated Depreciation for:					
Buildings	13,582,999	862,221		(6,627)	14,438,593
Improvements Other Than Buildings	2,766,835	386,661		-	3,153,496
Books and Films	496,295	9,757	(5,705)	(2,977)	497,370
Furniture and Equipment	4,987,388	445,989	(14,089)	(5,103)	5,414,185
Total Accumulated Depreciation	21,833,517	1,704,628	(19,794)	(14,707)	23,503,644
Total Depreciable Capital Assets, Net of Accumulated Depreciation	34,582,332	(354,946)	(1,566)	9,005,921	43,231,741
Total Capital Assets, Net	\$ 40,223,046	\$ 6,302,199	\$ (1,566)	\$ 5,257	46,528,936
Subscription IT Assets, Net (Note 5)					1,118,012
Total Capital Assets, Net, As Reported in the Statement of Net Position					\$ 47,646,948

The adjustments consists of reclasses of completed construction to a reportable depreciable category and various corrections to prior year depreciation reported.

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

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

See description of construction commitments at Note 8.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 5 – Subscription Based IT Assets

A summary of subscription IT asset activity during the year ended June 30, 2023 is as follows:

	Balance 7/1/2022	Additions	Remeasurements	Deductions	Balance 6/30/2023
Subscription IT assets	\$ -	1,412,681	-	-	\$ 1,412,681
Less accumulated amortization	-	(294,669)	-	-	(294,669)
Subscription IT assets, net	-	1,118,012	-	-	1,118,012
Total Subscription IT assets, net	\$ -	1,118,012	-	-	\$ 1,118,012

A summary of subscription IT liabilities activity during the year ended June 30, 2023 is as follows:

	Balance 7/1/2022	Additions	Remeasurements	Deductions	Balance 6/30/2023	Amounts due within one year
Subscription IT liabilities	\$ -	1,412,681	-	(236,288)	\$ 1,176,393	\$ 271,449
Total Subscription IT liabilities	\$ -	1,412,681	-	(236,288)	\$ 1,176,393	\$ 271,449

SBITAs

The College has entered into the following subscription-based information technology agreements as of June 30, 2023:

Vendor	Applications	Length of Term	Annual Amount Payable	Interest Rate
Jenzabar	Software Applications - Adminssions, Registration, Transcript, General Ledger, Accounts Payable, Accounts Receivable, Payroll, Human Resources, & Other	5 years	Varies-Beginning at \$205,700 goes up to \$250,000	4.75%
ZOOM	Meeting Hosting	5 years	\$22,483	5.50%
Blackbaud	E-Mail Server	3 Years	\$21,212	3.25%
Transact Campus	Payment System	5 years	65,138	6.25%
Jenzabar	CashNet Integration	5 years	Varies-Beginning at \$6,700 goes up to \$8,200	7.75%

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 5 – Subscription Based IT Assets (Continued)

The College elected to use the federal prime rate as of the date of the agreement to calculate the present value of the subscription payments since a rate implicit in the subscription agreement is not a part of the subscription contract.

Annual maturities of subscription payments are as follows:

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 271,449	60,284	\$ 331,733
2025	275,077	46,644	321,721
2026	300,976	32,444	333,420
2027	328,891	16,929	345,820
Total	<u>\$ 1,176,393</u>	<u>156,301</u>	<u>\$ 1,332,694</u>

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 6 - Long-term Liabilities

Long-term liabilities of the college consist of bonds and leases payable that are expected to be liquidated at least one year from June 30, 2023. Bond premiums are amortized over the life of the bonds using the straight-line method. Information regarding original issued amounts, interest rates and maturity dates for bonds and leases included in the long-term liabilities balance at June 30, 2023, is listed in the following schedule. A schedule detailing the annual requirements necessary to amortize the outstanding debt is also provided.

Description and Purpose	Original Issue	Annual Interest Rate	Maturity	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Bonded Debt								
Mississippi Development Bank Special Obligation								
Bonds, Series 2016 (Dormitory Construction)	\$ 7,330,000	2%-4%	2046	\$ 6,500,000	\$ -	\$ (175,000)	\$ 6,325,000	\$ 180,000
Premium On Bond Issuance				194,970	-	(8,124)	186,846	8,124
Total Bonded Debt				6,694,970	-	(183,124)	6,511,846	188,124
Installment Purchase Loan Payable								
First Signature Finance, Inc (PATH Lighting Project)	\$ 1,751,597	3.25%	2037	1,751,597	-	(92,285)	1,659,312	95,308
Total Installment Purchase Loan Payable				1,751,597	-	(92,285)	1,659,312	95,308
Other Long-Term Liabilities								
Accrued Leave				266,913	26,667	-	293,580	-
Total Other Long-Term Liabilities				266,913	26,667	-	293,580	-
Total Long Term Liabilities				\$ 8,713,480	\$ 26,667	\$ (275,409)	\$ 8,464,738	\$ 283,432

