Mississippi Gulf Coast Community College

Independent Auditor's Report, Management's Discussion and Analysis, Financial Statements, and Supplementary Information

June 30, 2023

Contents

FORVIS
999 S. Shady Grove Road, Suite 400 / Memphis, TN 38120
P 901.761.3000 / **F** 901.761.9667
forvis.com

Independent Auditor's Report on Financial Statements and Supplemental Information

Dr. Mary Graham, President
and Board of Trustees
Mississippi Gulf Coast Community College
Perkinston, Mississippi

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2023, the College adopted the provisions of Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the schedule of the College's proportionate share of the net pension liability, the schedule of College's pension contributions, the schedule of the College's proportionate share of the net OPEB liability, and the schedule of the College's OPEB contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards and related notes is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. This information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and related notes, 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 7, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

FORVIS, LLP

Memphis, Tennessee
March 7, 2024

Management's Discussion and Analysis

This section of the Mississippi Gulf Coast Community College annual financial report presents our discussion and comparative analysis of the financial performance of the College during the fiscal year ended June 30, 2023. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. 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 (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. 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

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

Condensed Statements of Net Position as of June 30:

	2023	2022
ASSETS		
Current assets	$ 99,705,881	$ 104,515,271
Non-current assets:		
Refundable deposits	500	500
Restricted cash	-	4,329,762
Restricted investments	-	-
Capital assets, net	296,295,645	284,630,889
Total assets	$ 396,002,026	$ 393,476,422
Deferred outflows	$ 19,179,643	$ 17,709,808
LIABILITIES		
Current liabilities	$ 9,651,826	$ 10,930,034
Non-current liabilities	192,356,570	167,624,060
Total liabilities	$ 202,008,396	$ 178,554,094

	2023	2022
Deferred inflows	$ 5,501,454	$ 28,020,420
Net position:		
Net investment in capital assets	$ 222,442,903	$ 215,034,636
Restricted:		
Expendable	49,729,151	47,714,882
Unrestricted	(64,500,235	(58,137,802)
Total net position	$ 207,671,819	$ 204,611,716

Assets

Current Assets

Cash and cash equivalents

Cash, cash equivalents and short-term investments consist of cash in the College's bank accounts, petty cash, and United States Treasury Bill investments. The total amount of cash, cash equivalents and short-term investments reported as current assets on the College's financial statements were $83,708,537 and $93,253,952 at June 30, 2023 and 2022, respectively. This represented a decrease of $9,545,415.

Accounts receivable

Accounts receivable relate to several transactions including local appropriations and student tuition and fees. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowance for doubtful accounts. The College's net accounts receivables totaled $12,457,478 and $10,616,818 at June 30, 2023 and 2022, respectively, which represents an increase of $1,840,660 or 17.3%. The College is precluded by statute from discharging amounts owed. Accordingly, gross accounts receivables and the allowance for doubtful accounts include amounts considered to be 100% uncollectible and fully reserved in a prior year.

Inventories

The College maintains inventories of resale merchandise within the College bookstore. Books, student supplies, sportswear, gift items, and institutional memorabilia make up the majority of the resale inventory. Inventories totaled $485,496 and $589,934 at June 30, 2023 and 2022, respectively, a decrease of $104,438 or 17.7%. The decrease is due to less inventory being purchased to keep on hand in the bookstores due to declining sales.

Prepaid expenses

The College prepays certain amounts including advances for construction activities, as related to projects managed by the Mississippi Bureau of Building, Grounds, and Real Property Management. Prepaid expenses totaled $3,054,370 and $54,370 at June 30, 2023 and 2022, respectively. The increase is due to a new bureau project that began in FY23 that required an advance of funds in order to start the project.

Non-Current Assets

Capital Assets, Net

Capital assets, net, consist of land, improvements, buildings, equipment, historical library holdings, leased assets and construction in progress at June 30, 2023. The amount reported is net of accumulated depreciation and amortization. Capital assets, net totaled $296,295,645 and $284,630,889 at June 30, 2023 and 2022, respectively. This represents an increase of $11,664,756 or 4.1% and relates principally to new facility construction.

Restricted Cash, Cash Equivalents and Investments

As of June 30, 2023, the college held no non-current restricted cash, cash equivalents or investments. Non-current restricted cash, cash equivalents and investments at June 30, 2022 totaled $4,329,762, which was being held for completion of district bond construction projects which were all completed by June 30, 2023.

Deferred Outflows of Resources

The College has deferred outflows related to (i) a loss on bond refunding, which is amortized over the remaining life of the bonds, (ii) pension related deferrals as further described in Note 8 to the financial statements, and (iii) other postemployment benefits (OPEB) related contributions paid subsequent to the measurement date as further described in Note 9 to the financial statements.

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 $4,944,599 and $6,393,186 at June 30, 2023 and 2022, respectively. The decrease from prior year is related primarily to an increase in construction invoices payable at year-end, as projects are nearing completion.

Accrued interest payable is presented separately from other accrued liabilities, and totaled $235,826 and $220,446 at June 30, 2023 and 2022, respectively.

Unearned Revenue

Unearned revenue represents revenue that was received by the College during the fiscal year, but the College did not earn the revenue by the end of the June 30, 2023 fiscal year. The unearned revenue totaled $876,035 and $1,623,889 at June 30, 2023 and 2022, respectively. The decrease of $747,854 is due primarily to the reduction of summer tuition for the summer of 2023 whereby students were allowed to pay for one course and take more without paying additional tuition.

Annual Leave and Other Postemployment Benefits Liabilities-Current Portion

Annual leave liabilities-current portion represents the portion of accrued compensated balances that would be payable by the end of the June 30, 2023 fiscal year. The amount of the current portion of compensated absences totaled $436,324 and $388,853, at June 30, 2023 and 2022, respectively. In addition, with the adoption of GASB No. 75, the College recorded a liability related to the current portion of other postemployment benefits, which was $164,655 and $170,804 at June 30, 2023 and 2022, respectively.

Long-Term Liabilities-Current Portion

Long-term liabilities-current portion represents the portion of long-term debt that would be payable by the end of the June 30, 2023 fiscal year. The amount of the current portion of long-term debt totaled $2,994,387 at June 30, 2023, and includes $205,330 of future bond premium amortization which will reduce interest costs in the following year, and $882,409 of lease liability and subscription liabilities related to GASB 87 and 96 right to use assets. The amount of current portion of long-term debt totaled $2,132,856 at June 20, 2022, and included $206,664 of future bond premium amortization.

Non-Current Liabilities

Deferred Inflows of Resources

The College has deferred pension inflows and deferred OPEB inflows, which are further described in financial statement notes 8 and 9, respectively.

Accrued Leave

This liability consists of accrued compensated balances that represent the amount payable to employees for earned but unpaid vacation. The total amount of the non-current portion of accrued compensation balances totaled $3,358,995 and $3,520,819 at June 30, 2023 and 2022, respectively.

Net Pension and OPEB Liability

The net pension liability consists of the College's proportionate share of the collective PERS net pension liability and was $115,410,611 and $88,521,367 at June 30, 2023 and 2022, respectively.

The net OPEB liability consists of the College's proportionate share of the collective net OPEB liability for retiree health and life insurance benefits offered through the State of Mississippi State and School Employees' Life and Health Insurance Plan. The net OPEB liability, excluding the current portion, was $2,727,507 and $3,741,524 at June 30, 2023 and 2022, respectively.

Long-Term Liabilities

This liability consists of long-term debt for outstanding bonds and notes. The total amount of the non-current portion of long-term debt, including unamortized bond premiums was $70,859,432 and $71,840,350 at June 30, 2023 and 2022, respectively.

Net Position

Net position represents the College's sum of assets and deferred outflows less the sum of liabilities and deferred inflows, and is one indicator of whether the College's overall financial position has improved or worsened during the year. Total net position was $207,671,819 and $204,611,716 at June 30, 2023 and 2022, respectively.

Analysis of Net Position

The College's net position related to its net investment in capital assets was $222,442,903 and $215,034,636 at June 30, 2023 and 2022, respectively. This net position represents the College's capital assets, net of accumulated depreciation and amortization, and any outstanding indebtedness incurred in the acquisition of capital assets. The increase in 2023 of $7,408,267 resulted from a combination of purchased assets, the retirement of indebtedness paid during the year, current year depreciation and amortization expense, capital asset disposals, and the expended portion of new debt related to the Series 2016 bond issue.

Restricted expendable net position consists of grants from third party agencies with expenditure restrictions, capital projects and lease agreements, and forestry escrow funds.

The following is a breakdown of the restricted net position as of June 30:

	2023	**2022**
Capital projects	$ 17,237,700	$ 16,059,218
Other purposes	32,491,451	31,655,664
Total restricted net position	$ 49,729,151	$ 47,714,882

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, and is net of the College's proportionate share of the Public Employee's Retirement System of Mississippi net pension liability and net OPEB liability and the related deferred inflows and outflows.

