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SOUTHWEST MISSISSIPPI COMMUNITY COLLEGE

Audited Financial Statements
For the Year Ended June 30, 2024

SOUTHWEST MISSISSIPPI COMMUNITY COLLEGE

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INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT

Dr. J Stephen Bishop, President and Board of Trustees
Southwest Mississippi Community College
Summit, Mississippi 39666

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Southwest Mississippi Community College, as of and for the year ended June 30, 2024, 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 respective financial position of the business-type activities and the discretely presented component unit of Southwest Mississippi Community College, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southwest Mississippi Community

College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of College's Proportionate Share of Net Pension Liability, the Schedule of College Contributions (PERS), the Schedule of the College's Proportionate Share of Net OPEB Liability, and the Schedule of College Contributions (OPEB) on pages 6–18 and 59-62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southwest Mississippi Community College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2025, on our consideration of Southwest Mississippi Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southwest Mississippi Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Mississippi Community College's internal control over financial reporting and compliance.

Lowery, Payn, Leggett + Bellipanni, CPAs

Lowery, Payn, Leggett and Bellipanni, CPA's

Brookhaven, Mississippi
May 20, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Southwest Mississippi Community College (the "college") annual financial report presents our discussion and analysis of the financial performance of the college during the fiscal year ended June 30, 2024. Management has prepared this section along with the financial statements and related footnote disclosures and it should be read in conjunction with and is qualified in its entirety by the financial statements and footnote disclosures. We have included in this discussion comparative data for fiscal year ended June 30, 2023. The financial statements, footnote disclosures, and this discussion are the responsibility of management.

Using this Annual Report

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

The college implemented GASB No.68, *Accounting and Financial Reporting for Pensions* in fiscal year ending June 30, 2015. This standard requires the college to record its proportionate share of the pension liability of the Mississippi Public Employees Retirement System (PERS). The standard has a significant impact on the liabilities and net position of the college as discussed below. See the defined pension plan note to the financial statements and required supplementary information for further information regarding pension liability.

The college implemented GASB No.75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Accounting* in fiscal year ending June 30, 2018. This standard requires the college to record its proportionate share of other postemployment benefits (OPEB) liability of the Mississippi State and School Employees' Life and Health Insurance Plan. The standard has a significant impact on the liabilities and net position of the college as discussed below. See the other postemployment benefits note to the financial statements and required supplementary information for further information regarding OPEB liability.

One of the most important questions asked is whether the college as a whole is better off or worse off as a result 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. These statements are 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.

Statement of Net Position

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

The following is a summary of the college's statement of net position for fiscal year ended June 30, 2024 compared to the year ended June 30, 2023:

Condensed Statement of Net Position

	June 30, 2024	June 30, 2023
Assets		
Current assets	$ 27,026,348	$ 21,220,323
Non-current assets		
Capital, net	48,986,365	45,000,087
Other	4,975,889	4,499,667
Total Assets	**$ 80,988,602**	**$ 70,720,077**
Deferred outflows of resources		
Deferred outflow related to pension	8,484,372	4,979,283
Deferred outflow related to OPEB	322,877	201,241
Total deferred outflows of resources	**$ 8,807,249**	**$ 5,180,524**
Liabilities		
Current Liabilities	3,511,479	2,620,742
Non-current liabilities	46,185,289	37,507,929
Total liabilities	**$ 49,696,768**	**$ 40,128,671**
Deferred inflows of resources		
Deferred inflow related to pension	1,485,847	26,093
Deferred inflow related to OPEB	356,804	455,877
Total deferred inflows of resources	**$ 1,842,651**	**$ 481,970**
Net Position		
Net investment in capital assets	37,787,520	$ 38,127,405
Restricted		
Non-expendable	820,109	714,379
Expendable	20,157,482	15,621,193
Unrestricted	(20,508,679)	(19,173,017)
Total Net Position	**$ 38,256,432**	**$ 35,289,960**

Assets

Current Assets

Cash and Cash Equivalents
Cash and cash equivalents consists of cash in the college's bank accounts, petty cash, certificates of deposits and other eligible investments as allowed by the State of Mississippi. The total amount of cash and cash equivalents, reported as current assets on the college's financial statements is $13,971,706 at June 30, 2024, compared to $9,244,214 at June 30, 2023.

Accounts Receivable
Accounts receivable relate to several transactions including local appropriations, student tuition and fee billings, and auxiliary services such as food service and bookstore. In addition, receivables arise from grant awards and financial aid revenues. The receivables are reported net of allowance for doubtful accounts. The college's receivables totaled $4,078,432 at June 30, 2024, compared to fiscal year 2023, $3,263,092.

Inventories
The college maintains inventories of resale merchandise in the college bookstore as well as items for internal consumption. Books, student supplies, sportswear, and institutional memorabilia make up the majority of the resale inventory. Inventories for the bookstore and cafeteria totaled $195,964 and $195,522 for FY 2024 and FY 2023, respectively.

Prepaid Expense
Prepaid expense totaled $808,246 at June 30, 2024 as compared to a June 30, 2023 total of $634,105. Prepaid expense consists of payments for fiscal year 2025 for which payment to vendors occurred before fiscal year end, June 30, 2024.

Non-Current Assets

Loan Fund Investments
Loan fund investments include investments, as allowed by the State of Mississippi, held for loan funds. Loan fund investments totaled $3,562,639 for fiscal year ended June 30, 2024 and $3,190,671 for fiscal year ended June 30, 2023.

Endowment Investments and Other Long-Term Investments
The college holds endowment investments of $1,049,072 at fiscal year end June 30, 2024. The endowment investment balance at June 30, 2023 was $944,818. Other long-term investments (land in loan funds) totaled $364,178 at June 30, 2024 and 2023.