The aggregate maturities of long-term liabilities for the years subsequent to June 30, 2023 are as follows:

Years Ending	Bonded Debt	Premium	Installment Purchase	Interest	Total
June 30					
2024	180,000	8,124	\$ 95,308	\$ 262,035	\$ 545,467
2025	190,000	8,124	98,431	253,362	549,917
2026	195,000	8,124	101,656	244,362	549,142
2027	200,000	8,124	104,987	235,106	548,217
2028	205,000	8,124	108,427	224,566	546,117
2029-2033	1,170,000	40,618	597,807	933,258	2,741,683
2034-2038	1,415,000	40,618	552,696	584,176	2,592,490
2039-2043	1,650,000	40,619	-	306,237	1,996,856
2044-2047	1,120,000	24,371	-	93,750	1,238,121
Total	\$ 6,325,000	\$ 186,846	\$ 1,659,312	\$ 3,136,852	\$ 11,308,010

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 7 - Operating Expenses

The Community College's operating expenses by functional classifications were as follows for the year ended June 30, 2023.

FUNCTIONAL CLASSIFICATION	SALARIES & WAGES	FRINGE BENEFITS	TRAVEL	CONTRACTUAL SERVICES	UTILITIES	SCHOLARSHIPS & FELLOWSHIPS	COMMODITIES	DEPRECIATION EXPENSE	AMORTIZATION EXPENSE	TOTAL
INSTRUCTION	\$ 6,210,009	\$ 2,331,782	\$ 91,662	\$ 399,517	\$ 19,730	\$ -	\$ 801,708	\$ -	\$ -	\$ 9,854,408
PUBLIC SERVICE	656,384	167,409	27,382	2,798	-	-	64,673	-	-	918,646
ACADEMIC SUPPORT	164,684	67,600	2,175	3,554	-	-	19,650	-	-	257,663
STUDENT SERVICES	1,969,524	750,378	177,095	254,234	70	-	197,971	-	-	3,349,272
INSTITUTIONAL SUPPORT	2,019,008	752,231	87,303	730,214	4,830	-	67,870	-	-	3,661,456
OPERATION OF PLANT	850,235	376,306	2,816	771,178	977,935	-	683,069	-	-	3,661,539
STUDENT AID	-	-	-	-	-	3,892,992	-	-	-	3,892,992
AUXILIARY ENTERPRISES	370,273	179,266	3,716	1,310,788	36,898	-	1,091,302	-	-	2,992,243
DEPRECIATION	-	-	-	-	-	-	-	1,704,628	-	1,704,628
AMORTIZATION	-	-	-	-	-	-	-	-	294,669	294,669
TOTAL OPERATING EXPENSES	\$ 12,240,117	\$ 4,624,972	\$ 392,149	\$ 3,472,283	\$ 1,039,463	\$ 3,892,992	\$ 2,926,243	\$ 1,704,628	\$ 294,669	\$ 30,587,516

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 8 - Construction Commitments and Financing

The college is in the process of completing three construction projects. The estimated costs to complete these projects and the sources of funding are presented below:

Project Title	Estimated Cost	
	To Complete	Sources of Funding
Newton Hall HVAC Upgrade	\$ 333,743	ESSER/ Local
Tucker C-T Renovations	unknown	Local
Founders Gym Renovations	unknown	Local
Huff Auditorium ADA Ramp	\$ 50,000	Local

Note 9 - Defined Benefit Pension Plan

General Information about the Pension Plan:

Plan Description. The College contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

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

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 9 - Defined Benefit Pension Plan (Continued)

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the College is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2023 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' Authority to determine contribution rates are established by Section 25-11-1 of the Mississippi 'Code of 1972, as amended, and may be amended only by the State of Mississippi Legislature. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The College's contributions to PERS for the fiscal years ending June 30, 2023, 2022 and 2021 were \$2,073,329, \$1,969,685, and \$1,896,943, respectively, which equaled the required contributions for each year.