The following is a breakdown of the unrestricted net position as of June 30:

	2023	2022
Unrestricted – available for operations:		
Education and general	$ 39,108,639	$ 42,644,996
Auxiliary enterprises	1,039,305	2,008,700
Deficit from recognition of net pension liability and related deferred inflows and outflows	(100,826,809)	(98,465,068)
Deficit from recognition of net OPEB liability and related deferred inflows and outflows	(3,821,370)	(4,326,430)
Total unrestricted net position	$ (64,500,235)	$ (58,137,802)

The Statement of Revenues, Expenses, and Changes in Net Position

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

Condensed Statement of Revenues, Expenses, and Changes in Net Position as of June 30:

	2023	2022
Operating revenues:		
Tuition and fees, net	$ 15,944,889	$ 18,313,122
Grants and contracts	51,110,040	92,749,770
Auxiliary sales and services, net	9,261,230	6,926,079
Sales & service of educational activities	394,579	322,582
Other operating revenues	279,395	434,673
Total operating revenues	76,990,133	118,746,226
Total operating expenses	128,265,847	129,843,522
Operating loss	(51,275,714)	(11,097,296)

Non-operating revenues (expenses):		
State appropriations	30,352,618	28,298,708
Local appropriations	10,974,445	10,726,669
Investment income	2,921,713	131,798
Interest expense on indebtedness	(2,762,364)	(2,773,083)
Bond premium and loss on Refunding	183,068	83,351
Other non-operating revenue (expense)	548,401	(4,119)
Net non-operating revenues	42,217,881	36,463,324
Income before other revenues	(9,057,833)	25,366,028
Total other revenues	12,117,936	11,768,383
Change in net position	3,060,103	37,134,411
Net position, beginning of year	204,611,716	167,477,305
Net position, end of year	$ 207,671,819	$ 204,611,716

Total operating loss for the fiscal year 2023 and 2022 was $51,275,714 and $11,097,296, respectively. Since the State of Mississippi appropriation is not included within operating revenue per GASB No. 35, the College will always show a significant operating loss.

The primary 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 and 2022 were $76,990,133 and $118,746,226, respectively; a decrease of $41,756,093 or 35%. The reduction is due primarily to a one-time donation in 2022 along with federal grants related to the Covid-19 pandemic occurring in 2022. Tuition and fees, net, were $15,944,889 and $18,313,122 for fiscal years 2023 and 2022, respectively. Tuition and auxiliary services discounts were $14,898,693 and $15,875,802 for fiscal years 2023 and 2022, respectively. Additionally, the provision for uncollectable accounts, netted against tuition and fee revenue, and against auxiliary and sales and services revenue was $398,062 and $1,120,548 for fiscal years 2023 and 2022, respectively. Operating expenses for 2023 and 2022, including depreciation and amortization of $11,853,031 and $10,349,541, totaled $128,265,847 and $129,843,522, respectively.

Revenues

Operating Revenues

Tuition and fees

This category includes all tuition and fees assessed for educational purposes totaling $15,944,889 and $18,313,122 for fiscal year 2023 and 2022, respectively. Tuition discounts were $14,807,553 and $14,730,297 for 2023 and 2022, respectively.

Operating grants and contracts

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

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

	2023	2022
Federal sources	$ 39,673,228	$ 60,945,016
State sources	8,866,332	9,221,256
Other	2,570,480	22,583,498
Total grants and contracts operating revenues	$ 51,110,040	$ 92,749,770

Sales and Services From Educational Activities

Other operating revenues consist of income from educational activities and other income that totaled $673,974 and $757,255 for fiscal years ended June 30, 2023 and 2022, respectively.

Auxiliary Sales and Services

Auxiliary enterprises sales and services include the college bookstore, food services, and housing totaling $9,261,230 and $6,926,079 for fiscal years ended June 30, 2023 and 2022, respectively. This is net of discounts of $91,140 and $1,145,504 for fiscal years ended June 30, 2023 and 2022, respectively; and a provision for uncollectible accounts of $53,493 and $182,189 for fiscal years ended June 30, 2023 and 2022, respectively.

Operating expenses

Operating expenses for fiscal year ended June 30, 2023 total $128,265,847 and include salaries and benefits of $55,517,304, utilities of $3,979,631, commodity supplies of $12,615,059, contractual services of $18,935,307, financial aid of $24,825,694, travel of $490,275, other expenses of $49,546 and depreciation and amortization of $11,853,031. Operating expenses for fiscal year ended June 30, 2022 total $129,843,522 and include salaries and benefits of $51,113,690, utilities of $3,668,375, commodity supplies of $9,973,709, contractual services of $16,917,201, financial aid of $37,419,125, travel of $373,137, other expenses of $28,744, and depreciation of $10,349,541.

The following table details the College's total operating expenses for the fiscal years ended June 30:

	2023	2022
Expenses by function:		
Instruction	$ 38,045,431	$ 34,453,833
Instructional support	3,650,217	3,206,909
Student services	10,216,912	9,983,877
Institutional support	15,187,109	14,909,316
Operation of plant	17,062,165	13,709,978
Student aid	22,075,693	34,733,436
Auxiliary enterprises	8,878,758	7,350,115
Plant and endowment operations	13,149,562	11,496,058
Total operating expenses by function	$ 128,265,847	$ 129,843,522

Non-Operating Revenues (Expenses)

State Appropriations

The College's largest source of non-operating revenues is the State of Mississippi appropriations. The College received $32,360,473 for fiscal year 2023, of which $30,352,618 was appropriated for operations, and $2,007,855 was appropriated for capital purposes. The College received $28,875,939 for fiscal year 2022, of which $28,298,708 was appropriated for operations, and $577,231 was appropriated for capital purposes.

Local Appropriations

The College also receives revenue from the four county districts in which the College resides. These counties include Harrison, Jackson, George, and Stone County. The College receives the appropriations in monthly payments beginning in July of each year. The College received $21,872,293 in fiscal year 2023, of which $10,974,445 was for operating purposes and $10,897,848 which was used for capital and debt service purposes. The College received $21,426,558 in fiscal year 2022, of which $10,726,669 was for operating purposes and $10,699,889 which was used for capital and debt service purposes.

Investment Income, Net

Investment income includes the interest income earned on the College's bank accounts as well as interest earned on investments in U.S. Treasury Bills. The investment income for the years ended June 30, 2023 and 2022 was $2,921,713 and $131,798, respectively, which represents an increase of $2,789,915 due to increased interest rates on investments.

Other Non-Operating Revenues and Expenses

Included in this category is interest expense on bond indebtedness, insurance proceeds, bond premium amortization, arbitrage/cash management, and other expenses totaling $2,030,895 for fiscal year 2023, of which $2,762,364 was gross interest expense on bond indebtedness, $183,068 was net amortization of bond premiums, $553,551 was insurance proceeds, and $5,150 was arbitrage/cash management fees. For fiscal year 2022 this category totaled $2,693,851, of which $2,773,083 was gross interest expense on bond indebtedness, $83,351 was net amortization of bond premiums and deferred refunding losses, $3,231 was insurance proceeds, and $7,350 was arbitrage/cash management fees.

Other Revenues

State Appropriations for Capital Purposes

This category includes revenue received from the State of Mississippi to purchase, construct, renovate, or repair capital assets. The College drew down $2,007,855 and $577,231 during fiscal 2023 and 2022, respectively for construction costs.

Local Appropriations for Capital Purposes

This category includes revenue received from the four counties within the College's district of Harrison, Jackson, George, and Stone Counties. Fiscal years 2023 and 2022 local appropriations were $10,897,848 and $10,699,889, respectively, an increase of $197,959.

Grants, Gifts and Contracts for Capital Purposes

This category includes grants and contracts received from other sources to purchase, construct, renovate, or repair capital assets. Fiscal years 2023 and 2022 grant and contract awards for capital purposes were $774,748 and $651,922, respectively, an increase of $122,826.

Statement of Cash Flows

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

The Statement of Cash Flows also helps users assess:

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

Condensed Statement of Cash Flows (Direct Method) for the year ended June 30:

	2023	2022
Cash and cash equivalents provided (used) by:		
Operating activities	$ (41,268,209)	$ 3,136,207
Non-capital financing activities	42,827,347	36,757,176
Capital and related financing activities	(18,356,224)	(19,884,543)
Investing activities	(48,795,224)	26,131,798
Net increase (decrease) in cash and cash equivalents	(65,592,310)	46,140,638
Cash and cash equivalents, beginning of year	97,583,714	51,443,076
Cash and cash equivalents, end of year	$ 31,991,404	$ 97,583,714
Major sources of funds included in operating activities:		
Tuition and fees	$ 14,801,459	$ 18,151,662
Auxiliary enterprises	9,364,229	6,481,966
Grants and contracts	47,664,705	99,942,636
Major sources of funds were payments:		
To employees	(53,833,948)	(53,070,355)
To suppliers and students	(12,615,059)	(9,973,709)
To contractual services	(18,882,823)	16,677,743
For scholarships	(24,825,694)	(37,419,125)
For utilities	(3,979,631)	(3,668,375)

The largest inflow of cash in the non-capital financing activities group for fiscal years 2023 and 2022 is State appropriations of $31,573,811 and $26,443,325, respectively. In addition, local appropriations from the four-county district are $11,253,536 and $10,313,851 for fiscal years 2023 and 2022, respectively.

Significant Capital Asset Transactions

The College incurred $18,709,114, including the change in accrued invoices, in capital expenditures regarding capital construction projects during the 2023 fiscal year. Capital expenditures paid during the 2023 fiscal year for these capital construction projects were as follows:

Total district-wide construction expenses were $4,583,356. Projects include:

HVAC Upgrades	$	618,322
Mechanical Upgrades college-wide		113,347
Roofing Repairs/Upgrades		1,441,831
Sidewalks, Curbing and Pavement Improvements		2,107,114
Renovation of R Building-Harrison County		302,742

Perkinston Campus Total Construction expenses were $7,922,027. Projects include:

Baseball and Softball Field Turf	$	3,113,825
Multipurpose Arena		2,097,507
Andrews Hall Renovation		595,841
Soccer Field Turf		225,584
Visitors Side Retaining Wall		236,713
Roof Replacement Mellinger Student Center		335,356
Fire System Upgrades-Resident Halls		149,784
Employee Housing		920,095
Landscape Improvements		135,599
Other upgrades around campus		111,723

Harrison County Campus Total Construction expenses were $3,055,930. Projects include:

STEM Building	$	1,799,950
MDOT Pedestrian Connection Plaza		325,479
Maintenance Building Repairs		165,132
Fire Alarm Upgrades		129,625
Soffit & Fascia Improvements		436,995
Other upgrades around campus		198,749

Jackson County Campus Total Construction expenses were $1,713,624. Projects include:

University Building Improvements	$	655,267
Cleanroom for MIMS Lab		260,000
Demolition/Renovation of Aquatic Facility		282,214
Digital Radiology Suite		146,850
Other upgrades around campus		369,293

Various projects at centers throughout the district Total Construction expenses were $1,434,177. Projects include:

AMTC Training Lab and Restroom Renovations	$	1,036,332
West Harrison Training Towers		330,096
George County Student Services and Lab Renovations		67,749

Funding sources for these projects included $12,160,058 in local sources, $3,628,566 in state funds, $1,481,742 in district bonds, and $1,438,749 in grant funds.