Capital Assets, Net
Capital assets, net, consists of land, improvements other than buildings, buildings, equipment, software, intangible right-to-use equipment, library books and films and construction in progress. The amount reported is net of accumulated depreciation. Capital assets, net, totaled $48,986,365 at June 30, 2024, which is an increase of $3,986,278 from $45,000,087 at June 30, 2023.

Right-of-Use Assets, Net
Right-of-Use assets, net, which is included in capital Assets, Net, consists of equipment held through leases. The amount reported is net of accumulated amortization. Right-of-Use assets, net of accumulated amortization, totaled $323,442 at June 30, 2024.

Deferred Outflows of Resources

Deferred outflows of resources have a positive effect on net position similar to assets, but are not assets. The college recognized a deferred outflow of resources related to pensions in the amount of $8,484,372 for fiscal year ending June 30, 2024 as compared to $4,979,283 for fiscal year ending June 30, 2023. The college implemented GASB No.68, *Accounting and Financial Reporting for Pensions* in fiscal year ending June 30, 2015. The college implemented GASB No.75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Accounting* in fiscal year ending June 30, 2018. The college recognized a deferred outflow of resources related to other post-employment benefits in the amount of $322,877 for fiscal year ending June 30, 2024 as compared to $201,241 for fiscal year ending June 30, 2023.

Liabilities

Current Liabilities

Accounts Payable, Accrued Liabilities, and Accrued Payroll
Accounts payable and accrued liabilities represent amounts due at June 30, 2024 for goods and services received before the end of the fiscal year, but have yet to be paid at fiscal year end June 30, 2024. Accrued payroll would be wages, salaries, and the related payroll taxes and benefits that have been earned by the college's employees, but have yet to be paid at fiscal year end June 30, 2024. The accounts payable, accrued liabilities, and accrued payroll total of $1,515,643, at June 30, 2024 is an increase of $615,455 from the total of $900,188 at June 30, 2023.

Unearned Revenues
Unearned revenues represent revenues that were received by the college during the fiscal year, but the college did not earn the revenue by the end of the fiscal year, June 30, 2024. Unearned revenue totaled $808,070 at June 30, 2024 and $634,105 at June 30, 2023. An increase from the prior year of $173,965.

Long-Term Liabilities, Due within One Year
Long-term liabilities, due within one-year portion represents balances the college would expect to pay on notes and bonds within the next fiscal year. The amount of the current portion of long-term liabilities at June 30, 2024 was $1,011,818 and $997,463 at June 30, 2023. An increase from the prior year of $14,355. See explanation of increase in the Long-Term Debt Activities section of this MD&A.

Net OPEB Liability
The implementation of GASB No.75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* began fiscal year ending June 30, 2018. The amount of net OPEB liability, due within one year, for fiscal year 2024 totaled $39,225 as compared to a fiscal year 2023 total of $39,852.

Leases and Subscription IT Payable-Current
The amount of the current portion of lease and subscription IT liabilities was $127,188 at June 30, 2024 and $31,079 at June 30, 2023.

Non-Current Liabilities

Long-Term Liabilities, Due Beyond One Year
Long-term liabilities, due beyond one year consist of long-term debt for outstanding loans and bonds. The total amount of the non-current portion of long-term debt at June 30, 2024 and 2023 was $9,930,384 and $5,779,938, respectively. See explanation of increase in the Long-Term Debt Activities section of this MD&A.

Leases and Subscription IT Payable Long-Term
The College recorded a long-term lease and subscription IT liability of $129,455 at June 30, 2024 and $64,202 at June 30, 2023.

Net Pension Liability and Net OPEB Liability
Net pension liability for June 30, 2024 was $35,211,848, which represents the college's proportionate share of the collective net pension liability reported in the Public Employees' Retirement System of Mississippi for the year ended June 30, 2023. See the Defined Benefit Pension Plan Note for further information regarding the college's policies for recognizing liabilities, expenses, and deferred outflows and inflows related to pensions. For comparison, net pension liability at June 30, 2023 was $30,875,459.

Net OPEB liability for June 30, 2024 was $913,602, which represents the college's proportionate share of the collective OPEB liability reported in the Mississippi State, and School Employees' Life and Health Insurance Plan for the fiscal year ending June 30, 2023. See the Other Postemployment Benefits Note for further information regarding the college's policies for recognizing liabilities, expenses, and deferred outflows and inflows related to OPEB. For comparison, net OPEB liability at June 30, 2023 was $788,330.

Deferred Inflows of Resources

Deferred inflows of resources have a negative effect on net position that is similar to liabilities, but are not liabilities. The college recognized a deferred inflow of resources related to pensions in the amount of $1,485,847 for fiscal year ending June 30, 2024 as compared to $26,093 for fiscal year ending June 30, 2023. The college also recognized a deferred inflow of resources related to OPEB in the amount of $356,804 for fiscal year ending June 30, 2024 as compared to $455,877 for fiscal year 2023.

Net Position

Net position represents the difference between the college's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Total net position at June 30, 2024 was $38,256,432, which is an increase of $2,966,472 from the total net position of $35,289,960, at June 30, 2023.

Net Investments in Capital Assets
For fiscal year ended June 30, 2024, the net invested in capital assets portion of the college's net position was $37,787,520 a decrease of $339,885 from the prior year.

Restricted Net Position (Non-Expendable and Expendable)
Restricted non-expendable net position consists of endowment gifts with specific restrictions on spending the principal given. Restricted expendable net position consists of gifts with specific restrictions, grants from third-party agencies with expenditure restrictions, plant funds restricted for capital projects and debt service, and loan funds.