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

At June 30, 2023, the college reported a liability of \$33,846,089 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The College's proportionate share used to calculate the June 30, 2023 net pension liability was .164432 percent, which was based on a measurement date of June 30, 2022. This was an increase of .004680 percent from its proportionate share used to calculate the June 30, 2022 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended June 30, 2023, the College recognized pension expense of \$2,834,010. At June 30, 2023 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 478,991	\$ -
Net difference between projected and actual earnings on pension plan investments	1,802,543	-
Changes of assumptions	1,167,275	-
Changes in proportion and difference between College contributions and proportionate share of contributions	32,565	(246,968)
College contributions subsequent to the measurement date	2,073,329	-
Total	<u>\$ 5,554,703</u>	<u>\$ (246,968)</u>

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 9 - Defined Benefit Pension Plan (Continued)

\$2,073,329 reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. 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 ended June 30:		
2024	\$	891,300
2025		763,143
2026		(256,619)
2027		1,836,582

Actuarial assumptions. The total pension liability as of June 30, 2022 was determined by actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods included in the measurement:

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

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% 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 total pension liability were based on the results of an actuarial experience study for the period 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. 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:

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 9 - Defined Benefit Pension Plan (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	25.00	%	4.60	%
International Equity	20.00		4.50	
Global Equity	12.00		4.85	
Fixed Income	18.00		1.40	
Real Estate	10.00		3.65	
Private Equity	10.00		6.00	
Private Infrastructure	2.00		4.00	
Private Credit	2.00		4.00	
Cash Equivalents	1.00		(0.10)	
Total	100	%		

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

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

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
College's proportionate share of the net pension liability	\$ 44,172,603	\$ 33,846,089	\$ 25,332,404

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

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10 – Other Postemployment Benefits (OPEB) (Continued)

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the College were \$46,154 for the year ended June 30, 2023.

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

At June 30, 2023, the College reported a liability of \$947,038 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the College's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2022, the College's proportion was .19222025 percent. This was an increase of .00344405 percent from the proportionate share as of the measurement date of June 30, 2021.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10 – Other Postemployment Benefits (OPEB) (Continued)

For the year ended June 30, 2023, the College recognized OPEB expense of (\$115,117). At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 784	\$ (410,296)
Changes of assumptions	147,706	(87,683)
Net difference between projected and actual earnings on OPEB plan investments	65	-
Changes in proportion and differences between College contributions and proportionate share of contributions	82,097	(14,410)
College contributions subsequent to the measurement date	46,154	-
Total	\$ <u>276,806</u>	\$ <u>(512,389)</u>

\$46,154 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (73,148)
2025	(54,822)
2026	(63,213)
2027	(49,688)
2028	(29,190)
2029	(11,676)

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10 – Other Postemployment Benefits (OPEB) (Continued)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, 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	3.37%
Prior Measurement Date	2.13%
Year FNP is projected to be depleted	
Measurement Date	2022
Prior Measurement Date	2021
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Health Care Cost Trends	
Medicare Supplement Claims	7.00% for 2023 decreasing to an ultimate
Pre-Medicare	rate of 4.50% by 2029 FYE

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 the June 30, 2022 valuation were based on the results of the last 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, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

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

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2022 was 3.37 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.13% to 3.37%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2022, the trust has \$1,049,208. 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, 2021 and the June 30, 2022 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.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10 – Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.37 percent) or 1-percentage-point higher (4.37 percent) than the current discount rate:

	1% Decrease (2.37%)	Current Discount Rate (3.37%)	1% Increase (4.37%)
Net OPEB liability	\$ 1,043,279	\$ 947,038	\$ 864,368

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 881,151	\$ 947,038	\$ 1,021,185

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/>.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 11 - Contingencies

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

Note 12 - Risk Management

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

Note 13 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of \$(20,934,529) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The total deferred outflows from pensions is \$5,554,703 at June 30, 2023. \$3,481,374 of the balance of the deferred outflow of resources at June 30, 2023 will be recognized as expenses and decrease unrestricted net position over the next 4 years. The remaining balance of \$2,073,329 in deferred outflows represents contributions made by the college into PERS after the measurement date and will be recognized as a reduction in the net pension liability in the fiscal year ended June 30, 2024.

The unrestricted net position amount of \$(20,934,529) includes the effect of deferring the recognition of expenses resulting from deferred outflow from OPEB. The total deferred outflows from OPEB is \$276,806 at June 30, 2023. \$230,652 of the balance of the deferred outflow of resources at June 30, 2023 will be recognized as expenses and decrease unrestricted net position over the next 6 years. The remaining balance of \$46,154 in deferred outflows represents contributions made by the college into the OPEB plan after the measurement date and will be recognized as a reduction in the net OPEB liability in the fiscal year ended June 30, 2024.

The unrestricted net position amount of \$(20,934,529) includes the effect of deferring the recognition of revenue resulting from deferred inflow from pensions. The \$246,968 balance of the deferred inflow of resources at June 30, 2023 will be recognized as revenue and increase unrestricted net position over the next 3 years.