Factors Impacting Future Periods

There are a number of issues that are directly affecting the community college system as a whole. The continuing decline of state revenues and, therefore, state funding, is the main issue which will continue to have an impact on our financial position. State funding made up approximately 25% of our total revenue available for operations in fiscal year 2023. This makes the level of state support a key factor in the financial health of the College.

Additionally, the Coronavirus Pandemic has impacted the economy at both the state and national levels, which in turn affects the college. We have been fortunate to have strong support from our local district as they are increasingly bearing more and more of the burden to provide support for the College.

One of the internal considerations with each year's budget is the desire to refrain from tuition increases, as this is a major barrier to college education for our local residents. In fiscal year 2023, the College did not have an increase in tuition. Future increases will depend on the economic climate and level of state support that the College receives. A decline in education will result in further decline of future state revenues and quality of life for state citizens if we cannot meet the education and technology demands of businesses and industries.

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

The community college is the most accessible higher-education option available for the majority of Mississippians and we are obligated to make certain that our college is prepared to meet the demand for quality programs and facilities that are close to home and at a reasonable cost.

Contact Information

Questions concerning any of the Mississippi Gulf Coast Community College information provided in this report, or requests for additional financial information should be addressed to the Vice President for Administration and Finance, Dr. Jason Pugh, Mississippi Gulf Coast Community College, P.O. Box 609, Perkinston, Mississippi 39573.

Questions concerning any of the Mississippi Gulf Coast Community College Foundation, Inc. information provided in this report, or requests for additional financial information should be addressed to the Vice President of Institutional Advancement, Dr. Suzanna Brown, Mississippi Gulf Coast Community College Foundation, Inc., PO Box 99, Perkinston, Mississippi 39573.

Mississippi Gulf Coast Community College
Statement of Net Position
June 30, 2023

	Mississippi Gulf Coast Community College	Component Unit Mississippi Gulf Coast Community College Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	$ 31,991,404	$ 3,694,861
Investments	51,717,133	5,264,563
Accounts receivable, net	12,457,478	-
Pledge receivable	-	59,454
Inventories	485,496	-
Prepaid expenses	3,054,370	-
Total current assets	99,705,881	9,018,878
Non-Current Assets		
Refundable deposits	500	-
Endowment investments	-	9,894,972
Real estate held for investment	-	262,176
Capital assets, net of accumulated depreciation	296,295,645	304,673
Total non-current assets	296,296,145	10,461,821
Total assets	$ 396,002,026	$ 19,480,699
DEFERRED OUTFLOWS		
Loss on debt refunding	$ 23,595	$ -
Related to pensions	18,428,468	-
Related to other postemployment benefits	727,580	-
Total deferred outflows	$ 19,179,643	$ -

	Mississippi Gulf Coast Community College	Component Unit Mississippi Gulf Coast Community College Foundation
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$ 4,944,599	$ 708,638
Accrued interest payable	235,826	-
Unearned revenue	876,035	-
Accrued leave liabilities, current portion	436,324	-
Other postemployment benefits liability, current portion	164,655	-
Long-term liabilities, current portion	2,994,387	-
Total current liabilities	9,651,826	708,638
Non-Current Liabilities:		
Refundable Deposits	25	-
Accrued leave liabilities	3,358,995	-
Net pension liability	115,410,611	-
Net other postemployment benefits liability, non-current	2,727,507	-
Long-term liabilities	70,859,432	-
Total non-current liabilities	192,356,570	-
Total liabilities	$ 202,008,396	$ 708,638
DEFERRED INFLOWS		
Related to pensions	3,844,666	-
Related to other postemployment benefits	1,656,788	-
Total deferred inflows	5,501,454	-
NET POSITION		
Net investment in Capital Assets	$ 222,442,903	$ -
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	-	8,978,490
Other purposes	-	213,501
Expendable:		
Capital projects	17,237,700	-
Other purposes	32,491,451	-
Scholarships and fellowships	-	9,245,554
Unrestricted:		
Available (deficiency) for operations	(64,500,235)	29,843
Invested in capital assets	-	304,673
Net position	$ 207,671,819	$ 18,772,061

Mississippi Gulf Coast Community College
Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

	Mississippi Gulf Coast Community College	Component Unit Mississippi Gulf Coast Community College Foundation
Operating Revenues		
Tuition and fees (net of scholarship discount $14,807,553 and provision for uncollectible accounts $344,569)	$ 15,944,889	$ -
Gifts and contributions	-	1,084,350
Federal grants and contracts	39,673,228	-
State grants and contracts	8,866,332	-
Local grants and contracts	50,000	-
Private grants and contracts	2,520,480	-
Sale and services of educational activities	394,579	-
Auxiliary services (net of discount $91,140 and provision for uncollectible accounts $53,493)	9,261,230	-
In-kind support	-	533,263
Other operating revenues	279,395	-
Total Operating Revenues	76,990,133	1,617,613
Operating Expenses:		
Salaries and wages	40,322,948	-
Fringe benefits	15,194,356	-
Travel	490,275	-
Contractual services	18,935,307	-
Commodities	12,615,059	-
Utilities	3,979,631	-
Financial aid	24,825,694	-
Scholarships	-	788,211
Program services	-	394,987
Other	49,546	-
In-kind services	-	533,263
Depreciation and amortization	11,853,031	8,604
Total Operating Expenses	128,265,847	1,725,065
Operating Loss	(51,275,714)	(107,452)

Mississippi Gulf Coast Community College
Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023 **(Continued)**

	Mississippi Gulf Coast Community College	Component Unit Mississippi Gulf Coast Community College Foundation
Non-Operating Revenues (Expenses):		
State appropriations (current funds)	30,352,618	-
Local appropriations (current funds)	10,974,445	-
Investment income	2,921,713	449,124
Insurance proceeds	553,551	-
Interest expense on indebtedness	(2,762,364)	-
Bond premium and Loss on Refunding	183,068	-
Net realized and unrealized gain on investments	-	365,542
Arbitrage/cash management	(5,150)	-
Net non-operating revenues	42,217,881	814,666
Income (Loss) Before Other revenues, Expenses, Gains and Losses	(9,057,833)	707,214
State appropriations for capital purposes	2,007,855	-
Local appropriations for capital purposes	10,897,848	-
Grants and contracts for capital purposes	774,748	-
Loss from capital assets sold or retired	(1,562,515)	-
Additions to permanent endowments	-	230,205
Total Other Revenue (Expenses)	12,117,936	230,205
Change In Net Position	3,060,103	937,419
Net Position, Beginning of Year	204,611,716	17,834,642
Net Position, End of Year	$ 207,671,819	$ 18,772,061

Mississippi Gulf Coast Community College
Statement of Cash Flows
Year Ended June 30, 2023

	Mississippi Gulf Coast Community College	Component Unit Mississippi Gulf Coast Community College Foundation
Operating Activities		
Tuition and fees	$ 14,801,459	$ -
Contributions received	-	1,170,313
Grants and contracts	47,664,705	-
Sales and services of educational departments	394,579	-
Payments to suppliers and students	(12,615,059)	(1,161,077)
Payments to employees for salaries and benefits	(53,833,948)	-
Payments for contractual services	(18,882,823)	-
Payments for travel	(490,275)	-
Payments for utilities	(3,979,631)	-
Payments for scholarships	(24,825,694)	-
Auxiliary enterprise sales and services	9,364,229	-
Other receipts/payments	1,134,249	-
Net cash provided by (used in) operating activities	(41,268,209)	9,236
Non-Capital Financing Activities		
State appropriations	31,573,811	-
Local appropriations	11,253,536	-
Federal loan program receipts	10,860,641	-
Federal loan program disbursements	(10,860,641)	-
Net cash provided by non-capital financing activities	42,827,347	-
Capital and Related Financing Activities		
Cash received for additions to permanent endowments	-	230,205
Cash paid for capital assets	(27,151,565)	-
Capital appropriations received	12,905,703	-
Grants and contracts received for capital purposes	605,012	-
Other receipts	567,399	-
Principal paid on capital debt and leases	(2,583,977)	-
Interest paid on capital debt and leases	(2,698,796)	-
Net cash (used in) provided by capital and related financing activities	(18,356,224)	230,205
Investing Activities		
Proceeds from sales and maturities of investments	40,029,429	12,272,221
Purchase of investments	(90,948,225)	(12,958,429)
Interest and dividends received	2,123,572	449,124
Net cash used in investing activities	(48,795,224)	(237,084)
Net (Decrease) Increase in Cash and Cash Equivalents	(65,592,310)	2,357
Cash and Cash Equivalents - Beginning of Year	97,583,714	3,692,504
Cash and Cash Equivalents - End of Year	$ 31,991,404	$ 3,694,861

Mississippi Gulf Coast Community College
Statement of Cash Flows
Year Ended June 30, 2023

(Continued)

	Mississippi Gulf Coast Community College	Component Unit Mississippi Gulf Coast Community College Foundation
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating loss	$ (51,275,714)	$ (107,452)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided by (Used) in Operating Activities		
Depreciation and amortization	11,853,031	8,604
Provision for uncollectible accounts	384,703	-
Pension expense	9,102,537	-
OPEB income	(505,060)	-
(Increase) decrease in assets:		
Receivables, net	(3,322,652)	85,963
Inventories	104,438	-
(Increase) decrease in liabilities:		
Accounts payable and accrued liabilities	(6,513)	22,121
Deferred revenues	(747,854)	-
Deferred outflow - contributions made to pension and OPEB after measurement date	(6,740,796)	-
Accrued leave liability	(114,329)	-
Total adjustments	10,007,505	116,688
Net cash provided by (used in) operating activities	$ (41,268,209)	$ 9,236
Noncash investing and financing activities		
Additions of equipment through lease obligations	$ 275,945	$ -
Additions of equipment through subscriptions	$ 2,044,618	$ -

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Mississippi Gulf Coast Community College (the College) is governed by a 23-member board composed of trustees from George, Harrison, Jackson and Stone Counties. The members of the board of trustees from each county are elected by the Board of Supervisors of the county. The College has a district College, three campuses and seven centers which provide academic, career-technical training, and non-credit education.