The following is a breakdown of the restricted net position (non-expendable and expendable):

	2024	2023	Increase (Decrease)
Non-expendable endowment funds	$ 820,109	$ 714,379	$ 105,730
Expendable			
Scholarships	307,719	324,358	(16,639)
Capital projects	14,737,438	10,763,897	3,973,541
Debt service	1,298,575	889,532	409,043
Loans to students	3,681,773	3,391,000	290,773
Other purposes	131,977	252,406	(120,429)
Total restriced net position	**$ 20,977,591**	**$ 16,335,572**	**$ 4,642,019**

Unrestricted Net Position

Unrestricted net position represents balances from operational activities that have not been restricted by parties external to the college. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities. Unrestricted assets are available to the college for any lawful purpose.

The following is a breakdown of the unrestricted net position:

	2024	2023	Increase (Decrease)
Unrestricted General Funds	$ (22,692,022)	$ (21,991,678)	$ (700,344)
Unrestricted Auxiliary Funds	1,664,703	2,374,175	(709,472)
Unrestricted Designated General Funds	518,640	444,486	74,154
	$ (20,508,679)	**$ (19,173,017)**	**$ (1,335,662)**

In connection with the implementation of GASB No.68, *Accounting and Financial Reporting for Pensions* and GASB No.75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, management represents the following information:

	2024	2023
Total unrestricted net position (deficit)	$ (20,508,679)	$ (19,173,017)
Unrestricted deficit in net position resulting from the implementation of GASB No. 68 (pensions)	28,213,323	25,922,269
Unrestricted deficit in net position resulting from the implementation of GASB No. 75 (OPEB)	986,754	1,082,818
Unrestricted net position (excluding pension & OPEB liabilities)	$ 8,691,398	$ 7,832,070

The table on prior page represents what the college's Unrestricted Net Position would be without the implementation of GASB No.68 Pensions and GASB No.75 OPEB. GASB No.68 and GASB No.75 distort the College's true activity and financial position. Total Unrestricted Net Position including GASB No.68 and GASB No.75 transactions at fiscal year ending June 30, 2024 is ($20,508,679). Total Unrestricted Net Position without GASB No.68 and GASB No.75 transactions are $8,691,398 for fiscal year end June 30, 2024. Excluding GASB No.68 and GASB No.75 Unrestricted Net Position increased $859,328 from fiscal year ending June 30, 2023 to fiscal year ending June 30, 2024.

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, local appropriations, and gifts as non-operating revenues. Due to the reporting classifications for community colleges, their dependency on state appropriations, local appropriations and gifts results in an operating deficit.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2024	2023
Operating revenues		
Tuition and fees, net	$ 2,568,251	$ 2,671,357
Grants and contracts	12,559,574	15,945,960
Sales and services	14,102	13,639
Auxiliary enterprises (net)	1,475,936	1,515,366
Other operating revenues	830,831	2,410,411
Total operating revenues	17,448,694	22,556,733
Operating expenses	31,813,169	33,809,859
Operating loss	(14,364,475)	(11,253,126)
Non-operating revenues (expenses)		
State appropriations	13,005,749	9,795,729
Local appropriations	3,158,147	3,017,959
Gifts and contributions	428,089	448,703
Investment income (net)	572,758	165,495
Interest on indebtedness	(135,239)	(102,904)
Bond issuance costs	-	(14,034)
Net non-operating revenues (expenses)	17,029,504	13,310,948
Income (loss) before other revenues	2,665,029	2,057,822
Other revenues (expenses)		
State appropriations capital use restricted	301,443	314,571
Change in net position	2,966,472	2,372,393
Net position:		
Net position, beginning of year	35,289,960	32,917,567
Net position, end of year	$ 38,256,432	$ 35,289,960

Total operating loss for fiscal year 2024 and 2023 was $14,364,475 and $11,253,126, respectively. Since the State of Mississippi appropriations amount is not included within operating revenue per GASB No.35, the college will always show a significant operating loss.

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

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

In the fiscal year ended June 30, 2024, the college's revenues exceeded expenditures, creating a change in net position of $2,966,472 compared to a $2,372,393 change in net position in fiscal year 2023.

Total Revenue by Source for Fiscal Year 2024

Total operating revenues for fiscal year 2024 are $17,448,694 compared to $22,556,733 for fiscal year 2023. The cause of the decrease in operating revenues was the closing out of Higher Education Emergency Relief Funds (HEERF). Tuition and fees (net of scholarship allowances) for fiscal year 2024 are $2,568,251, compared to 2,671,357, for fiscal year 2023. Grants and contracts are $12,559,574 for fiscal year 2024 and were $15,945,960 for fiscal year 2023. Auxiliary services and other operating revenues are also included in operating revenues.

Revenues

Operating Revenues

Tuition and Fees
This category includes all tuition and fees assessed for educational purposes totaling $2,568,251 in fiscal year 2024 and $2,671,357 for fiscal year 2023. A decrease in tuition and fees of $103,106 from fiscal year 2023 to fiscal year 2024. Tuition allowances (scholarships) for the 2024 and 2023 fiscal years was $6,702,777 and $6,393,699, respectively.

Grants and Contracts Revenue
Grants and contracts revenue includes all federal and state restricted revenues made available by government agencies, as well as private agencies. Grant revenues are recorded only to the extent that the funds have been expended for exchange transactions. Non-exchange revenues are recorded when received or when eligibility criteria have been met.

