EAST MISSISSIPPI COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

C O N T E N T S

EAST MISSISSIPPI COMMUNITY COLLEGE

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To Dr. David Scott Alsobrooks, President
and Board of Trustees
East Mississippi Community College
Scooba, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of East Mississippi Community College as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise East Mississippi Community College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of East Mississippi 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the East Mississippi Community College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the East Mississippi Community College's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Mississippi Community College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 26, 2024 on our consideration of the East Mississippi Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Mississippi Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Mississippi Community College's internal control over financial reporting and compliance.

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
March 26, 2024

EAST MISSISSIPPI COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAST MISSISSIPPI COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

This section of East Mississippi Community College's 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, along with the financial statements and related footnote disclosures, have been prepared by management and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. Two years of financial data are presented. 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 financial statements 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.

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

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

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

Management's Discussion and Analysis (continued)

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

Condensed Statements of Net Position

	June 30, 2023		June 30, 2022	
	Amount	Percent	Amount	Percent
ASSETS				
Current assets	$ 29,238,424	20.41%	$ 30,181,525	21.32%
Non-current assets:				
Capital, net	98,896,381	69.03%	98,786,672	69.78%
SBITA, net	2,220,643	1.55%	-	0.00%
Other	12,908,988	9.01%	12,592,060	8.90%
Total assets	$ 143,264,436	100.00%	$ 141,560,257	100.00%
DEFERRED OUTFLOWS	$ 9,103,790	100.00%	$ 6,484,690	100.00%
LIABILITIES				
Current liabilities	$ 6,100,311	7.47%	$ 5,406,270	8.07%
Non-current liabilities	75,516,672	92.53%	61,612,339	91.93%
Total liabilities	$ 81,616,983	100.00%	$ 67,018,609	100.00%
DEFERRED INFLOWS	$ 2,798,553	100.00%	$ 15,898,503	100.00%
NET POSITION				
Net investment in capital assets	$ 73,695,494	108.45%	$ 71,912,861	110.42%
Restricted:				
Nonexpendable	223,369	0.33%	221,310	0.34%
Expendable	15,474,412	22.77%	15,388,150	23.63%
Unrestricted	(21,440,585)	-31.55%	(22,394,486)	-34.39%
Total net position	$ 67,952,690	100.00%	$ 65,127,835	100.00%

Management's Discussion and Analysis (continued)

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's financial statements were $18,210,509 at June 30, 2023, and $25,462,424 at June 30, 2022.

Accounts Receivable

Accounts receivable relates to several transactions including county appropriations, accrued interest, student tuition and fee billings, and auxiliary enterprise sales such as food service and bookstore. In addition, receivables arise from grant awards and financial aid revenue. The receivables are shown net of allowance for doubtful accounts. The College receivables totaled $3,630,408 at June 30, 2023, and $4,340,611 at June 30, 2022.

Prepaid Expense

The College had prepaid expense in the amount of $87,816 for June 30, 2023, and $98,154 for June 30, 2022.

Inventories

The College maintains inventories of merchandise for resale to students and the public. This inventory is made up of books, student supplies, institutional memorabilia, golf apparel, supplies and food. Inventories totaled $309,691 at June 30, 2023, and $280,336 at June 30, 2022.

Non-current Assets

Cash and Cash Equivalents

Cash and cash equivalents are those funds that are on deposit in the College's bank accounts. The cash and cash equivalents that are considered non-current are cash in endowment funds. The amount of cash and cash equivalents considered non-current totaled $135,075 in endowment funds at June 30, 2023, and $133,065 in endowment funds at June 30, 2022.

Other Investments

Other investments include certificates of deposit and funds held on deposit with trustee. These investments are recorded at fair market value. The fair market value was $12,773,913 at June 30, 2023, and $12,458,995 at June 30, 2022.

Capital Assets, Net

Capital assets, net, consists of land, infrastructure, buildings, equipment, and library holdings. The amount reported is net of accumulated depreciation. Capital assets, net, totaled $98,896,381 at June 30, 2023, and $98,786,672 at June 30, 2022.

SBITA Assets, Net

Beginning in FY 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (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, reliability, relevance and consistency of information about SBITAs. SBITA assets, net totaled $2,220,643 at June 30, 2023, and $0 at June 30, 2022.

Deferred Outflows

The deferred outflows are for pension and other post-employment benefits that represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources until then. The amount in deferred outflows was $9,103,790 at June 30, 2023, and $6,484,690 at June 30, 2022.

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 $2,393,662 at June 30, 2023, and $2,610,705 at June 30, 2022.

Unearned Revenue

Unearned revenue represents revenue that was received by the College during the fiscal year, but not earned until the next fiscal year. The unearned revenue totaled $1,063,857 at June 30, 2023, and $1,058,401 at June 30, 2022.

Long-term Liabilities-Current Portion

Long-term liabilities-current portion represents the portion of bonds payable due within the next fiscal year. The amount of the current portion was $1,697,000 at June 30, 2023, and $1,650,000 at June 30, 2022. The amount of bond premium to be recognized as current was $22,924 at June 30, 2023, and $22,925 at June 30, 2022. The amount of OPEB liability to be recognized as current was $58,994 at June 30, 2023, and $64,239 at June 30, 2022
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Long-term SBITAs - Current Portion

Long-term SBITAs-current portion represents the portion of long-term SBITA debt that will be paid during the 2024 fiscal year. The amount of the current portion of long-term debt at June 30, 2023 was $863,874, and of $0 on June 30, 2022.

Non-current Liabilities

Deposits Refundable

This liability consists of refundable housing deposits. The refundable deposits were $37,037 at June 30, 2023, and $30,304 at June 30, 2022.

Long-term Liabilities

Long-term liabilities consist of bonds payable that are due beyond the next fiscal year. The long-term liabilities were $23,206,000 at June 30, 2023, and $24,903,000 at June 30, 2022.

Bond Premium

The bond premiums associated with the bonds payable have been capitalized and the amount will be amortized over 20 years. The non-current portion of the bond premium was $274,962 at June 30, 2023, and $297,886 at June 30, 2022.

Net Pension Liabilities

Net pension liabilities consist of the College's proportionate share of the Public Employees' Retirement System of Mississippi's net pension liability resulting from the implementation of GASB 68. At June 30, 2023, the amount was $49,400,733 and at June 30, 2022, the amount was $34,881,831.

Long-term SBITAs

Long-term SBITAs represent the portion of long-term SBITA debt that will be paid after the 2024 fiscal year. The amount of the long-term SBITA debt at June 30, 2023 was $1,411,994 and $0 at June 30, 2022.

Net OPEB Liabilities

Net OPEB liabilities consist of the non-current portion of the College's proportionate share of the State and School Employees' Life and Health Insurance Plan's net OPEB liability resulting from the implementation of GASB 75. At June 30, 2023, the amount was $1,185,946 and at June 30, 2022, the amount was $1,499,318.

Deferred Inflows

The deferred inflows are for pension and other post-employment benefits that represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until then. The amount in deferred inflows was $2,798,553 at June 30, 2023, and $15,898,503 at June 30, 2022.

NET POSITION

Net position represents the difference between the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Total net position was $67,952,690 at June 30, 2023, and $65,127,835 at June 30, 2022.

Analysis of Net Position

Restricted non-expendable net position consists of endowment gifts with restrictions on spending the principal given and an unemployment fund reserve.