The Governmental Accounting Standards Board (GASB) requires that the financial reporting entity consist of the primary government and its component units.

The Mississippi Gulf Coast Community College Foundation, Inc. (the Foundation), a legally separate, tax-exempt organization supporting the College, is being included as a discretely presented component unit of the College in the College's basic financial statements, in accordance with the criteria outlined by GASB. The Foundation has been organized to promote, encourage and assist in all forms of education and research in the College's districts, campuses and activities. The Foundation's support is primarily provided by contributions from alumni, other individuals and businesses, and does not impose a financial burden on the College.

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

A separate financial statement of the Foundation can be obtained by contacting the Vice President for Institutional Advancement, Dr. Suzanna Brown, Mississippi Gulf Coast Community College Foundation, Inc., PO Box 99, Perkinston, Mississippi 39573.

The Foundation pays tuition on behalf of students attending the College. For the year ended June 30, 2023, total scholarships expensed by the Foundation were $397,455, all of which was due and payable to the College at year-end. During 2023, the Foundation incurred expenses of approximately $23,810 in educational and general support services paid to or on behalf of the College. In-kind services with an estimated value of $509,453 were provided to the Foundation by the College during 2023.

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 GASB. The College follows the "business-type activities" reporting requirements of GASB.

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.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, deferred outflows and inflows, liabilities, revenues, and expenses, as appropriate, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Cash and Cash Equivalents

The College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents that are externally restricted as to their use are classified as non-current assets in the Statement of Net Position.

Short-Term Investments

Investments that are not cash equivalents but mature within the next fiscal year are classified as short-term investments and generally consist of investments in U.S. Treasury Bills.

Investments and Fair Value Measurements

The College accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported in the Statement of Revenues, Expenses and Changes in Net Position.

Fair value, as defined by GASB, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity’s assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology include (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in inactive markets; (iii) inputs other than quoted prices that are observable for the asset or liability; and (iv) inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Accounts Receivable, Net

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

Inventories

Inventories consist of bookstore supplies, textbooks, and merchandise for resale. Merchandise for resale and bookstore supplies are valued at the lower of cost, on the first-in, first-out basis, or market. Textbooks are valued on a method assuming a three-year usage.

Capital Assets, Net of Accumulated Depreciation

Capital assets are recorded at cost at the date of acquisition, or, if donated, at acquisition value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Interest related to capital projects is not capitalized but is expensed as incurred pursuant to the provisions of GASB No. 89.

The College determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and lease liabilities in the statements of net position. Lease assets represent the College's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent the College's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the College will exercise that option. Payments for short-term leases with a lease term of 12 months or less are recognized as expenses as incurred. The College has a materiality threshold of $5,000 of payments in a year for leases. Short-term leases and leases under the materiality threshold are not included as lease liabilities or right-to-use lease assets on the statement of net position.

See Note 4 for additional details concerning useful lives, salvage values, capitalization thresholds and construction period interest.

Unearned Revenues

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

Compensated Absences

Full-time twelve-month employees earn annual personal leave at a rate of 6.67 hours per month for one month to three years of service; 9 hours per month for three to eight years of service; 12 hours per month for eight to fifteen years of service; and for fifteen years of service and over, 13 hours per month are earned. Nine- and ten-month employees earn a pro-rated monthly amount based on length of contract. There is no requirement that annual leave be taken and there is no maximum accumulation. At termination, these employees are paid for up to 240 hours of accumulated personal leave. The liability for accrued leave at June 30, 2023 as reported in the Statement of Net Position is $3,795,319, with $436,324 of this amount estimated as current.

Classification of Revenue

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

Operating Revenues

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

Non-Operating Revenues

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB, such as state appropriations, local appropriations and investment income.

State Appropriations

The College receives funds from the State of Mississippi based on the total credit hours generated by all students actually enrolled and in attendance on the last day of the sixth week (or its equivalent) of each semester for the previous year, counting only those students who reside within the State of Mississippi.

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

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

Deferred Outflows of Resources

Deferred outflow of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The College has deferred outflows related to a loss on bond refunding, which is amortized over the remaining life of the bonds. In addition, deferred outflows include amounts related to pensions and other postemployment benefits (See Notes 8 and 9), including contributions to the employee pension plan and OPEB plan subsequent to the measurement date of the actuarial valuations for the plans.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position by the College that is applicable to a future reporting period. The College has deferred pension inflows and deferred OPEB inflows (See Notes 8 and 9).

Pensions

The College participates in the Public Employees' Retirement System of Mississippi (PERS) plan, a multiple-employer cost sharing defined benefit pension plan. For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS plan and additions to/deductions from the plan's net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Other Postemployment Benefits

The College offers retiree health and life insurance benefits through the State of Mississippi State and School Employees' Life and Health Insurance Plan. This plan provides for other postemployment benefits (OPEB) as a cost-sharing multiple-employer defined benefit OPEB plan. The fiduciary net position of this plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from this plan's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The College classifies and reports three categories of net position, as follows:

- Net investment in capital assets is the portion of net position that consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- Restricted expendable and restricted nonexpendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors.
- Unrestricted net position is the remaining net position less remaining noncapital liabilities which are not restricted – expendable and nonexpendable.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

The unrestricted net position (deficit) balance of ($64,500,235) at June 30, 2023, includes $1,039,305 reserved for inventories, the impact of including the College's proportionate share of the PERS net pension liability and related deferred outflows/inflows of ($100,826,809), the impact of including the College's proportionate share of the State's OPEB liability and related deferred outflows/inflows of ($3,821,370) and a remaining amount of $39,108,639.

New Accounting Pronouncement

The College implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which changes the accounting and financial reporting for subscription-based information technology arrangements (SBITA's). Under previous guidance, SBITA's were classified as operating expenses. GASB Statement No. 96 defines a SBITA as a contract that conveys the right to use another party's IT software, alone or in combination with tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction. Under GASB Statement No. 96, SBITA's that convey the right to obtain the present service capacity from use of the underlying IT assets, and the right to determine the nature and manner of use as specified in the contract, are required to be recognized on the statement of net position. The adoption of this standard did not impact the beginning net position on the College's financial statements. At implementation on July 1, 2022, the College, as lessee, recognized a SBITA liability of $375,771 along with corresponding right-to-use SBITA assets of $375,771.

Subsequent Events

In connection with the preparation of the financial statements, management of the College evaluated subsequent events through March 7, 2024, which was the date the financial statements were available to be issued.

Note 2. Cash and Investments

Cash, Cash Equivalents, and Investments

As of June 30, 2023, the College's investments consisted of U.S. Treasury bills in which fair value, measured using Level 2 inputs, approximated carrying values.

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

In addition, the Foundation is authorized to invest in debt and equity securities.

The collateral for public entities' deposits in financial institutions are 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, Mississippi Code Ann. (1972). Under this program, the College's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits

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

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 investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Foundation Investments

The Foundation's investments at fair value, aggregated by investment type and related liquidity strategy or permanent restriction, were as follows:

Certificate of deposits	$ 280,031
Debt securities:	
U.S. government obligations	2,494,328
Mortgage-backed securities	710,078
Municipal obligations	64,859
Corporate bonds	2,011,950
Fixed income mutual funds	1,616,919
Equity mutual funds	1,665,874
Equity ETFs	1,028,213
Equity securities	5,287,283
Total investments	$ 15,159,535

The fair value measurements and levels within the fair value hierarchy of those measurements for the Foundation's assets reported at fair value on a recurring basis at June 30, 2023 are as follows:

	Fair Value Measurement			
	Level 1	**Level 2**	**Level 3**	**Fair Value**
Certificates of Deposit	$ -	$ 280,031	$ -	$ 280,031
Debt securities:				
U.S. Government Obligations	2,494,328	-	-	2,494,328
Mortgage-backed securities	-	710,078	-	710,078
Mutual obligations	-	64,859	-	64,859
Corporate bonds	-	2,011,950	-	2,011,950
Fixed income mutual bonds	1,616,919	-	-	1,616,919
Equity mutual funds	1,665,874	-	-	1,665,874
Equity ETFs	1,028,213	-	-	1,028,213
Equity securities	5,287,283	-	-	5,287,283
Total Investments	$ 12,092,617	$ 3,066,918	$ -	$ 15,159,535

Note 3. Accounts Receivable

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

Students tuition	$ 17,621,962
Auxiliary enterprise sales and services	11,204
Federal and state grants	6,585,240
Local appropriations	773,208
State appropriations	1,086,880
Foundation (related party)	690,878
Other	183,558
Total accounts receivable	26,952,930
Less allowance for doubtful accounts	(14,495,452)
Total	$ 12,457,478

The College is precluded by statute from discharging amounts owed. Accordingly, gross accounts receivables and the allowance for doubtful accounts include amounts considered to be uncollectible and fully reserved in a prior year.