The following table details the college's grant and contract awards for the fiscal year ended June 30, 2024 and 2023:

	2024	2023	Increase (Decrease)
Federal sources	$ 9,238,893	$ 13,671,439	$ (4,432,546)
State sources	3,306,181	2,253,520	1,052,661
Other sources	14,500	21,001	(6,501)
Total all sources	$ 12,559,574	$ 15,945,960	$ (3,386,386)

Auxiliary Enterprises Revenue, Net

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

The following table details the college's auxiliary enterprises, net of scholarship allowances for the fiscal years ended June 30, 2024 and 2023:

	2024	**2023**
Bookstore	$ 1,005,074	$ 1,005,060
Student and campus housing	918,902	951,933
Food services	1,154,325	1,241,942
Other	7,934	10,156
Subtotal	3,086,235	3,209,091
Less: Scholarship allowances	(1,610,299)	(1,693,725)
Net auxiliary enterprises revenue	**$ 1,475,936**	**$ 1,515,366**

Operating Expenses

Operating expenses for fiscal year 2024 are $31,813,169 as compared to fiscal year 2023 of $33,809,859. Pension expense of $4,235,732 and OPEB expense of ($53,919) are included in fringe benefits during fiscal year 2024 due to GASB No.68 and GASB No.75.

The following table details the college's operating expenses by object and by functional classification for the fiscal years ended June 30, 2024 and 2023:

Expenses by Object:	2024	2023	Increase (Decrease)
Salaries and wages	$ 11,536,977	$ 10,884,494	$ 652,483
Fringe benefits	6,008,891	4,384,211	1,624,680
Travel	413,738	424,814	(11,076)
Contractual services	4,609,374	5,932,380	(1,323,006)
Utilities	1,078,693	930,494	148,199
Scholarships	2,447,654	4,229,930	(1,782,276)
Commodities	2,603,578	2,926,267	(322,689)
Depreciation expense	2,391,283	2,033,590	357,693
Other operating expense	722,981	2,063,679	(1,340,698)
	$ 31,813,169	$ 33,809,859	$ (1,996,690)

Expenses by Functional Classification:	2024	2023	Increase (Decrease)
Instruction	$ 11,672,219	$ 13,614,841	$ (1,942,622)
Instructional Support	427,623	417,940	9,683
Student Servies	4,004,205	3,755,884	248,321
Institutional Support	3,957,701	3,363,857	593,844
Operation of Plant	3,483,888	3,173,128	310,760
Student Financial Aid	2,447,654	4,229,930	(1,782,276)
Auxiliary Enterprises	3,428,596	3,220,689	207,907
Depreciation	2,391,283	2,033,590	357,693
	$ 31,813,169	$ 33,809,859	$ (1,996,690)

Non-Operating Revenues (Expenses)

State Appropriation

The college's largest source of non-operating revenue is appropriations from the State of Mississippi. The college received State appropriations of $13,307,192 for fiscal year 2024, of which $13,005,749 was for general operations and $301,443 was for State appropriation restricted for capital purposes. The college received State appropriations of $10,110,300 for fiscal year 2023, of which $9,795,729 was for general operations and $314,571 was for State appropriation restricted for capital purposes.

Local County Appropriation

The college receives appropriations from the four counties Amite, Pike, Walthall, and Wilkinson that make up its local district. The college uses these funds for general operational purposes. During fiscal year 2024, the college received $3,158,147 from these counties, representing an increase of $140,188 from the fiscal year 2023 amount of $3,017,959. The college receives the appropriation in monthly payments, beginning in July of each year, since the fiscal year begins July 1st.

Investment Income, Net

Investment income, net includes the interest income and investment gains or losses on cash in the bank accounts, money market accounts, mutual funds, and the school's investment pooling account net of any fees charged. Investment income for fiscal year 2024 was $572,758, compared to investment income of $165,495 in fiscal year 2023, an increase of $407,263.

Interest Expense on Capital Asset Related Debt

The college previously issued notes, loans and leases to finance capital projects. The interest payments associated with these long-term obligations was $135,239 for fiscal year 2024, compared to $102,904 for fiscal year 2023.

State Appropriation for Capital Purposes

This is the amount of revenue received from the State of Mississippi to purchase, construct, renovate or repair capital assets during the fiscal year. The college received $301,443 and $314,571 in fiscal years 2024 and 2023, respectively.

Statement of Cash Flows

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

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

The statement of cash flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital and related financing, and investing activities.

Condensed Statement of Cash Flows (Direct Method)

	2024	2023
Cash and cash equivalents provided (used) by:		
Operating activities	$ (9,987,225)	$ (7,486,091)
Noncapital financing activities	15,502,007	13,258,450
Capital/related financing activities	(1,924,880)	(3,086,473)
Investing activities	1,137,590	1,034,084
Net increase in cash and cash equivalents	4,727,492	3,719,970
Cash and cash equivalents – Beginning of Year	9,244,214	5,524,244
Cash and cash equivalents – End of Year	$ 13,971,706	$ 9,244,214

The major sources of funds comprising operating activities for fiscal year 2024 include student tuition and fees (net of scholarship allowances) $2,535,704, auxiliary enterprises $1,475,494, and grants and contracts $11,537,722. The major uses of funds for fiscal year 2024 were payments made to employees $15,341,049, to suppliers $8,099,757, and for scholarships $2,447,654. In comparison, the major sources of funds comprising operating activities for fiscal year 2023 include student tuition and fees (net of scholarship allowances) $2,574,206, auxiliary enterprises $1,474,531, and grants and contracts $17,580,100. The major uses of funds for fiscal year 2023 were payments made to employees $14,508,405, to suppliers $10,851,816, and for scholarships $4,229,930.

The largest inflow of cash in the non-capital financing activities group is the state appropriation of $13,005,749 and the county appropriation of $3,158,147 for fiscal year 2024. For comparison, the amounts received for fiscal year 2023 for state appropriation was $9,795,729 and county appropriation was $3,017,959.

Capital Asset Transactions

The college capitalizes assets that have a value or cost equal to or greater than $5,000 at the date of acquisition and an expected useful life of more than one year. Repairs and renovations that do not extend the life of the building beyond the expected useful life at acquisition, nor increase the future service potential of the building are expensed and not capitalized.