Restricted expendable net position consists of a debt service fund, balances in the Enlargement and Improvement tax fund, and balances dedicated for the Center for Manufacturing Technology Excellence.

The following is a breakdown of the restricted net position:

	June 30, 2023 Amount	June 30, 2022 Amount
Endowment funds	$ 147,191	$ 145,131
Unemployment reserve	76,178	76,179
Restricted for capital projects	5,217,865	3,689,233
Debt service funds	10,743,854	12,393,854
Other	(487,307)	(694,937)
Total restricted net position	$ 15,697,781	$ 15,609,460

Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the College such as donors or grant agencies. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities.

Management's Discussion and Analysis (continued)

The following is a breakdown of the unrestricted net position:

	June 30, 2023 Amount	June 30, 2022 Amount
Unrestricted general fund	$ (30,906,190)	$ (31,808,985)
Unrestricted auxiliary fund	9,227,497	9,176,391
Other unrestricted funds	238,108	238,108
Total unrestricted net position	$ (21,440,585)	$ (22,394,486)

Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2022:

	June 30, 2023 Amount	June 30, 2022 Amount
Operating revenues		
Tuition and fees, net	$ 8,368,828	$ 8,831,618
Grants and contracts	16,966,009	19,172,929
Auxiliary enterprises	3,594,663	3,732,135
Other operating revenues	1,010,069	1,268,229
Total operating revenues	$ 29,939,569	$ 33,004,911
Operating expenses	$ 47,239,230	$ 47,397,354
Operating loss	$(17,299,661)	$(14,392,443)
Non-operating revenues (expenses)		
State appropriations	$ 13,921,070	$ 11,135,853
County appropriations	6,335,717	6,121,640
Investment income, net	867,656	115,448
Interest expense	(1,047,589)	(1,100,488)
Other non-operating revenues (expenses)	47,662	(37,945)
Net non-operating revenues	$ 20,124,516	$ 16,234,508
Income before other items	$ 2,824,855	$ 1,842,065
Capital appropriations	$ -	$ 25,501
Capital grants	-	-
Total other revenues	$ -	$ 25,501
Change in net position	$ 2,824,855	$ 1,867,566
Net position		
Net position at beginning of year	$ 65,127,835	$ 63,260,269
Net position at end of year	$ 67,952,690	$ 65,127,835

Management's Discussion and Analysis (continued)

Total operating loss was $17,299,661 for fiscal year 2023, and $14,392,443 for fiscal year 2022. Since neither the State of Mississippi appropriation nor the appropriations from within the College district are included within operating revenue per GASB No. 35, the College shows an operating loss each year.

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

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

Total operating revenues for fiscal year 2023 were $29,939,580, and $33,004,911 for 2022. Tuition and fees were $8,368,828 for 2023 and $8,831,618 for 2022. This is net of the tuition discount, which was $5,113,409 in 2023, and $5,235,746 in 2022. Operating expenses, including depreciation and amortization of $4,369,281, totaled $47,239,230 for year 2023. Of the 2023 total, $13,898,962 or 29% was for instruction. Operating expenses, including depreciation of $3,396,710 totaled $47,397,354 for 2022. Of the 2022 total, $112,813,155 or 27% was for instruction.

REVENUES

Operating Revenues

<u>Tuition and Fees</u>

This category includes all tuition and fees assessed for educational purposes. The net total was $8,368,828 for 2023. The tuition discount for the 2023 fiscal year was $5,113,409. The net total was $8,831,618 for 2022. The tuition discount for the 2022 fiscal year was $5,235,746.

<u>Grants and Contracts</u>

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.

Management's Discussion and Analysis (continued)

The following table contains details of the College's grant and contract awards for the fiscal years ended June 30, 2023 and June 30, 2022:

	June 30, 2023 Amount	June 30, 2022 Amount
Federal sources		
Department of Education	$ 14,083,641	$ 16,842,053
State sources		
State Board for Community & Junior Colleges	2,576,388	1,919,242
Other sources	305,980	411,634
Total all sources	$ 16,966,009	$ 19,172,929

Sales and Services from Educational Activities

Other operating revenues consist of income from educational activities that totaled $924,339 for the 2023 fiscal year, and $1,057,234 for the 2022 fiscal year.

Sales and Services from Auxiliary Services, Net

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

Auxiliary enterprises at June 30, 2023, include the College's bookstore in the amount of $1,108,980, student housing in the amount of $1,333,527 and the golf course and club in the amount of $1,152,156. Auxiliary enterprises at June 30, 2022 include the College's bookstore in the amount of $1,068,546, student housing in the amount of $1,608,101 and the golf course and club in the amount of $1,055,488.

Operating Expenses

Operating expenses for fiscal year 2023, totaling $47,239,230, include salaries and benefits of $22,450,679, scholarships and fellowships of $7,005,338, utilities of $1,842,274, services of $6,877,521, supplies of $4,429,565, travel of $264,572, and depreciation and amortization of $4,369,281. Operating expenses for fiscal year 2022, totaling $47,397,354, included salaries and benefits of $21,480,496, scholarships and fellowships of $7,867,734, utilities of $1,735,580, services of $8,224,854, supplies of $4,533,264, travel of $158,716, and depreciation of $3,396,710. Expenses by functions are as follows on the next page:

Management's Discussion and Analysis (continued)

	June 30, 2023 Amount	June 30, 2022 Amount
Expenses by functions		
Instruction	$ 13,898,962	$ 12,813,155
Academic support	303,760	259,175
Student services	4,838,293	4,647,129
Institutional support	6,358,607	8,663,563
Operations and maintenance of plant	5,510,128	5,380,010
Student financial aid	7,005,338	7,867,734
Auxiliary enterprises	4,954,861	4,369,878
Depreciation and amortization	4,369,281	3,396,710
Total operating expenses by function	$ 47,239,230	$ 47,397,354

Non-operating Revenues (Expenses)

State Aid

The College received $13,921,070 for 2022-2023 fiscal year which was used for operations. The College received $11,135,853 for 2021-2022 fiscal year which was used for operations. The College's largest source of non-operating revenue is the State of Mississippi appropriation.

County Appropriations

The College also receives revenue from the six counties that comprise the College district. The College uses the maintenance levy for operational purposes, including salaries and benefits. The enlargement and improvement levy is accounted for in the College's plant fund. Also, the College receives a special levy dedicated for debt service. The appropriation is received monthly, beginning in July of each year, since the fiscal year begins July 1. The College received $2,552,645 for maintenance funds, and $3,783,072 for plant funds and debt service for the 2023 fiscal year from the counties. The College received $2,442,043 for maintenance funds, and $3,679,597 for plant funds and debt service for the 2022 fiscal year from the counties. This appropriation was fully recorded by the College during the fiscal year.

Investment Income, Net

This includes the interest income from the cash in the College's bank accounts and the unrealized gains and losses on the investment held with an outside agency. The investment income for the year ended June 30, 2023 was $867,656. The investment income for the year ended June 30, 2022 was $115,448.

Interest Expense

This consists of the interest expense on the bonds payable of $1,047,589 for the year ended June 30, 2023 and $1,100,488 for the year ended June 30, 2022.

Management's Discussion and Analysis (continued)

Other Non-Operating Revenues, Net

This consists of a gain on the sale of fixed assets of $53,496 and bond administration costs of $5,834 for the year ended June 30, 2023, and a loss on the sale of fixed assets of $20,945 and bond administration costs of $17,000 for the year ended June 30, 2022.