Note 4. Capital Assets

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

	Beginning Balance July 1, 2022 (as adjusted)	Additions	Deletions	Ending Balance June 30, 2023
Non-depreciable capital assets:				
Land	$ 5,140,350	$ 130,000	$ -	$ 5,270,350
Construction in progress	18,887,258	18,680,197	(32,289,073)	5,278,382
Total non-depreciable capital assets	24,027,608	18,810,197	(32,289,073)	10,548,732
Depreciable/Amortizable capital assets:				
Buildings	295,628,522	23,937,472	(2,833,448)	316,732,546
Other structures and improvements	54,046,216	8,351,600	-	62,397,816
Equipment	29,458,480	3,646,949	(901,863)	32,203,566
Library books	624,747	34,302	(64,628)	594,421
Right to use leased equipment	247,534	275,945	(90,519)	432,960
Right to use SBITA assets	375,771	2,044,618	-	2,420,389
Total depreciable capital assets	380,381,270	38,290,886	(3,890,458)	414,781,698
Less accumulated depreciation/Amortization for:				
Buildings	71,885,108	5,750,543	(1,265,341)	76,370,310
Other structures and improvements	28,210,644	2,003,943	-	30,214,587
Equipment	18,863,893	3,229,298	(843,076)	21,250,115
Library books	341,877	49,623	(36,290)	355,210
Right to use leased equipment	100,696	98,603	(75,756)	123,543
Right to use SBITA assets	-	721,020	-	721,020
Total accumulated depreciation/Amortization	119,402,218	11,853,030	(2,220,463)	129,034,785
Total depreciable capital assets, net	260,979,052	26,437,856	(1,669,995)	285,746,913
Capital assets, net	$ 285,006,660	$ 45,248,053	$ (33,959,068)	$ 296,295,645

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

	Lives	Value	Threshold
Buildings	40 Years	20%	$ 50,000
Other structures and improvements	20 Years	20%	25,000
Equipment	3-15 Years	1-10%	5,000
Library books	10 Years	0%	-

Repair and renovation projects as well as equipment purchases that are associated with financing in which the College has incurred debt will be capitalized and depreciated no matter the individual cost of such items.

Note 5. Long-Term Liabilities

Long-term liabilities of the College consist of notes and bonds payable, and certain other liabilities that are expected to be liquidated at least one year from June 30, 2023.

During November 2016, the College issued bonds for facilities construction and debt refinancing totaling $73,620,000 (Mississippi Development Bank Special Obligation Bonds, Series 2016). These bonds were issued to provide funds for certain improvements and capital expenditures and for the refunding of the College's Series 2007 bond.

The difference in the reacquisition price and carrying value of the refunded debt resulted in a loss of approximately $189,000 in a prior year which was deferred and is being amortized over the remaining maturity of the old debt. The unamortized deferred loss on refunding was $23,595 as of June 30, 2023, and was presented as a deferred outflow.

Information regarding original issue amounts, interest rates and maturity dates for bonds, notes and leases included in the long-term liabilities balance at June 30, 2023, is listed in the following schedule.

A schedule detailing the annual requirements necessary to amortize the outstanding debt is also provided.

Description and Purpose	Original Issue	Annual Interest Rate	Maturity	Beginning Balance (as adjusted)	Additions	Deletions	June 30, 2023	Within One Year
Bonded debt:								
Mississippi Development Bank Special Obligations Bonds Series 2016	$ 73,620,000	2-5%	2046	$ 70,105,000	$ -	$ 1,820,000	$ 68,285,000	$ 1,870,000
Premium on bond offerings				3,604,135	-	206,664	3,397,471	205,330
Total bonded debt				73,709,135	-	2,026,664	71,682,471	2,075,330
Notes payable:								
Perkinston Infrastructure Upgrade	613,001	2.00%	2026	113,108	-	35,923	77,185	36,648
Total notes payable				113,108	-	35,923	77,185	36,648
Other long-term liabilities:								
Accrued leave liabilities				3,909,672	-	114,353	3,795,319	436,324
Net OPEB liability				3,912,328	-	1,020,166	2,892,162	164,655
Net pension liability				88,521,367	26,889,244	-	115,410,611	-
Lease Liability				150,963	275,945	114,958	311,950	93,067
Subscription Liability				375,771	2,044,618	638,176	1,782,213	789,342
Total other long-term liabilities				96,870,101	29,209,807	1,887,653	124,192,255	1,483,388
Total				$ 170,692,344	$ 29,209,807	$ 3,950,240	195,951,911	$ 3,595,366
Due within one year							3,595,366	
Total long-term liabilities							$192,356,545	

Annual requirements to amortize outstanding long-term debt, including amortization of bond premiums, are as follows for the year ended June 30, 2023:

	Bonded Debt	Notes Payable	Interest	Total
2024	$ 2,075,330	$ 36,648	$ 2,674,590	$ 4,786,568
2025	2,008,837	37,388	2,637,101	4,683,326
2026	2,072,123	3,149	2,571,838	4,647,110
2027	2,169,978	-	2,475,831	4,645,809
2028	2,257,395	-	2,385,381	4,642,776
2029-2033	12,515,494	-	10,633,481	23,148,975
2034-2038	14,784,174	-	8,207,584	22,991,758
2039-2043	17,347,774	-	5,403,244	22,751,018
2044-2047	16,451,366	-	1,470,350	17,921,716
Totals	$ 71,682,471	$ 77,185	$ 38,459,400	$ 110,219,056

Lease obligations

The College leases copy machines from external parties for various terms under long-term non-cancelable lease agreements. The leases expire at various dates through 2028. In accordance with GASB Statement No. 87, the College records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the College's incremental borrowing rate, which was 2.5%. The operating and maintenance cost payments are recognized as expenses as incurred and not included as lease liabilities or right-to-use assets on the statement of net position. The College does not have any leases subject to a residual value guarantee. See Note 4 - Capital Assets, for information on right-to-use assets and associated accumulated amortization.

Future payments under the long-term lease are as follows:

Year	Principal	Interest
2024	$ 93,067	$ 6,707
2025	76,701	4,527
2026	59,941	2,869
2027	56,115	1,407
2028	26,126	229
Total payments	$ 311,950	$ 15,739

Subscription obligations

The College various SBITAs, the terms of which expire in various years through 2026. The arrangements qualify as other than short-term arrangements under GASB 96 and, therefore, the assets and related liabilities have been recorded. The liabilities have been measured at the present value of minimum future payments such that each asset's initial balance equals the related liability plus any additional payments for initial direct costs made on or before the start of the subscription term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. See Note 4 - Capital Assets, for information on right-to-use assets and associated accumulated amortization.

Future payments under the long-term subscriptions are as follows:

Year	Principal	Interest
2024	$ 789,342	$ 29,124
2025	845,194	8,900
2026	147,677	-
Total payments	$ 1,782,213	$ 38,024

Note 6. Natural Classifications 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 and Other	Commodities	Utilities	Scholarships and Fellowships	Depreciation and Amortization Expense	Total
Instruction	$ 22,536,519	$ 8,205,162	$ 202,713	$ 3,747,970	$ 1,859,289	$ 2,887	$ 1,490,891	$ -	$ 38,045,431
Instructional support	2,285,623	860,762	19,260	298,311	185,755	506	-	-	3,650,217
Student services	5,241,816	1,945,878	149,395	961,031	743,157	-	1,175,635	-	10,216,912
Institutional support	5,877,310	2,204,434	106,682	6,379,170	530,177	5,861	83,475	-	15,187,109
Operation of plant	3,435,411	1,579,483	4,721	5,977,688	2,846,605	3,218,257	-	-	17,062,165
Student aid	-	-	-	-	-	-	22,075,693	-	22,075,693
Auxiliary enterprises	946,269	398,637	7,504	1,326,590	5,447,638	752,120	-	-	8,878,758
Plant operations	-	-	-	244,547	1,051,984	-	-	11,853,031	13,149,562
Total	$ 40,322,948	$ 15,194,356	$ 490,275	$ 18,935,307	$ 12,664,605	$ 3,979,631	$ 24,825,694	$ 11,853,031	$128,265,847

Note 7. Construction Commitments and Financing

The College has contracted for the construction of the following projects. At June 30, 2023, estimated costs to complete the projects are $32,422,368. The remaining costs are to be funded as follows:

	Total Costs to Complete	Federal Sources	State Sources	District Bonds	Local Capital
College-wide:					
Renovation of R Building	$ 1,697,258	$ -	$ -	$ -	$ 1,697,258
Perkinston Campus:					
Fire System Upgrades	185,117	-	-	-	185,117
Stone County MDOT Road Improvement	333,849	333,849	-	-	-
Visitors Side Retaining Wall	27,871	-	-	-	27,871
Landscaping new facilities	126,430	-	-	-	126,430
Roof Replacement Mellinger Center	37,557	-	-	-	37,557
Pedestrian Safety & Fencing	1,158,512	1,158,512	-	-	-
Harrison County Campus:					
New access road	1,086,250	-	-	-	1,086,250
STEM Building	21,571,211	-	21,524,341	-	46,870
Pedestrian connection plaza	43,270	43,270	-	-	-
Jackson County Campus:					
Landscaping new facilities	179,865	-	-	-	179,865
Demolition/Renovation- Campus Canopies	4,390,027	-	-	-	4,390,027
University Building Renovations	1,017,516	-	-	-	1,017,516
George County Center:					
Student Services Building Renovations	157,025	-	-	-	157,025
West Harrison County Center:					
Training Towers	410,610	-	410,610	-	-
Total	$ 32,422,368	$ 1,535,631	$ 21,934,951	$ -	$ 8,951,786

Note 8. Pension Plan

The Public Employees' Retirement System of Mississippi (PERS) is a pension trust fund established in 1952 to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in PERS, and elected members of the State Legislature and the President of the Senate.

PERS is administered by a 10-member Board of Trustees that includes: the State Treasurer; one gubernatorial appointee who is a member of PERS; two state employees; two PERS retirees; and one representative each from public schools and community colleges, state universities, municipalities, and counties. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent. The Board of Trustees is responsible for the general administration and proper operation of PERS.