Equipment and property are depreciated over their useful lives, generally 3 to 20 years beginning in the year of acquisition. Buildings and improvements (or infrastructure) are depreciated over their estimated useful lives, generally 20 to 40 years for buildings and 20 years for improvements beginning in the year that the construction is completed or, if purchased after construction, when acquired. Library books and software are depreciated over 10 years. When a construction project is completed, the capital project costs are moved from the construction in progress account to either buildings or improvements as appropriate.

As shown in the following table, the college value of net capital assets increased by $3,986,278 during the fiscal year 2024:

	2024	2023	Increase (Decrease)
Land	$ 122,124	$ 122,124	$ -
Construction in progress	4,924,373	8,556,486	(3,632,113)
Buildings	53,402,420	53,357,348	45,072
Improvements	21,138,587	11,888,304	9,250,283
Machinery and equipment	8,475,647	8,016,872	458,775
Library books and media	887,210	891,293	(4,083)
Software	400,000	400,000	-
Lease assets	156,486	156,486	-
Subscription IT assets	292,080	-	292,080
Total capital assets	$ 89,798,927	$ 83,388,913	$ 6,410,014
Accumulated depreciation	(40,812,562)	(38,388,826)	(2,423,736)
Net capital assets	$ 48,986,365	$ 45,000,087	$ 3,986,278

Significant Long-Term Debt Activities

The college issued $5,165,000 in Mississippi Development Bank Special Obligation Bonds $5,165,000 for facility renovation and construction.

Factors Impacting Future Periods

There are a number of issues of Community College-wide importance that directly impacted the fiscal year 2025 financial situation. The level of State support and student tuition and fee increases impact the college's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs.

State appropriations contribute a major percentage of revenue for the college. The level of State support is therefore one of the key factors influencing the college's financial condition.

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

Contact Information

If you have questions about this report, contact the Southwest Mississippi Community College, Vice President for Financial Affairs, 1156 College Drive, Summit, MS 39666-9029.

AUDITED FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2024

Assets		
Current Assets:		
Cash and cash equivalents	$	13,971,706
Short term investments		7,972,000
Accounts receivable, net		722,028
Due from State General Fund		344,032
Grants and contracts receivable, net		3,012,372
Inventories		195,964
Prepaid expenses		808,246
Total Current Assets		27,026,348
Non-current Assets:		
Restricted cash and cash equivalents		3,562,639
Endowment investments		1,049,072
Other long-term investments (land in loan funds)		364,178
Capital assets and intangible right-to-use assets, net		48,986,365
Total Non-current Assets		53,962,254
Total Assets		80,988,602
Deferred Outflows of Resources:		
Deferred outflows related to pensions		8,484,372
Deferred outflows related to OPEB		322,877
Total Deferred Outflows of Resources		8,807,249
Total assets and deferred outflows	$	89,795,851
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$	1,175,555
Accrued payroll		340,088
Unearned revenues		808,070
Deposits refundable		9,535
Long-term liabilities, due within one year:		
Capital related liabilities		1,011,818
Leases payable		32,090
Subscription liabilities		95,098
Net OPEB liability		39,225
Total current liabilities	$	3,511,479

Statement of Net Position

June 30, 2024

Non-Current Liabilities		
Long-term liabilites, due beyond one year		
Capital related liabilities	$	9,930,384
Leases payable		32,113
Subscription liabilities		97,342
Net pension liability		35,211,848
Net OPEB liability		913,602
Total non-current liabilities		46,185,289
Total Liabilities		49,696,768
Deferred inflows of resources		
Deferred inflow related to pensions		1,485,847
Deferred inflow related to OPEB		356,804
Total deferred inflows of resources		1,842,651
Net Position		
Net investment in capital assets		37,787,520
Restricted for:		
Expendable:		
Scholarships and fellowships		307,719
Debt service		1,298,575
Capital improvements		14,737,438
Loans to students		3,681,773
Other purposes		131,977
Non-expendable:		
Scholarships and fellowships		820,109
Unrestricted		(20,508,679)
Total net position		38,256,432
Total liabilities, deferred inflows and net position	$	89,795,851

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

Southwest Mississippi Community College Foundation, Inc.
(A component unit of Southwest Mississippi Community College)
Statement of Financial Position
June 30, 2024

Assets		
Cash	$	453,535
Investments		286,484
Total Assets	$	740,019
Liabilities		
Accounts payable and accrued liabilities	$	-
Net Assets		
With Donor Restrictions		731,663
Without Donor Restrictions		8,356
Total Net Assets		740,019
Total Liabilities and Net Assets	$	740,019

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

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

Operating Revenues		
Tuition and fees (net of scholarship allowances of $5,092,478)	$	2,568,251
Federal grants and contracts		9,238,893
State grants and contracts		3,306,181
Nongovernmental grants and contracts		14,500
Sales and services of educational departments		14,102
Auxiliary enterprises:		
Student housing (net scholarship allowances of $678,312)		240,590
Food services (net of scholarship allowances of $931,987)		222,338
Bookstore		1,005,074
Other auxiliary revenues		7,934
Other operating revenues		830,831
Total operating revenues		17,448,694
Operating Expenses		
Salaries and wages		11,536,977
Fringe benefits		6,008,891
Travel		413,738
Contractual services		4,609,374
Utilities		1,078,693
Scholarships and fellowships		2,447,654
Commodities		2,603,578
Depreciation		2,391,283
Other operating expenses		722,981
Total Operating Expenses		31,813,169
Operating Income (Loss)		(14,364,475)
Non-operating Revenues (Expenses)		
State appropriations		13,005,749
Local appropriation		3,158,147
Gifts and contributions		428,089
Investment income		572,758
Debt issuance costs		
Interest expense on capital asset-related debt		(135,239)
Total Net Nonoperating Revenues (Expenses)		17,029,504
Income (Loss) before Other Revenues, Expenses, Gains and Losses		2,665,029
Other Revenues		
State appropriation restricted for capital purposes		301,443
Total Other Revenues		301,443
Change in Net Position		2,966,472
Net Position		
Net position, beginning of year		35,289,960
Net position, end of year	$	38,256,432