Statement of Cash Flows

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

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

Condensed Statements of Cash Flows (Direct Method**)**
For the Fiscal Years Ended June 30, 2023 and 2022

	June 30, 2023 Amount	June 30, 2022 Amount
Cash and cash equivalents provided by (used in)		
Operating activities	$ (13,962,814)	$ (11,023,337)
Non-capital financing activities	22,581,012	15,006,894
Capital and related financing activities	(9,420,811)	(2,077,910)
Investing activities	(6,447,292)	(812,955)
Net increase in cash and cash equivalents	$ (7,249,905)	$ 1,092,692
Cash and cash equivalents - beginning of the year	25,595,489	24,502,797
Cash and cash equivalents - end of the year	$ 18,345,584	$ 25,595,489

In fiscal year 2023, the major sources of funds included in operating activities were: student tuition and fees, $8,648,161; auxiliary enterprises, $3,489,193; and grants and contracts, $17,578,120. The major uses of funds were payments made to employees of $23,965,817, scholarships and fellowships of $7,005,338, and payments to suppliers of $12,685,576.

In fiscal year 2022, the major sources of funds included in operating activities were: student tuition and fees, $5,759,590; auxiliary enterprises, $3,718,826; and grants and contracts, $23,118,796. The major uses of funds were payments made to employees of $23,161,843, scholarships and fellowships of $7,867,734, and payments to suppliers of $12,302,206.

The largest inflow of cash in the non-capital financing activities group is the State appropriation which was $13,799,403 in fiscal year 2023 and $11,262,098 in fiscal year 2022.

Management's Discussion and Analysis (continued)

Significant Capital Asset Transactions

Recruitment and retention are primary focuses for East Mississippi Community College. Therefore, substantial financial investments have been made for campus enhancements, improvements and upgrades that include: $1.7M for new turf at its baseball field, $217K in vehicle acquisitions to replace aging fleets at the Scooba and Golden Triangle campuses, and $200K for office and classroom renovations at its Communiversity in FY2023. Local funds were utilized to fund these capital improvements.

Factors Impacting Future Periods

Several issues remain prominent factors that directly impact future operations for East Mississippi Community College. The increase in state support, compensation enhancements, student fee increases, a sharp uptick for commodities and energy cost increases drive the College's ability to expand programs, undertake new initiatives and meet its core mission and ongoing operational needs.

Contact Information

This report is designed to provide a general overview of East Mississippi Community College's finances for all interested parties. Inquiries regarding the information contained herein and requests for additional information should be directed to the Chief Financial Officer, East Mississippi Community College, 1512 Kemper Street, Scooba, Mississippi 39358.

EAST MISSISSIPPI COMMUNITY COLLEGE

BASIC FINANCIAL STATEMENTS

EAST MISSISSIPPI COMMUNITY COLLEGE

STATEMENT OF NET POSITION
June 30, 2023

EAST MISSISSIPPI COMMUNITY COLLEGE

STATEMENT OF NET POSITION
June 30, 2023

ASSETS	
Current Assets	
Cash and cash equivalents	$ 18,210,509
Short term investments	7,000,000
Accounts receivables, net	3,630,408
Prepaid expense	87,816
Inventories	309,691
Total current assets	$ 29,238,424
Non-current Assets	
Restricted cash and cash equivalents	$ 135,075
Other investments	12,773,913
Capital assets, net of accumulated depreciation	98,896,381
SBITA assets, net of accumulated amortization	2,220,643
Total non-current assets	$ 114,026,012
Total assets	$ 143,264,436
Deferred Outflows	
Deferred outflows - pensions	$ 8,770,831
Deferred outflows - OPEB	332,959
Total deferred outflows	$ 9,103,790

LIABILITIES

Current Liabilities	
Accounts payable and accrued liabilities	$ 2,393,662
Unearned revenues	1,063,857
Current portion of long-term liabilities	1,697,000
Current portion of bond premium	22,924
Current portion of SBITA liabilities	863,874
Current portion of net OPEB liabilities	58,994
Total current liabilities	$ 6,100,311
Non-current Liabilities	
Deposits refundable (housing)	$ 37,037
Long-term liabilities	23,206,000
Bond premium, net of amortization	274,962
Net pension liabilities	49,400,733
SBITA liabilities	1,411,994
Net OPEB liabilities	1,185,946
Total non-current liabilities	$ 75,516,672
Total liabilities	$ 81,616,983
Deferred Inflows	
Deferred inflows - pensions	$ 2,041,463
Deferred inflows - OPEB	757,090
Total deferred inflows	$ 2,798,553

NET POSITION

Net investment in capital assets	$ 73,695,494
Restricted for:	
Nonexpendable:	
Endowment funds	$ 147,191
Unemployment fund	76,178
Expendable:	
Capital projects	5,217,865
Debt service	10,743,854
CMTE	3,985,102
Other	(4,472,409)
Total restricted	$ 15,697,781
Unrestricted	$ (21,440,585)
Total net position	$ 67,952,690

See Accompanying Notes to Financial Statements.

EAST MISSISSIPPI COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2023

EAST MISSISSIPPI 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 $5,113,409)	$ 8,368,828
Federal grants and contracts	14,083,641
State grants and contracts	2,576,388
Nongovernmental grants and contracts	305,980
Sales and services of educational departments	924,399
Auxiliary enterprises:	
Student housing and food (net of scholarship allowances of $1,132,598)	1,333,527
Bookstore (net of scholarship allowances of $721,320)	1,108,980
Golf course and club	1,152,156
Other operating revenues	85,670
Total operating revenues	$ 29,939,569
OPERATING EXPENSES	
Salaries and wages	$ 16,592,649
Fringe benefits	5,858,030
Travel	264,572
Contractual services	6,877,521
Utilities	1,842,274
Scholarships and fellowships	7,005,338
Commodities	4,429,565
Depreciation and amortization expense	4,369,281
Total operating expenses	$ 47,239,230
Operating loss	$ (17,299,661)

EAST MISSISSIPPI COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)
For the Year Ended June 30, 2023

NON-OPERATING REVENUES (EXPENSES)	
State appropriations	$ 13,921,070
Local appropriations	6,335,717
Investment income, net	867,656
Interest expense	(1,047,589)
Other non-operating revenues, net	47,662
Total net non-operating revenues	$ 20,124,516
Change in net position	$ 2,824,855
NET POSITION	
Net position - beginning of year	$ 65,127,835
Net position - end of year	$ 67,952,690

See Accompanying Notes to Financial Statements.