The executive director is designated by the Board to lead and conduct all business for PERS. PERS operates under legislative mandate with respect to administrative budgets, human resources, and purchasing guidelines.

The financial statements of PERS are prepared using the economic resources measurement focus and accrual basis of accounting. Member and employer contributions are recognized as revenue when due pursuant to legal requirements; investment income is recognized when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Other expenses are recognized when incurred. Investments are reported at fair value. Financial statements are prepared in accordance with GASB requirements. Under these requirements, PERS is considered a component unit of the State of Mississippi for financial reporting purposes and, as such, the financial statements issued by PERS are included in the State of Mississippi's Annual Comprehensive Financial Report.

Plan Description

PERS, a cost-sharing multiple-employer public employee retirement plan for the purpose of providing retirement benefits to all eligible State of Mississippi public employees, public education employees, other public employees whose employers have elected to participate, and elected members of the State of Mississippi Legislature and President of the Senate. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public-school districts.

Benefits Provided

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

A cost-of-living adjustment payment is made to eligible retirees and beneficiaries equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Contributions

Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. Employer and member contributions are based on actuarially determined rates that are expressed as percentages of annual covered payroll. Contribution rates are determined using the entry age actuarial cost method and include provisions for an annual 3.0 percent cost-of-living increase calculated according to the terms of the plan.

In a prior year the PERS Board of Trustees implemented a revised funding policy aimed at stabilizing the employer contribution rate and for fiscal 2022 and 2021, the employer contribution rate was 17.40%.

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

At June 30, 2023, the College reported a liability of $115,410,611 for its proportionate share of the collective net pension liability. The collective 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 June 30, 2021. The College's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating PERS employers. At June 30, 2022 the College's proportion was 0.560691% (used to determine its collective share of the net pension liability as of June 30, 2023) as compared to its proportion measured at June 30, 2021 of 0.598909% or a decrease of 0.038218%.

For the year ended June 30, 2023, the College recognized pension expense of $9,102,537. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,634,134	$ -
Changes of assumptions	3,991,610	-
Net difference between projected and actual earnings on pension plan investment	6,061,928	-
Changes in proportion and differences between employer Contributions and proportionate share of contributions	-	3,844,666
Employer contribution subsequent to the measurement date	6,740,796	-
	$ 18,428,468	$ 3,844,666

Deferred outflows of resources related to pensions resulting from College contributions subsequent to June 30, 2022 (the measurement date) were $6,740,796 and 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,	Net Deferred Outflows/Inflows of Resources
2024	$ 2,157,208
2025	875,987
2026	(2,712,749)
2027	6,262,495
2028	1,260,065
	$ 7,843,006

Actuarial Assumptions

The total pension liability as of June 30, 2023 was determined by an 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%
Projected salary increases	2.65% - 17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

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

The long-term expected rate of return on the PERS, MHSPRS and SLRP 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 the plans' investment expense, and the assumed rate of inflation) were 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 rate of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Expected Rate of Return
Investment asset class:		
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 of 9.00% and that the employer contributions will be made at the current employer contribution rate of 17.40%. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the System'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 System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	1% Decrease (6.55%)	Current Rate (7.55%)	1% Increase (8.55%)
College's proportionate share of the collective net pensions liability	$150,622,634	$115,410,611	$ 86,380,089

Collective Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and Changes in Assumptions

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average expected remaining service life of active and inactive members. Effective July 1, 2016, the interest rate on employee contributions is calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The supporting actuarial information is included in the GASB Statement No. 67 Report for the PERS prepared as of June 30, 2022. The auditor's report dated December 1, 2022, on the net pension liability, total deferred outflows of resources excluding employer specific amounts, and total pension expense included in an accompanying schedule of collective pension amounts as of June 30, 2022 and for the year then ended is also available. The additional financial and actuarial information is available at www.pers.ms.gov.

Note 9. Other Postemployment Benefits

Plan Description

State law mandates that all state, public education, library, junior and community college retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan, which is administered and amended annually by the State and School Employees' Health Insurance Management Board (the Board), is authorized by Section 25-15-3 et seq., Mississippi Code Ann. (1972). 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 is maintained solely for the benefit of eligible employees, dependents and retirees and is a fund of the State of Mississippi.

The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges and school districts. A trust was created June 28, 2018 for the OPEB. 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 claims cost and premiums received for retirees.

Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance will have the full cost of such insurance premium deducted monthly from his state retirement plan check or direct billed for the cost of the premium if the retirement check is insufficient to pay for the premium. If the Board determines 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 determines 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 $137,897 for the year ended June 30, 2023.

Net OPEB Liability, 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 $2,892,162 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 June 30, 2022, the College's proportion was 0.58702179% (used to determine its collective share of the net OPEB liability as of June 30, 2023) as compared to its proportion measured at June 30, 2021 of 0.60780448% or a decrease of 0.02078269%.

For the year ended June 30, 2023, the College recognized OPEB income of ($367,157). At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 451,079	$ 267,776
Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	136,009	136,008
Difference between expected and actual experience	2,395	1,253,004
Net difference between projected and actual investment earnings	200	-
Employer implicit subsidy subsequent to measurement date	137,897	-
	$ 727,580	$ 1,656,788

Deferred outflows of resources related to OPEB resulting from the College's implicit rate subsidy contribution or cost subsequent to June 30, 2022 (the measurement date) was $137,897 and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year End June 30,	Net Deferred Outflows/Inflows of Resources
2024	$ (235,773)
2025	(207,853)
2026	(245,764)
2027	(200,755)
2028	(126,396)
Thereafter	(50,564)
	$ (1,067,105)

Actuarial Assumptions

The net OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Inflation rate	2.40%
Projected salary increases	2.65% - 17.90%
Investment rate of return, net of OPEB investment expense, including inflation	4.50%
Municipal bond rate:	
Prior measurement date	2.13%
Measurement date	3.37%
Year Fiduciary net position is projected to be depleted:	
Measurement date	2022
Prior measurement date	2021
Single equivalent interest rate, net of OPEB plan Investment expenses, including inflation:	
Prior measurement date	2.13%
Measurement date	3.37%
Healthcare cost trend rates	7.00% for 2023 decreasing to 4.50% by 2029

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.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future.

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 and 2021, the fiduciary net position was $1,049,208 and $1,044,424, respectively. 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 June 30, 2022 and the June 30, 2021. The discount rate used to measure the total OPEB liability at June 30, 2022 was based on an average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by Bond Buyer.

Long-term expected rate of return

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%. Since the Prior Measurement Date, the long-term investment rate of return has not changed from 4.50%.

Mortality

Mortality rates for service retirees were based on the PubS H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77, and 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.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates and Discount Rate

The following table presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 3.37%, 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 rate:

	1% Decrease (2.37%)	Current Rate (3.37%)	1% Increase (4.37%)
College's proportionate share of the collective net OPEB liability	$ 3,186,073	$ 2,892,162	$ 2,639,696

The following table presents the College's proportionate share of the net OPEB liability calculated using the current assumed health care cost trend rates (7.00% decreasing to 4.50% by 2029), as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a 1% change in the current assumed health care cost trend rates:

	1% Decrease	Current Rate	1% Increase
College's proportionate share of the collective net OPEB liability	$ 2,690,949	$ 2,892,162	$ 3,118,600

Collective Deferred Inflows of Resources Related to OPEB and Changes in Assumptions

Annual changes to the net OPEB liability resulting from changes in assumptions, other inputs, changes in proportion and differences between employer OPEB benefit payments and its proportionate share of OPEB benefit payments are deferred and amortized over the average expected remaining service life of active and inactive members which approximates 5.0 years for the current measurement period.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan's fiduciary net position and the supporting actuarial information is included in the GASB Statement No. 74 and GASB No. 75 Report for the Insurance Plan prepared as of June 30, 2022. The auditor's report dated December 12, 2022, on the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and total OPEB expense included in an accompanying schedule of collective OPEB amounts as of June 30, 2022 for financial reporting as of June 30, 2023 is also available. This additional financial and actuarial information may be found on the Insurance Plan's website http://knowyourbenefits.dfa.ms.gov/.

Note 10. Foundation Endowment Funds

At June 30, 2023, the Foundation has 218 individual donor-restricted endowment funds totaling $9,894,972 established for a variety of purposes to support the College. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Further, U. S. generally acceptable accounting principles provide guidance about the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and disclosures about endowment funds (both donor-restricted and board-designated endowment funds), regardless of whether an organization is subject to UPMIFA. The Mississippi legislature enacted legislation adopting UPMIFA during 2012.

The Foundation's Board of Directors has reviewed the terms of UPMIFA as enacted by the Mississippi legislature and has determined that its donor agreements for permanent endowments provide for the preservation of the original gift of the donor-restricted endowment funds. As a result, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Foundation classifies as net assets with donor restrictions all investment income, inclusive of interest and dividends, and realized and unrealized gains and losses, earned on the invested assets within the endowment fund, and the investment income earned has been restricted as to its use by donors. These amounts are released from restriction once they are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the UPMIFA.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The intent of the donors of the endowment fund
- The terms of the applicable gift instrument
- The long-term and short-term needs of the Foundation to carry out its purpose
- The general economic conditions
- The possible effect of inflation or deflation
- The other resources of the Foundation
- The investment policies of the Foundation

The Foundation has informal investment policies to ensure the endowment assets of the Foundation are managed in a prudent fashion in accordance with sound investment principles and UPMIFA. The Foundation's Board of Directors sets and approves the investment policies and charges the Finance and Investment Committee with implementation and subsequent ongoing monitoring of the policies. In considering the investment management and expenditures of endowment funds, the Board utilizes the reasonable care, skill and caution of a prudent investor.