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

Southwest Mississippi Community College Foundation, Inc.
(A component unit of Southwest Mississippi Community College)
Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, Gains and Support			
Contributions	$ 17,068	$ 217,249	$ 234,317
Net Investment Income (Expense)	8,203	20,893	29,096
Net Assets Released from Restrictions	275,095	(275,095)	-
Total Revenues, Gains and Support	300,366	(36,953)	263,413
Expenses and Deductions			
Program Services			
Scholarships	50,756	-	50,756
Support for the College	210,900	-	210,900
Total Program Services	261,656	-	261,656
Supporting Services			
General and Administrative	40,821	-	40,821
Total Supporting Services	40,821	-	40,821
Total Expenses	302,477	-	302,477
Increase (Decrease) in Net Assets	(2,111)	(36,953)	(39,064)
Net Assets at Beginning of Year	10,467	768,616	779,083
Net Assets at End of Year	$ 8,356	$ 731,663	$ 740,019

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

SOUTHWEST MISSISSIPPI COMMUNITY COLLEGE

Statement of Cash Flows
For the Year Ended June 30, 2024

Cash flows from operating activities:		
Tuition and fees	$	2,535,704
Grants and contracts		11,537,722
Sales and services of educational departments		14,102
Payments to suppliers and students		(8,099,757)
Payments to employees for salaries and benefits		(15,341,049)
Cash received (paid) on deposits		8,520
Payments for scholarships and fellowships		(2,447,654)
Auxiliary enterprise charges		1,475,494
Other receipts (payments)		329,693
Net cash provided (used) by operating activities		(9,987,225)
Cash flows from noncapital financing activities:		
State appropriations		13,005,749
Local appropriations		3,158,147
Other sources (uses)		(661,889)
Net cash provided (used) by noncapital financing activities		15,502,007
Cash flows from capital and related financing activities:		
Capital appropriations		301,443
Proceeds from issuance of debt and SBITA's		5,457,080
Purchases of capital assets		(6,417,247)
Principal paid on capital debt, SBITA's and leases		(1,130,917)
Interest paid on capital debt and leases		(135,239)
Net cash provided (used) by capital and related financing activities		(1,924,880)
Cash flows from investing activities:		
Interest and dividends received on investments		572,758
Sale of investments		564,832
Net cash provided (used) by investing activities		1,137,590
Net increase (decrease) in cash and cash equivalents		4,727,492
Cash and cash equivalents - beginning of year		9,244,214
Cash and cash equivalents - end of year	$	13,971,706

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

Statement of Cash Flows
For the Year Ended June 30, 2024

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	$	(14,364,475)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation/Amortization expense		2,391,283
Changes in assets and liabilities		
(Increase) decrease in assets		
Receivables, Net		206,512
Inventories		(442)
Intergovernmental receivables		(1,021,852)
Other assets		(174,141)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities		605,626
Accrued payroll		9,829
Deferred revenue		173,965
Deposits refundable		(8,520)
Change in net pension and OPEB liability and deferred amounts		2,194,990
Total Adjustments		4,377,250
Net cash provided (used) by operating activities	$	(9,987,225)
Reconciliation of cash and cash equivalents to the Statement of Net Position		
Cash and cash equivalents classified as current assets	$	13,971,706
Cash and cash equivalents classified as non-current assets		-
	$	13,971,706

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

Southwest Mississippi Community College Foundation, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2024

Cash Flows from Operating Activities:	
Increase in Net Assets	$ (39,064)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Net unrealized (gain) loss on investments	(20,776)
Net cash provided by operating activities	(59,840)
Net change in Cash	(59,840)
Cash Balance	
Beginning of Year	513,375
End of Year	$ 453,535

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

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the community college have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the community college's accounting policies are described below.

A. Nature of Operations

Southwest Mississippi Community College (the "College") is a comprehensive two-year community and technical college. The College provides the students of its four-county district and beyond with the opportunity to obtain an affordable quality education through academic and career technical curriculum leading to certificates, diplomas, or associates degrees.

B. Reporting Entity

Southwest Mississippi Community College was founded in 1932 and is one of Mississippi's 15 public community colleges. The legal authority for the establishment of Southwest Mississippi Community College is found in Section 37-29-31, Miss. Code Ann. (1972).

Southwest Mississippi Community College is governed by a seventeen member board of trustees, selected by the boards of supervisors of Amite, Pike, Walthall, and Wilkinson counties who support the college through locally assessed ad valorem tax millage. One of the trustees from each of the supporting counties must be the county superintendent of education, unless the superintendent chooses not to serve, in which case the county board of supervisors shall fill the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5 year term. In addition, Southwest Mississippi Community College works jointly with the Mississippi State Board for Community and Junior Colleges, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

Southwest Mississippi Community College reports the following discretely presented component unit:

Southwest Mississippi Community College Foundation Inc. (Foundation). The foundation is a legally separate, tax-exempt nonprofit organization. The Foundation acts primarily as a fund raising organization to supplement the resources available to Southwest Mississippi Community College (College) in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income that the Foundation holds and invests are restricted to the activities of the College by the donors.

During the year ended June 30, 2024, the Foundation provided $50,756 to the College in the form of scholarships to students. Significant note disclosures applicable to the Foundation's financial statements are presented at the end of the College's Notes to the Financial Statements. Complete financial statements for the Foundation can be obtained from: 1156 College Drive – Summit, MS 39666.