EAST MISSISSIPPI COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

EAST MISSISSIPPI COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 8,648,161
Grants and contracts	17,578,120
Sales and services of educational departments	924,399
Payments to suppliers	(12,685,576)
Payments to employees for salaries and benefits	(23,110,990)
Payments for utilities	(1,886,453)
Payments for scholarships and fellowships	(7,005,338)
Auxiliary enterprise charges:	
Student housing and food service	1,340,260
Bookstore	978,543
Golf course and club	1,170,390
Other receipts	85,670
Net cash used in operating activities	$ (13,962,814)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	$ 13,799,403
County appropriations	8,781,609
Net cash provided by non-capital financing activities	$ 22,581,012
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash paid for capital assets	$ (3,677,659)
Capital appropriations paid	(2,233,384)
Principal paid on SBITAs	(799,602)
Payment on bond principal	(1,650,000)
Interest on bonds payable	(1,060,166)
Net cash used in capital and related financing activities	$ (9,420,811)

EAST MISSISSIPPI COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2023

CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	$	867,626
Purchase of investments		(7,314,918)
Net cash used in investing activities	$	(6,447,292)
Net decrease in cash and cash equivalents	$	(7,249,905)
Cash and cash equivalents - beginning of the year		25,595,489
Cash and cash equivalents - end of year	$	18,345,584
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(17,299,661)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense		4,369,281
Changes in assets and liabilities:		
Receivables, net		710,203
Inventories		(29,355)
Prepaid expenses		10,338
Accounts payables and accrued liabilities		(217,044)
Unearned revenues		5,456
Deposits refundable		6,733
Net pension liability		14,518,902
Net OPEB Liability		(318,617)
Changes in deferred inflow/outflows of resources:		
Deferred inflow of resources		(13,099,950)
Deferred outflow of resources		(2,619,100)
Net cash used in operating activities	$	(13,962,814)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Right to Use SBITA asset acquired in exchange for a subscription liability	$	3,075,470
Amortization of bond premiums	$	(22,925)

See Accompanying Notes to Financial Statements.

EAST MISSISSIPPI COMMUNITY COLLEGE

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

		Custodial Funds
ASSETS		
Cash and cash equivalents	$	21,941
Total assets	$	21,941
LIABILITIES		
Accounts payable	$	19,330
Total liabilities	$	19,330
NET POSITION		
Restricted expendable - individuals, organizations, and other governments	$	2,611
Total net position	$	2,611

See Accompanying Notes to Financial Statements.

EAST MISSISSIPPI COMMUNITY COLLEGE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2023

	Custodial Funds
Additions:	
Tax collections	$ 200,334
Payments held for students	436,044
Total additions	$ 636,378
Deductions:	
Tax collections applied	$ 200,334
Payments held for students distributed	431,558
Total deductions	$ 631,892
Net increase in fiduciary net position	$ 4,486
NET POSITION	
Net position, beginning of year	$ (1,875)
Net position, end of year	$ 2,611

See Accompanying Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Reporting entity

The financial statements presented are for East Mississippi Community College (the College), which is a state and locally supported institution of higher learning. Included within the community college system are the main campus located at Scooba, the Golden Triangle campus located at Mayhew and the centers located at Columbus Air Force Base, Columbus, and West Point.

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 Statement 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 one-line look at the College's financial activities.

Basis of accounting

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

Cash equivalents

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

Investments

The College accounts for their investments at fair value in accordance with GASB. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Note 1. Summary of Significant Accounting Policies (continued)

GASB requires entities to group assets and liabilities that are carried at fair value in their financial statements in a three level hierarchy based on the markets in which these assets and liabilities are traded and the reliability of assumptions used to determine their fair value. The following describes the hierarchy of inputs used to measure fair value:

Level 1- Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2- Valuation is based upon quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active.

Level 3- Valuation is based on significant valuation assumptions that are not readily observable in the market.

Accounts receivable, net

Accounts receivable consists of tuition and fee charges to students. Accounts receivable also includes amounts due from federal and state governments and nongovernmental sources, in connection with reimbursement of allowable expenses made pursuant to the College's grants and contracts. Accounts receivable is recorded net of an allowance for doubtful accounts.

Inventories

Inventories consist of books and supplies. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out (FIFO) basis.

Non-current cash and investments

Cash and investments that are restricted for endowment fund purposes, bond redemption purposes, and for the unemployment reserve are classified as non-current assets in the statement of net position.

Capital assets

Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense incurred. Depreciation is computed using the straight line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 5 for additional details concerning useful lives, salvage values, and capitalization thresholds. Expenditures for construction in-progress are capitalized as incurred.

Note 1. Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources

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

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

Unearned revenues

Unearned revenues include amounts received for tuition, fees, and memberships prior to the end of the fiscal year, but relate to the subsequent accounting period.

Accrued leave

Full-time staff employees and certain faculty and administrators earn twelve days of vacation per year. The College does not provide for the accumulation or payment of sick leave or vacation beyond one fiscal year; therefore, no liability has been accrued in the financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 9 for further details.

Other post-employment benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Mississippi State and School Employees Life and Health Insurance Plan and additions to/deductions from OPEB's fiduciary net position have been determined on the same basis as they are reported by Mississippi State and School Employees Life and Health Insurance Plan. For this purpose, the benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state. See Note 10 for further details.

Classification of revenues

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

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

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

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, 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 by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Net position

GASB Statement No. 63 reports equity as "net position" rather than "fund balance." Net position is classified according to external donor restrictions or availability of assets for satisfaction of obligations. Non-expendable restricted net position are gifts that have been received for endowment purposes, the corpus of which cannot be expended and unemployment reserve investment. Expendable restricted net position represents funds for capital projects, debt service, and the Center for Manufacturing Technology Excellence.

Note 1. Summary of Significant Accounting Policies (continued)

The unrestricted net position balance of ($21,440,585) at June 30, 2023, includes $9,227,497 for auxiliary operations, $238,108 designated for student groups, and a remaining amount of ($30,906,190).

Leases

The Governmental Account Standards Board (GASB) issued Statement No. 87, Leases (GASB 87) to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

The College uses its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known. Management has determined that this new accounting pronouncement has no effect on the College's financial activities

Recent GASB Accounting Pronouncement

The Governmental Account Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (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, reliability, relevance and consistency of information about SBITAs. GASB 96 was implemented during fiscal year 2023. See Note 11 for further details.

Note 2. Cash and Investments

The College's policy on cash and short-term investments are set forth by the Board of Trustees, which authorizes the investment 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 as permitted by state law.

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents representing assets of the College's endowments are included in non-current investments.

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 of the Mississippi Code Annotated (1972). Under this program, the College's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits.

Note 2. Cash and Investments (continued)

In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Custodial credit risk–deposits–custodial credit risk is the risk that in the event of a depository failure, the College's deposits may not be returned to it. The College does not have a formal policy for custodial credit risk. However, state law permits the Mississippi State Treasurer's office to manage that risk on behalf of the College. 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. By signed agreement, the Mississippi State Treasurer's office is acting on behalf of the College.

Interest rate risk–the College does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 3. Investments

The following table summarizes the classification of the College's investments reported on the statement of net position at June 30, 2023:

Investment	Valuation Inputs	Maturities	Total
Certificates of deposit	Level 2	1 year	$ 7,328,125
Funds held on deposit with trustee			
State & Local Government Securities	Level 2	5/1/2027	11,801,097
Money Market - Treasury Fund	N/A	Less than 1 year	644,691
			$19,773,913

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset.