The Foundation's investment objectives for endowments are to provide a real total return that preserves the purchasing power of the endowment's assets while generating an income stream to the College. The primary performance objective of the endowment is to earn a total return, net of investment fees, within prudent levels of risk, equal to or greater than the spending rate plus administrative fees and the desired rate of growth.

The Foundation's spending policy is designed to promote positive growth in the market value of the endowment sufficient to offset reasonable spending over an extended period of time. The spending policy is approved annually by the Foundation's Board of Directors. In accordance with UPMIFA, the Board may expend as much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund was established. The approved spending policy was 5%; however, management was able to meet obligations with other funds. As a result, no endowment funds were appropriated for expenditure in the year ended June 30, 2023. No portion of the original gift value of permanent endowments is allocated for spending.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund perpetual duration. There were no deficiencies of this nature to be reported in net assets without donor restrictions as of June 30, 2023.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

Changes in endowment net assets given in perpetuity for the year ended June 30, 2023 are as follows:

Endowment net assets, beginning of year	$ 9,503,681
Investment income	263,540
Realized and unrealized losses, net	139,027
Contributions	230,205
Withdrawal	(241,481)
Endowment net assets, end of year	$ 9,894,972

Note 11. Foundation Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions for the year ended June 30, 2023 are comprised of the following:

Expiring Purpose Restricted:	
Endowment scholarship and grants	$ 2,701,566
Other scholarship and grant funds	8,329,073
Endowments Given in Perpetuity:	
Original cash contributions	7,193,405
Original real estate contributions	213,501
	$ 18,437,545

Net assets with expiring purpose donor restrictions as of June 30, 2023 are related to funds contributed to the Foundation that are restricted for scholarships and grants and land restricted for future development. During a prior year, the Foundation received a restricted legislative contribution relating to the funds appropriated for the benefit of the College to be used in establishment of a scholarship fund. These funds, totaling $3,000,000, were designated by the State of Mississippi legislation through a senate bill to create a special fund from proceeds received by the State relating to the BP oil spill. These funds were deposited through the Foundation in order to establish a restricted quasi-endowment fund with the income to be used for scholarship support to the College. The net assets relating to these funds are classified as net assets with donor restrictions until such time as they are expended for support of scholarships for the College's students. These funds were granted pursuant to a memorandum of understanding between the College and the College of the State Treasurer wherein the College was allowed to directly administer the investment and expenditures of the funds. As a result, the funds were directly deposited into the Foundation for investment. Pursuant to the memorandum of understanding, periodic reporting of expenditures and investment status of the funds is required.

Note 12. Contingencies

Litigation

The College is defendant in various legal matters occurring in the normal course of business activities. Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have an adverse impact on the College’s financial statements.

Federal and State Assisted Programs

The College participates in federal and state funded assistance programs. These programs are subject to program compliance audits by the grantor agencies or their representatives. Accordingly, the College’s compliance with applicable grant requirements will be finally determined at some future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined currently, although management of the College expects such amounts, if any, to be immaterial.

Required Supplementary Information

Mississippi Gulf Coast Community College
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net Pension Liability
Last Ten Years Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	**$ 115,410,611**	$ 88,521,367	$ 113,285,985	$ 103,306,750	$ 97,320,345	$ 97,177,702	$ 104,131,480	$ 89,770,643	$ 70,777,664
College's proportionate share of the net pension liability	**0.5606910%**	0.5989090%	0.5851900%	0.5872380%	0.5851050%	0.5845840%	0.5829620%	0.5807380%	0.5830710%
College's covered payroll	**38,639,633**	39,857,340	38,987,383	38,263,366	37,380,639	37,501,342	37,293,440	36,281,175	35,629,885
College's proportionate share of the net pension liability as a percentage of its covered payroll	**298.68%**	222.10%	290.57%	269.99%	260.35%	259.13%	279.22%	247.43%	198.65%
Plan fiduciary net position as a percentage of the total pension liability	**59.93%**	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

* The 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 disclose information for the last ten year period. However, GASB No. 68 was implemented in fiscal June 30, 2015, and until a full ten-year trend is complied, the College has only presented information for the years in which the information is available.

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

Mississippi Gulf Coast Community College
Required Supplementary Information
Schedule of the College's Contributions for Pensions
Last Ten Years Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 6,740,796	$ 6,716,349	$ 6,928,923	$ 6,780,156	$ 6,023,639	$ 5,884,912	$ 5,906,466	$ 5,873,719	$ 5,714,277	$ 5,611,512
Contributions in relation to the contractually required contribution	6,740,796	6,716,349	6,928,923	6,780,156	6,023,639	5,884,912	5,906,466	5,873,719	5,714,277	5,611,512
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 38,768,504	$ 38,639,633	$ 39,857,340	$ 38,987,383	$ 38,263,366	$ 37,380,639	$ 37,501,342	$ 37,293,440	$ 36,281,175	$ 35,629,885
Contributions as a percentage of the covered payroll	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%

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

Note 1. Schedule of the College's Proportionate Share of the Net Pension Liability and Related Ratios

The College's proportionate share of the net pension liability was determined based on the College's allocation percentage of actual contributions to the Public Employees' Retirement System of Mississippi System's (PERS) total actual contributions as of and for the year ended June 30, 2022. The total pension liabilities used in the development of the ratio of the plan fiduciary net position to total pension liabilities presented in the schedule was provided by PERS actuarial consultants, Cavanaugh Macdonald Consulting, LLC. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position for PERS as of and for the year ended June 30, 2022.

Note 2. Schedule of the College's Contributions for Pensions

The employer contribution rate increased in fiscal year 2013 to 14.26 percent and in fiscal year 2014, the Board implemented a revised funding policy aimed at stabilizing the employer contribution rate, which was set at 15.75 percent. The employer contribution rate remained at 15.75% for each of the 6 years ending June 30, 2019. The PERS Board of Trustees approved an increase in the employer contribution rate from 15.75% to 17.40% for fiscal year 2020. The employer contribution rate remained at 17.40% for the year ended June 30, 2023. Further, the Board also adopted a new funding policy, which sets the funding goals, objectives and metrics for possible changes in the contribution rate for future valuations.

Note 3. Method and Assumptions Used in Calculations of Actuarially Determined 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, 2021 valuation for the June 30, 2023 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	27.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Note 4. Changes in Assumptions and Benefit Provisions

In 2021, changes in actuarial assumptions included the following:

(i) The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101%for ages above 77.
- For females, 84% of female rates up to age 72, 100% for ages above 76.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

(ii) The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

- For males, 134% of male rates at all ages.
- For females, 121% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

(iii) The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

- For males, 97% of male rates at all ages.
- For females, 110% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

(iv) The price inflation assumption was reduced from 2.75% to 2.40%.

(v) The wage inflation assumption was reduced from 3.00% to 2.65%.

(vi) The investment rate of return assumption was changed from 7.75% to 7.55%.

(vii) The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

(ix) The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

(x) The percentage of active member deaths assumed to be in in the line of duty was decrease from 6% to 4%.

In 2020, there were no changes in assumptions and methods since the last valuation.

In 2019, changes in actuarial assumptions included the following:

(i) 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.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

(ii) The expectation of disabled mortality was changed to the PubT.H-2010 Disabled Retiree Table for the disabled retirees with the following adjustments:

- For males 137% of male rates for all ages.
- For females 115% of the female rates for all ages.
- Projected scale MP-2018 will be used to project future improvements in life expectancy generationally.

(iii) The price inflation assumption was reduced from 3.00% to 2.75%.

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

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

(vi) The percentage of active member disabilities assumed to be in the line of duty was increased from 7.00% to 9.00%.

In 2018, there were no changes in assumptions and methods since the last valuation.

In 2017, changes in actuarial assumptions included:

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

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

(iii) Withdrawal rates, preretirement mortality rates, disability rates and service retirement were also adjusted to reflect actual experience more closely.

(iv) The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%. Additionally for benefit provisions, effective July 1, 2016, the interest rate on employee contributions was calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

In 2015, changes in actuarial assumptions included:

(i) 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.

(ii) 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.

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

(iv) Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.

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

(vi) Differences between projected and actual earnings on person plan investments are amortized over a closed period of 5 years.

Mississippi Gulf Coast Community College
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net OPEB Liability
Five Years Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability	0.58702179%	0.60780448%	0.59476418%	0.59084195%	0.58780743%	0.56616762%	0.56901918%
College's proportionate share of the net OPEB liability	$ 2,892,162	$ 3,912,328	$ 4,628,502	$ 5,013,536	$ 4,546,984	4,442,202	4,645,979
College's covered-employee payroll	$ 38,639,633	$ 39,857,340	$ 38,987,383	$ 38,263,366	$ 37,380,639	37,501,342	37,293,440
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	7.48%	9.82%	11.87%	13.10%	12.16%	11.85%	12.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%	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 disclose information for the last ten year period. However, until a full ten-year trend is compiled, the College has only presented information for the years in which the information is available as required by GASB.

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

Mississippi Gulf Coast Community College
Required Supplementary Information
Schedule of the College's Contributions for OPEB
Last Seven Years Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 137,897	$ 117,862	$ 157,250	$ 184,584	$ 200,958	$ 189,378	$ 174,789
Contributions in relation to the actuarially determined contribution	137,897	117,862	157,250	184,584	200,958	189,378	174,789
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 38,768,504	$ 38,639,633	$ 39,857,340	$ 38,987,383	$ 38,263,366	$ 37,380,639	$ 37,501,342
Contributions as a percentage of the covered-employee payroll	0.36%	0.31%	0.39%	0.47%	0.53%	0.51%	0.47%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No.75 was implemented in fiscal year ended 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 audit reports.

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

Note 1. Schedule of the College's Proportionate Share of the Net OPEB Liability and Related Ratios

The College's proportionate share of the net OPEB liability reported at June 30, 2023 was determined based on the College's allocation percentage of average monthly employees participating in the Insurance Plan with the total average employees participating in the Insurance Plan for all employers as of June 30, 2022.