C. Basis of Presentation

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

D. 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.

The College prepares its financial statements as a business-type activity in conformity with applicable pronouncements of GASB. The college has the option to apply any other accounting literature unless the literature conflicts with or contradicts a GASB pronouncement.

E. Cash Equivalents

For purposes of the Statement of Cash Flows, the college considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

F. Short-term Investments

Investments that are not cash equivalents but mature within the next fiscal year are classified as short-term investments

G. Accounts Receivable, Net

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

H. Inventories

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

I. Prepaid Expenses

Prepaid expenses represent approved financial aid disbursements for the fall semester.

J. Restricted Cash and Cash Equivalents

Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserved funds, or to purchase or construct capital or other noncurrent assets, are classified as restricted cash and cash equivalents on the Statement of Net Position. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

K. Endowment Investments

Endowment investments are generally subject to the restrictions of donor gift instruments. They include true endowment funds, which are funds received from a donor with the restrictions that only the income is to be utilized; term endowment funds, which are funds for which the donor has stipulated that the principal may be expended after a stated period or on the occurrence of a certain event, and quasi endowment funds, which are funds established by the governing board to function like an endowment fund but may be totally expended at any time at the discretion of the governing board.

L. Capital Assets, net of Accumulated Depreciation

Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value on the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance costs are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See note 6 for additional details concerning useful lives, salvage values and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred.

M. Unearned Revenues

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

N. Compensated Absences

The college does not provide for the accumulation of leave beyond one year. Therefore, no accrual for compensated absences has been recorded in the financial statements.

O. Classification of Revenues

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state and local grants and contracts. Gifts (pledges) that are received on an installment basis are recorded at net present value.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental*

Entities That Use Proprietary Fund Accounting and GASB Statement No. 34, such as state appropriations, local appropriations and investment income.

P. State Appropriations

Southwest Mississippi Community College receives funds from the State of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the State of Mississippi. In the 2004 fiscal year, a new funding formula was to be phased in over a 5 year period which shifted the funding calculation from a predominantly full time student formula, weighted by type of student, to a full time equivalent formula which is based on total credit hours generated by all students with special consideration given to high cost programs.

Q. Local Appropriations

Southwest Mississippi Community College receives funds from taxes levied by the counties in the college for general support, maintenance, and capital improvements.

R. Scholarship Discounts and Allowances

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid 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.

S. Net Position

GASB statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position,* reports equity as "Net Position" rather than "Net Assets". Net position is classified in three categories. Net investment in capital assets is the portion of net position that consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or others. Unrestricted net position is the remaining net position less remaining noncapital liabilities which are not restricted-expendable.

The net position balance of $38,256,432 at June 30, 2024, includes $37,787,520 net investment in capital assets, $307,719 reserved for scholarships, $1,298,575 reserved for debt service, $14,737,438 reserved for capital projects, $3,681,773 reserved for loans to students, $131,977 reserved for other purposes, $820,109 reserved for endowment and an unrestricted amount of $(20,508,679).

T. Income Taxes

The college is recognized as a local governing authority and is excluded by the Internal Revenue Service from federal income taxation.

U. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to use estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

V. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred outflow associated with pensions and OPEB is reported.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. A deferred inflow associated with pensions and OPEB is reported.

See Note 9 and 10 for further details.

W. Pensions

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

X. Postemployment Benefits Other than Pensions (OPEB)

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

Y. Leases

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

The college uses the estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 16 for more information.

Z. Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs)(GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance and consistency of information about SBITAs. GASB 96 was implemented during fiscal year 2023. See Note 17 for more information.

AA. New Accounting Pronouncements

The College implemented GASB Statement No. 100, Accounting Changes and Error Corrections, during the 2024 fiscal year. This Statement is an amendment of GASB Statement 62 Codification of Accounting and Financial Reporting Guidance. The purpose of the standard is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

Note 2 – Cash and Cash Equivalents and Investments

A. Cash, Cash Equivalents and Short Term Investments

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

The collateral pledged for the college's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity'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 those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the college will not be able to recover deposits or collateral securities that are in the possession of an outside party. The college does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the college. As of June 30, 2024, none of the college's bank balance of $14,744,616 was exposed to custodial credit risk.

The carrying amount of the college's deposits with financial institutions reported on the statement of net position was $13,971,706.

B. Investments

Investment policies as set forth by board policy and as authorized by Section 37-101-15, Miss Code Ann. (1972), authorizes the college to invest in equity securities, bonds and other securities. Investments are reported at fair value.

The following table summarizes the carrying value of the college's investments reported on the statement of net position at June 30, 2024:

Endowment investments	$ 1,049,072
Other short term investments	7,972,000
Other long term investments	364,178
Long term investments	3,562,639
Total Investments	$12,947,889

As of June 30, 2024, the college had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Money Market Mutual Funds	Not Rated	Less than 1	$ 12,531,472
Real Estate	Not Rated	N/A	364,178
Equity Securities	BBB+ to AAA	Less than 1	52,239
Total			$ 12,947,889

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.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The college does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the college will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The college does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2024, none of the college's investment balance of $12,947,888 was exposed to custodial credit risk.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2024, the college had the following investments:

Issuer	Fair Value	% of Total Investments
Sterne Agee	$ 12,554,720	97.0%
Raymond James	$ 28,991	0.2%
Land investments	$ 364,178	2.8%

Note 3 – Fair Value Measurements

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

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 — Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets.

Quoted prices for identical or similar assets or liabilities in inactive markets.

Inputs other than quoted prices that are observable for the asset or liability.

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

Mutual Funds and Equity Securities. Valued at the closing price reported in the active markets in which the individual funds or securities are traded.

Real Estate. Valued at historical cost.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflected of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the organization's assets at fair value as of June 30, 2024.