Note 4. Accounts Receivable

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

Student tuition	$ 4,455,618
Auxiliary enterprises and other operating activities	187,585
Federal, state, and private grants and contracts	922,534
State and county appropriations	465,279
Accrued interest	42
Total accounts receivable	$ 6,031,058
Less allowance for doubtful accounts	(2,400,650)
Net accounts receivable	$ 3,630,408

Note 5. Capital Assets

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

Changes in capital assets For the fiscal year ended June 30, 2022	07/01/22 Beginning Balance	Increases	Decreases	06/30/23 Year-end Balance
Capital assets, non-depreciable:				
Land	$ 2,866,522	$ -	$ -	$ 2,866,522
Construction-in-progress	262,414	1,016,178	363,691	914,901
Total capital assets, non-depreciable	$ 3,128,936	$ 1,016,178	$ 363,691	$ 3,781,423
Capital assets, depreciable:				
Buildings	$109,724,339	$ 194,634	$ -	$109,918,973
General infrastructure	10,397,783	1,829,831	-	12,227,614
Furniture, fixtures, and equipment	11,855,072	451,056	680,516	11,625,612
Vehicles	1,443,767	490,686	-	1,934,453
Books and film	1,188,504	18,622	17,196	1,189,930
Total capital assets, depreciable	$134,609,465	$ 2,984,829	$ 697,712	$136,896,582
Total capital assets	$137,738,401	$ 4,001,007	$ 1,061,403	$140,678,005
Less accumulated depreciation for:				
Buildings	$ 22,818,412	$ 2,160,917	$ -	$ 24,979,329
General infrastructure	4,819,384	430,235	-	5,249,619
Furniture, fixtures, and equipment	9,217,494	786,148	667,363	9,336,279
Vehicles	993,401	117,815	-	1,111,216
Books and film	1,103,038	19,339	17,196	1,105,181
Total accumulated depreciation	$ 38,951,729	$ 3,514,454	$ 684,559	$ 41,781,624
Capital assets, net of depreciation	$ 98,786,672	$ 486,553	$ 376,844	$ 98,896,381

Note 5. **Capital Assets** (continued)

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

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

Note 6. Long-term Liabilities

Long-term liabilities of the College consist of bonds payable that are expected to be liquidated at least one year from June 30, 2023. Information regarding original issue amounts, interest rates and maturity dates for bonds included in the long-term liabilities 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.

Note Issue	Maturity Date	Beginning Balances 7/1/2022	Additions	Reductions	Ending Balances 6/30/2023	Analysis of Year-end Balance: Due Within One Year	Analysis of Year-end Balance: Non-current Portion
Bonded debt:							
Special obligation bonds, series 2014- capital projects, GT student union original issue- $2,595,000 interest rate- 3.375%-5.0%	6/30/2034	$ 1,355,000	$ -	$ 665,000	$ 690,000	$ 690,000	$ -
Special obligation bonds,series 2017- capital projects, CMTE 2.0 building original issue- $13,500,000 interest rate- 2.0%-4.0%	5/1/2037	10,835,000	-	570,000	10,265,000	585,000	9,680,000
Special obligation bonds,series 2017- capital projects, SC campus dorm original issue- $6,000,000 interest rate- 2.0%-3.375%	6/1/2037	4,765,000	-	260,000	4,505,000	265,000	4,240,000
Special obligation bonds,series 2020- capital projects, GT student union original issue- $9,849,000 interest rate- 2.0%-3.375%	6/1/2037	9,598,000	-	155,000	9,443,000	157,000	9,286,000
Premium on bonds		320,811	-	22,925	297,886	22,924	274,962
Total debt		$ 26,873,811	$ -	$ 1,672,925	$ 25,200,886	$ 1,719,924	$ 23,480,962

Note 6. **Long-term Liabilities** (continued)

The debt service requirements as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 1,697,000	$ 657,990	$ 2,354,990
2025	1,743,000	607,632	2,350,632
2026	1,777,000	572,702	2,349,702
2027	1,823,000	526,347	2,349,347
2028	1,868,000	478,602	2,346,602
2029-2033	9,457,000	2,122,708	11,579,708
2034-2037	6,538,000	443,550	6,981,550
Total	$ 24,903,000	$ 5,409,531	$ 30,312,531

Note 7. **Natural Classification with Functional Classifications**

The College's operating expenses by functional classification were as follows for the year ended June 30, 2023:

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation & Amortization Expense	Total
Instruction	$ 8,451,979	$ 3,182,183	$ 91,465	$ 1,529,959	$ 2,377	$ -	$ 640,999	$ -	$ 13,898,962
Academic support	200,806	75,701	-	24,258	-	-	2,995	-	303,760
Student services	2,812,177	946,022	96,364	802,481	-	-	181,249	-	4,838,293
Institutional support	3,178,653	1,038,149	75,481	1,483,362	-	-	582,962	-	6,358,607
Operation of plant	960,564	348,877	969	1,257,699	1,763,584	-	1,178,435	-	5,510,128
Student aid	-	-	-	-	-	7,005,338	-	-	7,005,338
Auxiliary enterprises	988,470	267,098	293	1,779,762	76,313	-	1,842,925	-	4,954,861
Depreciation and amortization	-	-	-	-	-	-	-	4,369,281	4,369,281
Total operating expenses	$ 16,592,649	$ 5,858,030	$ 264,572	$ 6,877,521	$ 1,842,274	$ 7,005,338	$ 4,429,565	$ 4,369,281	$ 47,239,230

Note 8. Subsequent Events

Management has evaluated subsequent events through March 26, 2024, the date on which the financial statements were available to be issued and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

Note 9. Pension Plan

General Information about the Pension Plan

Plan description – The College contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS. It is also available on their website www.pers.ms.gov.

Benefits provided – Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% 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% 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% of the annual retirement allowance for each full fiscal year of retirement up to the year in

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

which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0% compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions — PERS members are required to contribute 9.00% of their annual covered salary, and the college is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2023 was 17.4% 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 Mississippi Legislature. The College's contributions to PERS for the fiscal years ending June 30, 2023, 2022, and 2021 were $3,031,451 $2,878,612, and $2,733,234, 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, East Mississippi Community College reported a liability of $49,400,733 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. East Mississippi Community College's proportion of the net pension liability was based on a projection of the Colleges' long-term share of contributions to the pension plan relative to the projected contributions of all participating in the plan, actuarially determined. The College's proportionate share used to calculate the June 30, 2023, net pension liability was .240311%, which was based on a measurement date of June 30, 2022. This was an increase of 0.004061% 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, East Mississippi Community College recognized pension expense of $980,455. At June 30, 2023, East Mississippi Community College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 700,863	$ -
Net difference between projected and actual earnings on investments	2,818,462	-
Changes of assumptions	1,689,269	-
Changes in proportion and differences between ER contributions and proportionate share of contributions	530,786	2,041,463
ER contributions subsequent to the measurement date	3,031,451	-
Total	$ 8,770,831	$ 2,041,463

Note 9. Pension Plan (continued)

$3,031,451 reported as deferred outflows of resources related to pensions resulting from the Colleges contributions subsequent to the measurement date will be recognized as a reduction of 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	$	1,228,674
2025		(211,374)
2026		2,680,617
2027		-
Total	$	3,697,917

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

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

Note 9. Pension Plan (continued)

The actuarial assumptions used for the purposes of determining the TPL were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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

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

Asset Class	Target Allocation	Long-term expected real rate of return
Domestic Equity	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	100.00%	

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

Note 9. Pension Plan (continued)

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

	1% decrease 6.55%	Current discount rate 7.55%	1% increase 8.55%
EMCC net pension liability	$ 64,473,002	$ 49,400,733	$ 36,974,414

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 Post-Employment Benefits (OPEB)

General Information about the OPEB Plan

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

Benefits provided - The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers.

Note 10. Other Post-Employment Benefits (OPEB) (continued)

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 $63,424 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 $1,244,940 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 .025269%. This was a increase of .00978% from the proportionate share as of the measurement date of June 30, 2021.