The unrestricted net position amount of \$(20,934,529) includes the effect of deferring the recognition of revenue resulting from deferred inflow from OPEB. The \$512,389 balance of the deferred inflow of resources at June 30, 2023 will be recognized as revenue and increase unrestricted net position over the next 6 years.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 14 – Prior Period Adjustments

A summary of significant Net Position adjustments is as follows:

Statement of Revenues, Expenses and Changes in Net Position

<u>Explanation</u>		<u>Amount</u>
To correct prior year error in reporting accumulated depreciation	\$	5,257

Note 15 – Vocational School Consortium

The college has entered into a Vocational Educational Agreement dated August 17, 1982 creating the Philadelphia-Neshoba Vocational-Technical Center. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Neshoba County School District, Philadelphia Public School District and East Central Community College.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

East Central Community College has been designated as the fiscal agent for the Philadelphia-Neshoba Vocational-Technical Center, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the Philadelphia-Neshoba Vocational-Technical Center.

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

**Statement of Revenues, Expenditures and Changes in Net
Position For the Year Ended June 30, 2023**

Revenues

Local sources:		
Tuition from other LEA's within the state:		
Philadelphia Public School District	\$	180,282
Neshoba Central School District		270,813
Total tuition from other LEA's within the state		<u>451,095</u>
Other local sources		<u>500</u>
Total local sources		<u>451,595</u>
State sources		<u>269,470</u>
Federal sources		<u>71,733</u>
Total Revenues		<u><u>792,798</u></u>

Expenditures

Salaries		536,534
Employee benefits		191,403
Purchased property services		4,027
Other purchased services		3,502
Supplies		42,012
Property		94,814
Other		<u>35,031</u>
Total Expenditures		<u>907,323</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(114,525)</u>
Net Change in Fund Balance		<u>(114,525)</u>
Fund Balance		
July 1, 2022		<u>166,040</u>
June 30, 2023	\$	<u><u>51,515</u></u>

EAST CENTRAL COMMUNITY COLLEGE
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 16 - 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 of financial statement 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 East Central Community College evaluated the activity of the College through March 18, 2024, and determined that there were no subsequent events which would require disclosure in the notes to financial statements.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies.

A. Description of Business Activities

The East Central Community College Foundation, Inc. is a nonprofit organization organized for the purpose of assisting individuals in pursuing their collegiate education and training by providing scholarships and awards to individuals on the basis of academic achievement and need. East Central Community College Foundation, Inc. provides leadership in attracting private investment to East Central Community College. The Foundation is exempt from federal income tax in accordance with Section 501(c) (3) of the Internal Revenue Code.

B. Form of Governance

The foundation is governed by a fourteen-member board at this time. The President of the college and the President of the Board of Trustees serve on the board. The Vice President of the Business Operations of the college also serves on the board. All board members are appointed to the board by current foundation board members. The By-Laws of the foundation state that the board can have no more than thirty members. Board members serve on the board for an indefinite time period.

C. Reporting Entity

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

D. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

Net assets without donor restrictions – net assets that represent resources generated from operations or that are not subject to donor-imposed stipulations. Net assets without donor restrictions include contributions designated to a particular program or unit for which the use or purpose is unrestricted.

Net assets with donor restrictions – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and or the passage of time. Net assets in this class include unconditional gifts for restricted purposes and donor-restricted endowment funds.

Generally, the donor of these assets permits the Foundation to use all or part of the income earned on related investments for general or specific purposes in support of the College.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued).

D. Basis of Accounting (Continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as contribution revenue and recognized in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

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

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

E. Revenue Recognition

Contributions received are recorded as without donor restriction or with donor restriction support depending on the existence and nature of any donor restrictions. When a stipulated time restriction ends or when a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and are reported in the Statement of Activities as "net assets released from restrictions."

F. Public Support and Revenue

Monthly and annual contributions are generally available for unrestricted use in the current year unless specifically restricted by the donor. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long term promises to give and are recorded at net present value of their net realizable value applicable to the years in which the promises are received to discount the amounts.

Endowment contributions and investments are permanently restricted by the donor. Investments earnings available for distribution are recorded in net assets without donor restrictions. Investment earnings with donor restrictions are recorded in net assets with donor restrictions based on the nature of the restrictions.

Contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Contributions of property, equipment, marketable securities and other non-cash donations are recorded as contributions at their estimated fair values in the period received. Such contributions are reported as without donor restricted support unless the donor has restricted the donated assets to a specific purpose.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued).

G. Donated Assets

Donated assets are recorded at fair market value at the date of gift.

H. Cash

The Foundation recognizes all demand deposit accounts as cash and cash equivalents. It is the policy of the Foundation to consider money market accounts with brokers as other short-term investments.

I. Investments

Investments are recorded at fair value. The fair values of all investments other than real estate are based on quoted market prices and other observable inputs such as quoted prices for similar assets, quoted prices in inactive markets, or inputs corroborated by observable market data. Both realized and unrealized gains and losses are reflected in the accompanying statement of activities based on restrictions put in place by the donor.