This allocation methodology was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by an employee. If an employer had no employees participating during the fiscal year, their proportionate share was set to zero and the employer was not allocated a proportionate share of OPEB amounts.

The total OPEB liabilities used in the development of the ratio of the plan fiduciary net position to total OPEB liabilities presented in the schedule was provided by the Insurance Plan's actuarial consultants, Cavanaugh Macdonald Consulting, LLC. The net OPEB liability is measured as the total OPEB liability less the amount of the fiduciary net position for the Insurance Plan as of June 30, 2022. The fiduciary net position was projected to be depleted immediately.

For the year ended June 30, 2023, the schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

Note 2. Method and Assumptions Used in Calculations of Actuarially Determined Calculations

The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2021 actuarial valuation) were used to determine the 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 increase, including 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	2.13%

Note 3. Changes in Assumptions and Benefit Terms

The Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for purposes of the OPEB discount rate. For 2022, the OPEB discount rate was changed from 2.13% for the prior measurement date to 3.37% for the current measurement date. For 2021, the OPEB discount rate was changed from 2.19% for the 2020 measurement date to 2.13% for the 2021 measurement date. For 2020, the OPEB discount rate was changed from 3.50% for the 2019 measurement date to 2.19% for the 2020 measurement date. For 2019, the OPEB discount rate was changed from 3.89% for the 2018 measurement date to 3.50% for the 2019 measurement date. For 2018, the OPEB discount rate was changed from 3.56% for the 2017 measurement date to 3.89% for 2018 measurement date. The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023. The schedule of monthly retiree contributions was increased as of January 1, 2022. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022. 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.

Supplementary Information

Mississippi Gulf Coast Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Feder Grantor / Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity/Grant Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Student Financial Assistance Cluster				
U.S. Department of Education				
Federal Pell Grant Program	84.063		$ -	$ 18,621,289
Federal Supplemental Educational Opportunity Grants	84.007		-	338,434
Federal Direct Student Loans	84.268		-	10,860,641
Federal Work-Study Program	84.033		-	461,089
Total student financial aid cluster			$ -	$ 30,281,453
Research and Development Cluster				
National Science Foundation				
NSF Scholarships in Science, Technology, Engineering, and Mathematics	47.076	2129974	$ -	$ 146,517
Advanced Technological Education, Training Technicians for Connected Technologies in Businesses and Smart Homes	47.076	2000073	-	107,327
Connecting the Coast to the Cloud	47.076	2301179	-	11,227
Total research and development cluster			$ -	$ 265,071
WIA/WIOA Cluster				
U.S. Department of Labor				
Pass-through Programs from:				
Mississippi Department of Employment Services				
Employment Services through through South Mississippi Planning & Development District:				
Formula Grants	17.278	079448973	$ -	$ 793,777
WIOA Adult/Healthcare Stabilization	17.258	079448974		96,785
State Board of Community and Junior Colleges:				
State Apprenticeship Expansion Grant	17.285	16-S90-029-6006-1	-	247,599
Total WIA/WIOA Cluster			$ -	$ 1,138,161
Other Programs				
U.S. Department of Health & Human Services				
Pass-through Program from:				
South Mississippi Planning & Development District:				
Temporary Assistance to Needy Families Short Term Training Agreement	93.558	21-390120-570	$ -	$ 44,074
Total U.S. Department of Health & Human Services			$ -	$ 44,074

Mississippi Gulf Coast Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Feder Grantor / Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity/Grant Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Federal Emergency Management Agency				
Pass-through Program from:				
Mississippi Emergency Management Agency				
Hurricane Zeta Repairs	97.036		$ -	$ 34,054
Total Federal Emergency Management Agency			$ -	$ 34,054
National Endowment of the Arts				
Promotion of the Arts-Grants to Organizations				
and Individuals-Challenge America	45.024	1882680-59-20	$ -	$ 10,000
Total National Endowment of the Arts			$ -	$ 10,000
U.S. Department of Justice				
Pass-through Program from:				
Mississippi Department of Public Safety				
Edward Byrne Memorial Justice Assistance				
Grant Program	16.738	2010DJBX0403	$ -	$ 8,705
Total U.S. Department of Justice			$ -	$ 8,705
National Aeronautics and Space Administration				
Pass-through Program from:				
University of Mississippi:				
NASA Education - Scholarships	43.008	NNX15AH78H	$ -	$ 7,500
Total National Aeronautics and Space Administration			$ -	$ 7,500
U.S. Department of Treasury				
Pass-through Program from:				
Mississippi Department of Environmental Quality:				
Resources and Ecosystems Sustainability,				
Tourist Opportunities, and Revived Economies				
of the Gulf Coast State-Work Ready Program	21.015	RDCGR470138-01-00	$ -	$ 985,045
Pass-through Program from:				
Mississippi Office of the Governor COVID-19				
Education Stabilization Fund Governors'				
Coronavirus State and Local Fiscal				
Recovery Funds	21.027	SLFRP0003		2,290,432
Total U.S. Department of Treasury			$ -	$ 3,275,477

Mississippi Gulf Coast Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Feder Grantor / Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity/Grant Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Direct Programs:				
CARES Act: Higher Education Emergency Relief Fund:				
COVID-19 Education Stabilization Fund				
Student Aid Portion	84.425E	P425E200182	$ -	$ 53,585
COVID-19 Education Stabilization Fund				
Institutional Portion	84.425F	P425F200539	-	2,612,907
Total CARES Act: Higher Education Emergency Relief Fund			$ -	$ 2,666,492
Pass-through Program from:				
Mississippi Office of the Governor COVID-19				
Education Stabilization Fund Governors'				
Emergency Education Relief Fund	84.425C	GEER-00046	$ -	$ 311,066
MS Law Enforcement Premium Pay	84.425C		-	30,000
Total COVID-19 Education Stabilization Fund			$ -	$ 341,066
Pass-through Program from:				
State Board of Community and Junior Colleges:				
Adult Education-Basic Grants to States	84.002	V002A190025	$ -	$ 1,085,550
State Department of Education:				
Career and Technical Education-Basic Grants				
to States	84.048A		-	3,609
Basic Grants to States	84.048	V048A180024	-	735,426
Total U.S. Department of Education			$ -	$ 4,832,143
U. S. Department of Transportation				
Transportation Alternative Program				
Highway Planning and Construction				
Training Grants	20.205	STP-0200-00	$ -	$ 251,602
Highway Planning and Construction				
Training Grants	20.205	STP-0066-00	-	5,000
Total U.S. Department of Transportation			$ -	$ 256,602
Total Other Programs				$ 8,468,555
Total Expenditures of Federal Awards				$ 40,153,240

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes all federal awards administrated by Mississippi Gulf Coast Community College. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The federal programs included in the accompanying SEFA are accounted for using the accrual basis of accounting and the SEFA was prepared using the same significant accounting policies, where applicable, as those used for the basic financial statements, with the following exception:

- For purposes of the SEFA, loans made to students under the Federal Direct Student Loans Program (ALN #84.268) are presented as federal expenditures.

Expenditures presented on the SEFA are recognized following the cost principles as found in the Uniform Guidance. The College has elected not to use the 10 percent de minimums indirect cost rate as allowed under the Uniform Guidance. The College did not receive any federal noncash assistance for the year ended June 30, 2023.

Reports on Compliance and Internal Control

FORVIS

999 S. Shady Grove Road, Suite 400 / Memphis, TN 38120
P 901.761.3000 / **F** 901.761.9667
forvis.com

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*

Independent Auditor's Report

Dr. Mary Graham, President
and Board of Trustees
Mississippi Gulf Coast Community College
Perkinston, 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 and the aggregate discretely presented component unit of the Mississippi Gulf Coast Community College (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated March 7, 2024, which contained an emphasis of matter paragraph regarding a change in accounting principle. The financial statements of the Mississippi Gulf Coast Community College Foundation, Inc., were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Mississippi Gulf Coast Community College Foundation, Inc.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

FORVIS, LLP

Memphis, Tennessee
March 7, 2024

FORVIS

999 S. Shady Grove Road, Suite 400 / Memphis, TN 38120
P 901.761.3000 / **F** 901.761.9667
forvis.com

Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the OMB Uniform Guidance

Independent Auditor's Report

Dr. Mary Graham, President
and Board of Trustees
Mississippi Gulf Coast Community College
Perkinston, MS

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Mississippi Gulf Coast Community College's (the College) 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 the College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the 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 ("GAAS"); 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 College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

FORVIS, LLP

Memphis, Tennessee
March 7, 2024

Mississippi Gulf Coast Community College
Schedule of Findings and Questioned Costs
June 30, 2023

Financial Statements

Type of Auditor's report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_yes x no
Significant deficiency(ies) identified not considered to be material weaknesses?	_yes x none reported
Noncompliance material to financial statements noted?	_yes x no

Federal Awards

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

Identification of major programs:

ALN	Name of Federal Program or Cluster
84.425 C	COVID-19 Education Stabilization Fund – Governor's Fund
84.425 E	COVID-19 Education Stabilization Fund – Student Aid Portion
84.425 F	COVID-19 Education Stabilization Fund – Institutional Portion
	Student Financial Assistance Cluster
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$1,204,597
Auditee qualified as low-risk auditee?	x yes__ no

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Year Finding
None reported

Prior Year Findings
None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings
None reported

Prior Year Findings
None reported

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P 901.761.3000 / **F** 901.761.9667
forvis.com

Report on Compliance with State Laws and Regulations

Independent Auditor's Report

Dr. Mary Graham, President and
Board of Trustees
Mississippi Gulf Coast Community College
Perkinston, Mississippi

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of the Mississippi Gulf Coast Community College (the 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 7, 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. The financial statements of the Mississippi Gulf Coast Community College Foundation, Inc. were not audited in accordance with Government Auditing Standards.

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

The results of 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.

FORVIS, LLP

Memphis, Tennessee
March 7, 2024