Note 10. Other Post-Employment Benefits (OPEB) (continued)

For the year ended June 30, 2023, the College recognized OPEB expense of $(177,659). At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflow of resources	Deferred inflow of resources
Difference between expected and actual experience	$ 1,031	$ 539,359
Changes of assumptions	194,168	115,265
Net difference between projected and actual earnings on OPEB plan investments	86	-
Changes in proportion and differences between ER contributions and proportionate share of contributions	74,250	102,466
ER contributions subsequent to the measurement date	63,424	-
Total	$ 332,959	$ 757,090

$63,424 reported as deferred outflows of resources related to OPEB resulting from the College contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	$ (126,438)
2025	(113,729)
2026	(115,933)
2027	(86,479)
2028	(32,123)
2029	(12,853)
Total	$ (487,555)

Note 10. Other Post-Employment 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%
Salary increases	2.65-17.90%, 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 Pre-Medicare	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2029

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

The demographic actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study dated April 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 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 investments is 4.50%.

Note 10. Other Post-Employment Benefits (OPEB) (continued)

Discount rate - The discount rate used to measure the total OPEB liability at June 30, 2022 was 3.37%. 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 Buyer General Obligation 20-year Municipal Bond Index Rate.

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

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

	1% decrease 2.37%	Current discount rate 3.37%	1% increase 4.37%
EMCC net OPEB liability	$ 1,371,455	$ 1,244,940	$ 1,136,265

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
EMCC net OPEB liability	$ 1,158,327	$ 1,244,940	$ 1,342,411

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

Note 11. Subscription-Based Information Technology Assets (SBITAs)

The College has contracts for multiple subscription-based IT arrangements for items such as software and various site licenses.

At commencement, the College initially measures the liability at the present value of payments expected to be made during the subscription term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the subscription asset is amortized in amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset.

The College generally uses its estimated incremental borrowing rate as the discount rate unless the rate that the vendor charges is known. The estimated incremental borrowing rate is the rate the College would be charged for borrowing the subscription payment amounts during the subscription term.

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

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	$ -	$ 3,075,470			$ 3,075,470
Less: accumulated amortization	-	$ 854,827	$ -	$ -	854,827
	$ -				$ 2,220,643

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

	Balance 7/1/2022	Additions	Remeasurements	Deductions	Balance 6/30/2023
Subscription IT liabilities	$ -	$ 3,075,470	$ -	$ (799,602)	$ 2,275,868

Note 11. Subscription-Based Information Technology Assets (SBITAs) (continued)

Exemptions

Short-term SBITAs: Exempt from capitalization

GASB 96 provides an exemption for short-term SBITAs, defined as a subscription with a maximum possible noncancelable term of 12 months or less, including any options to extend, regardless of their probability of being exercised. Like the treatment of short-term leases under GASB 87, GASB 96 only requires subscription payments for short-term SBITAs to be recognized as outflows of resources when incurred.

Immaterial SBITAs: Exempt from capitalization and disclosure

At the end of Statement no. 96 is a comment which reads, “The provisions of this Statement need not be applied to immaterial items.” As with GASB 87, GASB 96 does not provide an explicit materiality threshold for governmental entities to apply to their SBITA portfolio, but it does allow for the exemption of immaterial SBITAs. Governments making policy elections for GASB 96 can adopt methodology and thresholds similar to their determinations for lease or asset capitalization.

The College currently has a capitalization threshold policy for capital assets of $5,000 or more for equipment (see “Note 5. Capital Assets”). The College is taking a similar approach with SBITAs in that if a contract qualifies as a SBITA for all criteria except that the annual expense (cash outflow) of the contract is less than $5,000, then the contract is not considered a SBITA and not capitalized.

For purposes of this note disclosure, subscription-based IT liabilities by individual SBITA are listing below:

Description	Discount rate	Issue Date	Maturity Date	Amount
DELL	3%	10/1/2022	9/30/2024	$ 83,382
Ellcuian - CampusLogic	3%	10/1/2022	9/30/2023	55,986
Ellucian - Colleague Enterprise	3%	7/1/2021	6/30/2026	1,788,039
Ellucian - CRM Advise	3%	9/1/2022	6/30/2026	154,789
Ellucian - Synoptix	3%	7/1/2022	6/30/2026	72,547
Entrinsik	3%	7/1/2022	6/30/2024	10,216
Governmentjobs.com	3%	7/1/2022	6/30/2024	23,851
Hyland	3%	7/1/2022	6/30/2024	26,097
INSIGHT	3%	7/1/2022	6/30/2024	25,750
ManageEngine	3%	7/2/2022	7/1/2024	8,693
REGROUP	3%	8/22/2022	8/21/2024	8,726
TotalCard	3%	7/1/2022	6/30/2024	17,792
Total				$ 2,275,868

Note 11. Subscription-Based Information Technology Assets (SBITAs) (continued)

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

Year ending June 30	Principal	Interest	Total
2024	$ 863,874	$ 56,538	$ 920,412
2025	682,204	32,710	714,914
2026	717,862	12,700	730,562
2027	11,928	49	11,977
	$ 2,275,868	$ 101,997	$ 2,377,865

Note 12. Fiduciary activities

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

The funds that are classified as Custodial as a result of implementing GASB Statement No. 84 are reported on the College's Statement of Fiduciary Net Position. The impact on implementing this statement increased Fiduciary Net Position by $19,127 for fiscal year 2021. For the year ending June 30, 2023, the Fiduciary Net Position is $2,611. These custodial funds were evaluated according to GASB Statement No. 84.

Note 13. Deficit Net Position

The unrestricted net position has a deficit fund balance in the amount of $21,440,585. This deficit net position is a direct result of recording the requirements of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions," GASB Statement No. 71 "Pension Transition for Payments Made Subsequent to the Measurement Date," and GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." As explained in Note 9 and Note 10, the College's participation in the Mississippi Public Employees Retirement System and the Mississippi State and School Employees Life and Health Insurance Plan, which requires the reporting of the proportionate share of the deferred outflows, deferred inflows, the net pension liabilities and the net OPEB liabilities, resulted in a deficit net position.

Note 14. Construction Commitments and Financing

At June 30, 2023, East Mississippi Community College had committed to five construction projects that were designed to provide significant upgrades or safety enhancements on its Scooba and Golden Triangle campus locations.

Note 14. Construction Commitments and Financing (continued)

Industrial Training Facility – Scooba Campus

East Mississippi Community College has committed $2 million for the construction of its new Industrial Training Facility on the Scooba campus to address the workforce challenges in Mississippi, especially in Kemper County and its adjacent counties. It will also augment the capacity of regional educational institutions, manufacturers, and businesses to prepare workers for the industrial service sector. It is estimated to cost approximately $7 million to design, construct, and equip the new facility: $4 million in federal funds from the Economic Development Authority and Appalachian Regional Commission, $3 million and $1million, respectively, $1 million in state funds, and a local match from the community college of $2 million will serve as the funding sources for this project.

Modular Student Housing Project – Scooba Campus

East Mississippi Community College has begun a project to construct small footprint modular housing, similar to duplex apartments, to serve as upscale alternatives for student housing on the Scooba Campus. The units will be placed in small groupings at selected locations on campus and will use building methods and materials that will reduce maintenance costs and difficulties typically associated with high-density student housing. The initial investment of $3,000,000 in state bond funds, which were appropriated by the Mississippi Legislature, is expected to construct units to house 40 students. Currently, no local funds are required.