J. Fair Value of Financial Instruments

The carrying amounts at June 30, 2023 for cash and cash equivalents, investments, pledges receivable, and accounts payable, approximate their fair values. See Note 6 for investments.

K. Use of Estimates

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

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

L. Contributions Receivable, Net

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are reported at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. Management has determined that no allowance for uncollectible accounts is necessary.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued).

M. Income Taxes

Income taxes are not provided for in the financial statements since the Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Foundation is not classified as a private foundation. The Foundation files its Form 990 annually with the Internal Revenue Service. The Foundation believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation's Form 990's are subject to examination by the Internal Revenue Service generally for three years after they were filed. The returns for the fiscal years ended June 30, 2020, June 30, 2021, June 30, 2022 and June 30, 2023 are still subject to examination as of the date of this report.

Note 2 - Net Assets with Donor Restrictions.

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

	<u>2023</u>
Purpose restriction accomplished:	
Scholarship programs	\$ 182,379
Other program services	<u>485,954</u>
	<u>\$ 668,333</u>

Net assets with donor restrictions were for the following purposes at June 30:

	<u>2023</u>
Scholarships	\$ 7,773,923
Other program services	2,089,325
Management and general	<u>1,549</u>
	<u>\$ 9,864,797</u>

Note 3 - Concentration of Credit Risk.

The Foundation maintains cash balances at one financial institution. The account at the institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, the Foundation did have cash in excess of the insurance limit. As of June 30, 2023, the bank balance of cash held in financial institutions was \$795,464. These deposits are insured up to \$250,000 which leaves a balance of \$545,464 as uncollateralized and uninsured deposits.

The Foundation maintains all its investments with Merrill Lynch.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 4 – Contributed Nonfinancial Assets.

For the year ended June 30, 2023, contributed nonfinancial assets recognized within the statement of activities included:

Vehicles	\$ 14,630
Office Equipment & Furniture	4,836
Books	1,130
Total	<u>\$ 20,596</u>

East Central Community College Foundation recognized contributed nonfinancial assets within revenue. Contributed nonfinancial assets did not have donor-imposed restrictions.

It is East Central Community College Foundation's policy to donate all contributed nonfinancial assets to East Central Community College.

Note 5 - Contingencies.

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

Note 6 - Investments.

The Foundation's investments recorded at market value consist of the following at June 30, 2023:

	Cost	Market	Unrealized Appreciation (Depreciation)
Merril Lynch - Cash / Money Market Fund	\$ 1,122,566	\$ 1,122,566	\$ -
Merril Lynch - Corporate Bonds	1,765,062	1,694,479	(70,583)
Merril Lynch - Mutual Funds	3,503,034	3,998,343	495,309
Merril Lynch - Govt. and Agency Securities	1,174,416	1,017,266	(157,150)
Merril Lynch - Equity Securities	1,290,629	1,373,979	83,350
Total	<u>\$ 8,855,707</u>	<u>\$ 9,206,633</u>	<u>\$ 350,926</u>

Current Investments	\$ 1,176,555
Noncurrent Investments	8,030,078
Total	<u>\$ 9,206,633</u>

Due to the level of risk associated with certain securities, it is possible that changes in values in investments will occur in the near term and that such changes could materially affect the amount reported in the statement of financial position.

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 7 - Fair Value Measurements.

FASB ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The fair value hierarchy established in FASB ASC 820-10 prioritizes the inputs used in valuation techniques into three levels as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. |
| Level 2 | Inputs to valuation methodology include:
Quoted prices for similar assets or liabilities in active markets.
Quoted prices for identical or similar assets or liabilities in inactive markets.
Inputs other than quoted prices that are observable for the asset or liability.
Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2023:

June 30, 2023	Level 1	Level 2	Level 3	Total
Cash / Money Market	\$ 1,122,566	\$ -	\$ -	\$ 1,122,566
Corporate Bonds	1,694,479	-	-	1,694,479
Mutual Funds	3,998,343	-	-	3,998,343
Govt. and Agency Securities	1,017,266	-	-	1,017,266
Equity Securities	1,373,979	-	-	1,373,979
Total	<u>\$ 9,206,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,206,633</u>

EAST CENTRAL COMMUNITY COLLEGE FOUNDATION, INC
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 8 - Contributions Receivable.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When the restriction expires, the net assets are reclassified to net assets without donor restrictions. Contributions receivable at June 30, 2023, amounted to \$40,000, and are due in increments of \$5,000 through the fiscal year ended June 30, 2031. These receivables have been discounted at 3% which is the estimated annual rate of return on an annuity at June 30, 2023.