Pedestrian Safety Improvement Projects – Scooba and Golden Triangle Campuses

East Mississippi Community College has committed $1,079,132 in local funds to serve as a match for $2,920,850 in federal grant funds awarded through the Mississippi Department of Transportation for the construction of pedestrian improvements on the Scooba and Golden Triangle Campuses. Both projects are part of the Transportation Alternatives Project program and will provide safer access across both campuses for pedestrians, including improved access for disabled students, employees, and guests.

Nursing and Health Sciences Renovation – Golden Triangle Campus

East Mississippi Community College has begun a three-phase project to renovate existing space to provide expanded and updated facilities for the Nursing and Health Sciences programs on the Golden Triangle Campus. Phase One of the project, with a budget of $791,781, consisted of removing walls to change adjacent classrooms into large lecture halls, updating technology infrastructure to support a new computer lab for research and testing, the replacement of finished floors and ceilings, and the painting of all walls and trim. Phase Two of the project, with a budget of $1,601,260, will include the continuation of new finishes throughout, the renovation of public restrooms to bring them up to code, the expansion of the

Note 14. Construction Commitments and Financing (continued)

Nursing Skills Lab, the addition of five instructor offices, and the renovation of excess storage space into break rooms for students and faculty. Phase Three of the project, with a budget of $4,000,000, will include the renovation of high-bay industrial training spaces into classrooms, laboratories, and simulation rooms more conducive to the instruction of Nursing and Health Science programs. It will also include a significant overhaul of the existing Heating, Ventilation, Air Conditioning (HVAC) system to accommodate the reallocation of spaces in the facility. Funding sources for the total project include the Appalachian Regional Commission ($500,000), AccelerateMS/American Rescue Plan Act (ARPA) ($1,997,750), and state bond funds appropriated by the Mississippi Legislature ($3,895,291). Currently, no local funds are required.

Wastewater Project – Golden Triangle Campus

East Mississippi Community College was awarded $833,333 in American Rescue Plan Act (ARPA) funds from the Mississippi Legislature to improve the wastewater collection and conveyance for the Golden Triangle Campus. This project will connect the Golden Triangle Campus to the Global Industrial Park Sewer System and eliminate the need for on-sight management and treatment of campus wastewater. The next step will be to decommission the existing wastewater treatment lagoon on campus. Currently, no local funds are required. It will also augment the capacity of regional educational institutions, manufacturers, and businesses to prepare workers for the industrial service sector. It is estimated to cost approximately $7 million to design, construct, and equip the new facility: $4 million in federal funds from the Economic Development Authority and Appalachian Regional Commission, $3 million and $1 million, respectively, $1 million in state funds, and a local match from the community college of $2 million will serve as the funding sources for this project. The College is in the preliminary planning stages for this project at June 30, 2023

Note 15. Foundation

East Mississippi Community College Foundation, Inc. is an independent corporation formed for the purpose of receiving funds for the sole benefit of the College. The economic resources that the College is entitled to or has the ability to access from the Foundation are insignificant to the College as a whole. Therefore, the Foundation is not included as a component unit in the College's financial statements. This Foundation is separately audited.

Note 16. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The College carries commercial insurance for these risks.

Note 17. Contingencies

Federal grants – The College has received federal grants for specific purposes that are subject to audit by 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 a grantor audit may become a liability of the College.

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

Note 18. Effect of Deferred Amounts on Net Position

The unrestricted net position amount of ($21,440,585) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions.

A portion of the deferred outflow of resources related to pension in the amount of $3,031,451 resulting from the College contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The $5,739,380 balance of deferred outflow of resources related to pensions, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of ($21,440,585) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The $2,041,463 balance of deferred inflow of resources related to pensions, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of ($21,440,585) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of $63,424 resulting from the College contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The $269,535 balance of deferred outflow of resources related to OPEB, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of ($21,440,585) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The $757,090 balance of deferred inflow of resources related to OPEB, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

EAST MISSISSIPPI COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULES OF THE COLLEGE'S SHARE OF THE NET PENSION LIABILITY
For the Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability (asset)	0.240311%	0.236250%	0.249299%	0.261328%	0.270485%	0.281612%	0.27%	0.28%	0.28%
College's proportionate share of the net pension liability (asset)	$ 49,400,733	$ 34,881,831	$48,261,390	$ 45,972,751	$ 44,989,692	$46,813,472	$48,228,742	$43,282,478	$33,986,873
College's covered payroll	$ 16,543,747	$ 15,708,241	$16,600,213	$ 17,019,613	$ 17,238,254	$18,075,295	$17,362,590	$17,241,352	$17,218,025
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	298.61%	222.06%	290.73%	270.12%	260.99%	258.99%	277.77%	251.04%	197.39%
Plan fiduciary net position as a percentage of the total pension liabili	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in fiscal year end June 30, 2015, and, until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

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

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULES OF THE COLLEGE'S CONTRIBUTIONS
For the Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,031,451	$ 2,878,612	$ 2,733,234	$ 2,888,437	$ 2,680,589	$ 2,715,025	$ 2,846,859	$ 2,734,608	$ 2,715,513
Contributions in relation to the contractually required contribution	3,031,451	2,878,612	2,733,234	2,888,437	2,680,589	2,715,025	2,846,859	2,734,608	2,715,513
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Colleges covered payroll	$ 17,422,132	$ 16,543,747	$ 15,708,241	$ 16,600,213	$ 17,019,613	$ 17,238,254	$ 18,075,295	$ 17,362,590	$ 17,241,352
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%

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

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

Pension Schedules

(1) Changes in assumptions

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

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

2017
The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2023. 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; projection scale MP-2018 will be used to project future improvements in life expectancy generationally. The price inflation assumption was reduced from 3.00% to 2.75%. The wage inflation assumption was reduced from 3.25% to 3.00%. Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience. The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021
The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60,110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy. The price inflation was changed from 2.75% to 2.40%. The wage inflation assumption was reduced from 3.00% to 2.65%. The investment rate of return assumption was changed from 7.75% to 7.55%. The assumed load for administrative expenses was increased from .25% to .28% of payroll. The withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely. The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%. The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

(2) Changes in benefit provisions

2016
Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of 1% and a maximum rate of 5%.

(3) Methods and assumptions used in calculations

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 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%
Salary increase	3.00% to 18.25% including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation.

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULES OF THE COLLEGE'S SHARE OF THE NET OPEB LIABILITY
For the Years Ended June 30, 2023, 2022, 2021, 2020, 2019 and 2018

	2023	2022	2021	2020	2019	2018
College's proportion of the net OPEB liability (asset)	0.25268535%	0.24290831%	0.25505974%	0.25625702%	0.26183809%	0.26953702%
College's proportionate share of the net OPEB liability (asset)	$ 1,244,940	$ 1,563,557	$ 1,984,895	$ 2,174,446	$ 2,025,449	$ 2,114,812
College's covered employee payroll	$ 12,416,847	$ 11,548,342	$ 12,292,237	$ 11,735,101	$ 11,842,759	$ 12,109,557
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	10.03%	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in fiscal year end June 30, 2018, and until a full 10-year trend is compiled, the College has only presented information for the years in which information is available.

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

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULES OF THE COLLEGE'S CONTRIBUTIONS
For the Years Ended June 30, 2023, 2022, 2021, 2020, 2019 and 2018

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 63,424	$ 50,734	$ 62,845	$ 79,157	$ 87,158	$ 90,158
Contributions in relation to the actuarially determined contribution	63,424	50,734	62,845	79,157	87,158	90,158
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered employee payroll	$ 15,017,015	$ 14,891,190	$ 14,196,959	$ 14,854,616	$ 15,040,238	$ 15,206,448
Contributions as a percentage of covered-employee payroll	0.42%	0.34%	0.44%	0.53%	0.58%	0.59%

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

OPEB Schedules

(1) Changes in assumptions

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

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

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

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

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

2022
The discount rate was changed from 2.13% for the prior measurement date to 3.37% for the current measurement date

(2) Changes in benefit provisions

2017: None

2018: None

2019: None

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

2021

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

2022

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

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

The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the schedule of employer Contributions are calculated as of the most recent valuation date. The following actuarial methods and assumptions (from the June 30, 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:	
Pre-Medicare	6.50%
Ultimate health care cost trend rates: medicare supplement claims	
Pre-Medicare	4.75%
Year of ultimate trend rates, medicare supplement claims, pre-medicare	2030
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.13%

EAST MISSISSIPPI COMMUNITY COLLEGE

SUPPLEMENTARY INFORMATION

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Agency or Pass-through Number	Total Federal Expenditures
Student Financial Aid Cluster			
U.S. Department of Education			
PELL grant program	84.063	N/A	$ 9,045,127
College work-study	84.033	N/A	87,408
SEOG	84.007	N/A	209,099
Federal direct student loans	84.268	N/A	3,791,095
Total U.S. Department of Education			$ 13,132,729
Total student financial aid cluster			$ 13,132,729
Other Programs			
U.S. Department of Education			
COVID-19 Higher Education Emergency Relief Funds			
CARES Act - Student Emergency Grants	84.425E	N/A	$ 1,984,398
COVID-19 Higher Education Emergency Relief Funds			
CARES Act - Institution Emergency Grants	84.425F	N/A	311,014
Total U.S. Department of Education - HEERF			$ 2,295,412
Appalachian Regional Commission			
Computer Technology for Rural MS	23.002	N/A	$ 93,538
U.S. Department of Human Services			
Pass-through Programs from:			
National Institute of Health/MSU			
Biomedical Research and Training	93.859	Mississippi State University	$ 8,347
U.S. Department of Agriculture			
Pass-through Programs from:			
USDA/National Institute of Food and Agriculture			
Agriculture Innovation and Sustainability	10.326	University of West Alabama	$ 10,760
U.S. Department of Labor			
WIOA cluster			
Passed through Southern MS PDD			
Youth grant	17.259	Southern Miss PDD	$ 222,274
Passed through Three Rivers PDD			
Youth Grant	17.259	Three Rivers PDD	$ 365,158
WIOA Adult	17.258	Three Rivers PDD	488,086
WIOA Dislocated worker	17.278	Three Rivers PDD	151,313
Total Passed through Three Rivers PDD			$ 1,004,557
Total WIOA cluster			$ 1,226,831
Total U.S. Department of Labor			$ 1,226,831

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Agency or Pass-through Number	Total Federal Expenditures
Other Programs			
U.S. Department of Health and Human Services			
Passed through Three Rivers PDD			
Temporary Assistance for Needy Families			
Career STEP	93.558	Three Rivers PDD	$ 133,669
Total U.S. Department of Health and Human Serivces passed through program			$ 133,669
U.S. Department of Education			
Passed through state:			
Department of Education			
Adult Education - Basic Grant to State	84.002	V002A6005	$ 443,349
Career and Technical Education	84.048	V0000718830	271,244
Total U.S. Department of Education passed through state			$ 714,593
U.S. Department of Defense			
Passed through Mississippi Department of Employment Security:			
DOD Community Investment - MS SHIPS	12.600	22-S90-60-8852-1	$ 3,921
Total passed through Mississippi Department of Employment Security			$ 3,921
Total U.S. Department of Defense			$ 3,921
U.S. Department of Treasury			
Passed through Mississippi Department of Employment Security:			
U. S. Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027	0003-DT002	$ 167,743
Total passed through Mississippi Department of Employment Security			$ 167,743
Total U.S. Department of Treasury			$ 167,743
U.S. Department of Labor			
Passed through Mississippi Department of Employment Security:			
DOL/Apprenticeship USA	17.285	20-S90-022-6060-1	$ 10,234
Total passed through Mississippi Department of Employment Security			$ 10,234
Total U.S. Department of Labor			$ 10,234

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Agency or Pass-through Number	Total Federal Expenditures
U.S. Department of Health and Human Services			
Passed through state:			
Institution of Higher Learning			
Temporary Assistance for Needy Families			
MiBest and Digital Equity	93.558	N/A	$ 5,760
Temporary Assistance for Needy Families			
Complete to Compete	93.558	N/A	63,589
MDHS			
Early Childhood	93.575	N/A	43,544
Total Department of Health and Human Services passed through state			$ 112,893
Total other programs			$ 4,777,941
Total expenditures of federal awards			$ 17,910,670

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

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended June 30, 2023

Notes to Schedule

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

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

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

Federal grants per this schedule	$ 17,910,670
Student loans	3,791,095
Federal grants and contracts	$ 14,119,575

EAST MISSISSIPPI COMMUNITY COLLEGE

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

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

To Dr. David Scott Alsobrooks, President
and Board of Trustees
East Mississippi Community College
Scooba, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of East Mississippi Community College, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise East Mississippi Community College's basic financial statements, and have issued our report thereon dated March 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
March 26, 2024

EAST MISSISSIPPI COMMUNITY COLLEGE

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

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

To Dr. David Scott Alsobrooks, President
and Board of Trustees
East Mississippi Community College
Scooba, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Mississippi 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 Mississippi Community College's major federal programs for the year ended June 30, 2023. East Mississippi 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 Mississippi Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the East Mississippi 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 Mississippi 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 Mississippi 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 Mississippi 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 Mississippi 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 Mississippi 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 Mississippi 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 Mississippi Community College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
March 26, 2024

EAST MISSISSIPPI COMMUNITY COLLEGE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To Dr. David Scott Alsobrooks, President
and Board of Trustees
East Mississippi Community College
Scooba, Mississippi

We have audited the financial statements of the business-type activities of East Mississippi Community College as of and for the year ended June 30, 2023, which collectively comprise the College's basic financial statements and have issued our report thereon dated March 26, 2024. 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.

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

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

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
March 26, 2024

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Section I. Summary of Auditors' Results

Financial Statements – GAS Audit

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

Federal Awards – Single Audit

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

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
	Student Financial Aid Cluster
84.063	PELL grant program
84.033	College work-study
84.007	SEOG
84.268	Federal direct student loans
84.425E	COVID 19- HEERF Act Student Emergency Grants
84.425F	COVID 19- HEERF Act Institution Emergency Grants
	WIOA Cluster
17.259	Youth Grant
17.258	WIOA Adult
17.278	WIOA Dislocated worker

EAST MISSISSIPPI COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2023

Dollar threshold used to distinguish between: Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

Section II. Reporting in Accordance with *Government Auditing Standards*

We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses or significant deficiencies.

Section III. Reporting on Federal Awards and Questioned Costs

No findings.