A breakdown of the calculation of the net present value of contributions receivable due is as follows:

Fiscal Year Ended June 30:	Total Amount to be Received	Discounted Present Value	Discounted Value
2024	\$ 5,000	\$ (68)	\$ 4,932
2025	5,000	(946)	4,054
2026	5,000	(823)	4,177
2027	5,000	(696)	4,304
2028	5,000	(565)	4,435
Thereafter	15,000	(867)	14,133
Total	<u>\$ 40,000</u>	<u>\$ (3,965)</u>	<u>\$ 36,035</u>

Note 9 - Economic Dependence and Concentration.

The organization receives its contributions mainly from Leake, Neshoba, Newton, Scott and Winston counties in East Central Mississippi which is the area served by East Central Community College.

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 of financial statement 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 East Central Community College Foundation, Inc. evaluated the activity of the foundation through March 18, 2024 and determined that there were no subsequent events which would require disclosure in the notes to financial statements.

EAST CENTRAL COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

EAST CENTRAL COMMUNITY COLLEGE
Required Supplementary Information
Schedule Of The College's Proportionate Share Of The Net Pension Liability
PERS
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportion of the net pension liability (asset)	0.1644%	0.1640%	0.1648%	0.1695%	0.1680%	0.1780%	0.1740%	0.1720%	0.1770%
College's proportionate share of the net pension liability (asset)	\$ 33,846,089	\$ 24,234,596	\$ 31,910,915	\$ 29,818,394	\$ 27,943,391	\$ 29,589,641	\$ 31,080,745	\$ 26,587,808	\$ 21,484,559
College's covered payroll	\$ 11,320,031	\$ 10,901,977	\$ 10,976,080	\$ 11,039,087	\$ 10,743,867	\$ 11,423,308	\$ 11,159,369	\$ 10,721,023	\$ 10,818,398
College's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	290.73%	270.12%	260.09%	259.03%	278.52%	248.00%	198.59%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

* This schedule is presented to illustrate the requirement to show information for 10 years. However GASB 68 was implemented in 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.

EAST CENTRAL COMMUNITY COLLEGE
Required Supplementary Information
Schedule of College Contributions
PERS
Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,073,329	\$ 1,969,685	\$ 1,896,943	\$ 1,909,860	\$ 1,738,657	\$ 1,692,159	\$ 1,799,168	\$ 1,757,602	\$ 1,688,561
Contribution in relation to the contractually required contribution	\$ 2,073,329	\$ 1,969,685	\$ 1,896,943	\$ 1,909,860	\$ 1,738,657	\$ 1,692,159	\$ 1,799,168	\$ 1,757,602	\$ 1,688,561
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
College's covered payroll	11,915,684	11,320,031	10,901,977	10,976,080	11,039,087	10,743,867	11,423,308	11,159,369	10,721,023
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However GASB 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.

EAST CENTRAL COMMUNITY COLLEGE
Required Supplementary Information
Schedule Of The College's Proportionate Share Of The Net OPEB Liability
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
College's proportion of the net OPEB liability	0.19222025%	0.1887762%	0.1814459%	0.1813698%	0.17555649%	0.18354433%
College's proportionate share of the net OPEB liability	\$ 947,038	\$ 1,215,118	\$ 1,412,026	\$ 1,539,143	1,358,017	1,440,105
College's covered-employee payroll	\$ 11,202,655	\$ 11,260,670	\$ 11,369,607	\$ 11,442,583	11,095,972	11,584,200
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	8.45%	10.79%	12.42%	13.45%	12.24%	12.43%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	0.13%	0.13%	0.12%	0.13%	0.00%

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

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

* The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

EAST CENTRAL COMMUNITY COLLEGE
Required Supplementary Information
Schedule of College Contributions (OPEB)
Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 46,154	\$ 38,594	48,840	\$ 56,311	\$ 61,694	61,394
Contribution in relation to the actuarially determined contribution	46,154	38,594	48,840	56,311	61,694	61,394
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
College's covered-employee payroll	11,590,180	11,202,655	11,260,670	11,369,607	11,442,583	11,095,972
Contributions as a percentage of covered-employee payroll	0.40%	0.34%	0.43%	0.50%	0.54%	0.55%

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

The 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 on historical amounts reported in prior year audit report(s).

EAST CENTRAL COMMUNITY COLLEGE
Notes To Required Supplementary Information
For the Year Ended June 30, 2023

Note 1 – Pension Schedules

A. Changes of assumptions

2015:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

2016:

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

2017:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement 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%.

2019:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: for males, 137% of male rates at all ages; for females, 115% of female rates at all ages; and 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%.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Required Supplementary Information
For the Year Ended June 30, 2023

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77; for females, 84% of female rates up to age 72, 100% for ages above 76; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: for males, 134% of male rates at all ages; for females, 121% of female rates at all ages; and 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; and 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%.

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%.

B. Changes of benefit terms

2016:

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

EAST CENTRAL COMMUNITY COLLEGE
Notes To Required Supplementary Information
For the Year Ended June 30, 2023

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 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	27.7 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	7.55 percent, net of pension plan investment expense, including inflation

Note 2 – OPEB Schedules

A. Changes of assumptions

2017:

The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018: The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

2019: The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

2020: The discount rate was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

2021: The discount rate was changed from 2.19% for the prior Measurement Date to 2.13% for the current Measurement Date.

2022: The discount rate was changed from 2.13% for the prior Measurement Date to 3.37% for the current Measurement Date.

B. Changes in benefit provisions

2017: None

2018: None

2019: None

2020: The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Required Supplementary Information
For the Year Ended June 30, 2023

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

2022: The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

C. Methods and assumptions used in calculations of Actuarially Determined Contributions.

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2021 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

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	6.50%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2030
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.13%

EAST CENTRAL COMMUNITY COLLEGE

SUPPLEMENTARY INFORMATION

EAST CENTRAL COMMUNITY COLLEGE
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass- Through Number	Federal Expenditures	State/Local Expenditures	Total Expenditures
Student Financial Aid Cluster:					
U.S. Department of Education					
Federal Pell Grant Program	84.063		\$ 5,097,424	\$ -	\$ 5,097,424
Federal Work-Study Program	84.033		69,173	-	69,173
Federal Supplemental Educational Opportunity Grants	84.007		105,092	-	105,092
Federal Direct Student Loans	84.268		758,548	-	758,548
Total U.S. Department of Education			<u>6,030,237</u>	<u>-</u>	<u>6,030,237</u>
Total Student Financial Aid Cluster			<u>6,030,237</u>	<u>-</u>	<u>6,030,237</u>
Other Programs:					
U.S. Department of Education					
Cares Act: Higher Education Emergency Relief Fund:					
COVID-19-Education Stabilization Fund-Student Aid Portion	84.425E		504,115	-	504,115
COVID-19-Education Stabilization Fund-Institutional Portion	84.425F		2,845,138	-	2,845,138
COVID-19-Education Stabilization Fund-HEERF Strengthening Institutions Program (SIP)	84.425M		520,590	-	520,590
Total Direct Program			<u>3,869,843</u>	<u>-</u>	<u>3,869,843</u>
Total Cares Act: Higher Education Emergency Relief Fund			<u>3,869,843</u>	<u>-</u>	<u>3,869,843</u>
Passed Through Mississippi Community College Board					
Adult Education - Basic Grants to States	84.002	V002A230025	463,565	-	463,565
Career and Technical Education - Basic Grants to States	84.048	V048A230024	184,724	-	184,724
Total Passed through Mississippi Community College Board			<u>648,289</u>	<u>-</u>	<u>648,289</u>
Passed Through Mississippi Department of Rehabilitation Services:					
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		40,022	-	40,022
Total Passed Through Mississippi Department of Rehabilitation Services			<u>40,022</u>	<u>-</u>	<u>40,022</u>
Total U.S. Department of Education			<u>4,558,154</u>	<u>-</u>	<u>4,558,154</u>
U.S. Department of Labor:					
WIA Cluster:					
Passed Through Mississippi Department of Employment Security:					
WIOA Adult Program	17.258		79,923	-	79,923
Passed Through Mississippi Community College Board:					
WIOA Dislocated Worker Formula Grants	17.278		20,072	-	20,072
Passed Through Southern Mississippi Planning and Development District:					
WIOA Out of School Youth	17.259		57,775	-	57,775
WIOA Dislocated Worker Formula Grants	17.278	23-3521-17-570	45,627	-	45,627
WIOA Dislocated Worker Formula Grants	17.278	23-3521-17-110	41,842	-	41,842
WIOA Dislocated Worker Formula Grants	17.278	23-3521-17-301	4,700	-	4,700
WIOA Dislocated Worker Formula Grants	17.278	23-3521-17-601	1,109	-	1,109
Total WIA Cluster			<u>251,048</u>	<u>-</u>	<u>251,048</u>
Total U.S. Department of Labor			<u>251,048</u>	<u>-</u>	<u>251,048</u>
U.S. Department of Treasury:					
Passed Through Mississippi Department of Employment Security:					
Coronavirus State and Local Fiscal Recovery Funds	21.027		414,020	-	414,020
Total U.S. Department of Treasury			<u>414,020</u>	<u>-</u>	<u>414,020</u>
U.S. Department of Health & Human Services:					
Passed Through Southern Mississippi Planning & Development:					
TANF Administration for Children and Families	93.558	23-3901-17-570	137,579	-	137,579
Passed Through Mississippi Department of Health & Human Services:					
Child Care and Development Block Grants	93.575		29,178	-	29,178
Total U.S. Department of Health and Human Services			<u>166,757</u>	<u>-</u>	<u>166,757</u>
Total Other Programs			<u>5,389,979</u>	<u>-</u>	<u>5,389,979</u>
Total Expenditures of Federal Awards			<u>\$ 11,420,216</u>	<u>-</u>	<u>\$ 11,420,216</u>

The accompanying notes to Supplementary Information are an integral part of this schedule.

EAST CENTRAL COMMUNITY COLLEGE
Notes To Supplementary Information
For the Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, includes the federal award activity of East Central Community College under programs of the federal government for the year ended June 30, 2023. The schedule presents only a selected portion of the operations of East Central Community College and is not intended to, and does not, present the financial position, changes in net position, or cash flows of the College.

Note 2 – Basis of Accounting and Program Costs

The schedule is prepared on the same basis of accounting as East Central Community College's financial statements. The College uses the economic resources measurement focus and the accrual basis of accounting whereby all expenses are recorded when they have been reduced to a legal or contractual obligation to pay, which is in accordance with accounting principles generally accepted in the United States of America. Expenditures reported on the schedule are reported on the accrual basis of accounting. Entire program costs, including the College's portion, are more than shown. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to its reimbursements.

Note 3 – Indirect Cost Rate

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

Note 4 – Federal Direct Student Loan

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

Federal grants per this schedule	\$	11,420,216
Less: Student Loans		758,548
Federal grants and contracts	\$	<u>10,661,668</u>

EAST CENTRAL COMMUNITY COLLEGE

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

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J. Randy Scrivner, CPA
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Edward A. Maxwell, CPA
Bradley L. Harrison, CPA
Justin H. Keller, CPA

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

To the Board of Trustees of East Central Community College
PO Box 129
Decatur, Mississippi 39327

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 the East Central Community College as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the East Central Community College's basic financial statements and have issued our report thereon dated March 18, 2024. The financial statements of East Central Community College Foundation, Inc., a discretely presented component unit of East Central Community College, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the East Central Community College Foundation, Inc.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Watkins, Ward and Stafford, PLLC

Louisville, Mississippi

March 18, 2024

Watkins Ward and Stafford, PLLC



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	John N. Russell, CPA
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Stephen D. Flake, CPA	

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

To the Board of Trustees of East Central Community College
PO Box 129
Decatur, Mississippi 39327

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Central Community College's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of East Central Community College's major federal programs for the year ended June 30, 2023. East Central Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, East Central Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of East Central 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 East Central 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 East Central Community College's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding East Central 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 East Central Community College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of East Central Community College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Watkins, Ward and Stafford, PLLC

Louisville, Mississippi

March 18, 2024

Watkins Ward and Stafford, PLLC

EAST CENTRAL COMMUNITY COLLEGE

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



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Stephen D. Flake, CPA
John N. Russell, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA
Bradley L. Harrison, CPA
Justin H. Keller, CPA

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

Board of Trustees of East Central Community College
P. O. Box 129
Decatur, Mississippi 39327

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of East Central Community College as of and for the year ended June 30, 2023, which collectively comprise East Central Community College's basic financial statements and have issued our report thereon dated March 18, 2024. We conducted our audit in accordance with 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 East Central Community College 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 those procedures and our audit of the financial statements did not disclose any instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the Board of Trustees and management, others within the entity, 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.

Watkins, Ward and Stafford, PLLC

Louisville, Mississippi
March 18, 2024

Watkins Ward and Stafford, PLLC

EAST CENTRAL COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

EAST CENTRAL COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section 1: Summary of Auditors' Results

Financial Statements:

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

Federal Awards:

- | | | |
|-----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be a material weakness | None Reported |
| 5. | Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit finding(s) disclosed that are reported in accordance with 2 CFR 200.516(a)? | No |
| 7. | Federal programs identified as major programs: | |
| | a. Cares Act: Higher Education Emergency Relief Fund: | |
| | ALN 84.425E – COVID-19-Education Stabilization Fund-Student Aid Portion | |
| | ALN 84.425F – COVID-19-Education Stabilization Fund-Institutional Portion | |
| | ALN 84.425M – COVID-19-Education Stabilization Fund-HEERF Strengthening Institutions Program (SIP) | |
| | b. Student Financial Aid-Cluster: | |
| | ALN 84.007 – Federal Supplemental Education Opportunity Grant Program (FSEOG) | |
| | ALN 84.268 – Federal Direct Loans | |
| | ALN 84.033 – Federal Work-Study Program (FWS) | |
| | ALN 84.063 – Federal PELL Grant Program | |
| 8. | The dollar threshold used to distinguish between type A and B programs: | \$750,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b)? | No |

**EAST CENTRAL COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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