	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 12,531,472	$ -	$ -	$ 12,531,472
Real Estate	-	-	364,178	364,178
Equity Securities	52,239	-	-	52,239
Total	$ 12,583,711	$ -	$ 364,178	$12,947,889

Note 4 – Accounts Receivable

Accounts receivable consisted of the following at June 30, 2024:

Student receivables	$ 3,277,009
Federal, state and private grants and contracts	2,977,324
State appropriations	344,032
Local appropriations	74,975
Other receivables	38,535
Total Accounts Receivable	6,711,875
Less allowance for doubtful accounts	(2,633,443)
Net Accounts Receivable	$ 4,078,432

Note 5 – Inventory

Inventory as of June 30, 2024 consists of the following:

Bookstore	$ 167,398
Food Services	28,566
Total	$ 195,964

Note 6 – Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance 7/1/2023	Increases	Decreases	Adjustments	Balance 6/30/2024
Non-depreciable capital assets:					
Land	$ 122,124	$ -	$ -	$ -	$ 122,124
Construction in progress	8,556,486	5,496,795	9,128,908	-	4,924,373
Total non-depreciable capital assets	8,678,610	5,496,795	9,128,908	-	5,046,497
Depreciable capital assets:					
Buildings	38,124,743	-	-	-	38,124,743
Building improvements	15,232,605	45,072	-	-	15,277,677
Improvements other than buildings	11,888,304	9,250,283	-	-	21,138,587
Equipment	8,016,872	458,775	-	-	8,475,647
Software	400,000	-	-	-	400,000
Library books	891,293	3,150	7,233	-	887,210
Lease assets	156,486	-	-	-	156,486
Subscription IT assets	-	292,080	-	-	292,080
Total depreciable capital assets	74,710,303	10,049,360	7,233	-	84,752,430
Less accumulated depreciation for:					
Buildings	17,008,244	587,739	-	-	17,595,983
Building improvements	8,347,555	541,569	-	-	8,889,124
Improvements other than buildings	6,300,771	708,868	-	-	7,009,639
Equipment	5,489,051	515,016	-	(763)	6,003,304
Software	320,000	-	-	-	320,000
Library books	861,679	7,709	-	-	869,388
Lease assets	61,526	31,145	-	-	92,671
Subscription IT assets	-	32,453	-	-	32,453
Total accumulated depreciation	38,388,826	2,424,499	-	(763)	40,812,562
Total depreciable capital assets, net	36,321,477	7,624,861	7,233	(763)	43,939,868
Capital Assets, Net	$ 45,000,087	$ 13,121,656	$ 9,136,141	$ (763)	$ 48,986,365

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

	Capitalization Policy	Estimated Useful Life
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Equipment	5,000	3-15 years
Library books	0	10 years
Intangible assets	**	**

(**) The estimated useful life is five years for the right-to-use assets. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

The details of construction-in-progress are as follows:

	Spent to June 30, 2024	Remaining Commitment
Business-type Activities:		
Baseball Stadium Renovations	$ 63,375	$ 1,483,625
Fine Arts Building Renovations	387,667	12,333
Tennis Complex	25,882	1,199,018
Soccer Fieldhouse	1,337,761	27,239
Outdoor Classroom/Pavillion	440,291	481,709
Brumfield Building Renovations	16,350	56,393
Waste Treatment Facility	30,417	852,917
Women's Dormitory	2,622,630	10,032,370
Total business-type activities	4,924,373	14,145,604
Total construction in progress	$ 4,924,373	$ 14,145,604

Note 7 – Long-term Liabilities

The following is a summary of changes in long-term liabilities and other obligations for governmental activities:

	Original Issue	Annual Interest Rate	Maturity	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Amounts due within one year
WPC Revolving Loan	622,375	1.75%	2032	$ 295,401	$ -	$ 35,253	$ 260,148	$ 30,355
Dormitory Construction	2,000,000	1-3%	2025	445,000	-	220,000	225,000	225,000
MDB Sp Ob Bond	5,372,000	1.58%	2031	4,337,000	-	523,000	3,814,000	528,000
Turf Surface	1,700,000	2.95%	2029	1,700,000	-	221,946	1,478,054	228,463
MDB Sp Ob Bond-Imp	5,165,000	4-5%	2040	-	5,165,000	-	5,165,000	-
Total				$ 6,777,401	$ 5,165,000	$ 1,000,199	$ 10,942,202	$ 1,011,818

The following is a schedule by years of the maturity of long term debt:

Year Ending June 30	Principal	Interest	Total
2025	$ 1,011,818	$ 253,903	$ 1,265,721
2026	1,040,763	328,341	1,369,104
2027	1,064,181	302,255	1,366,436
2028	1,094,583	60,601	1,155,184
2029	1,117,625	244,124	1,361,749
2030-2034	3,084,362	810,049	3,894,411
2035-2039	2,060,015	324,700	2,384,715
2040	468,855	9,300	478,155
Total	$ 10,942,202	$ 2,333,273	$ 13,275,475

Note 8 – Functional Classification of Operating Expenses

The College's operating expenses by functional classifications were as follows for the year ended June 30, 2024:

	Natural Classification									
Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships Fellowships	Commodities	Depreciation Expense	Other	Total
Instruction	$ 6,479,264	3,186,197	122,656	1,233,267			485,027		165,808	$ 11,672,219
Academic Support	248,246	121,850	1,201	20,862			3,688		31,776	427,623
Student Services	1,886,284	998,699	267,715	332,865			440,983		77,659	4,004,205
Institutional Support	1,500,600	798,403	21,764	1,174,219			95,513		367,202	3,957,701
Operation of Plant	864,077	500,022	374	1,101,784	710,888		233,569		73,174	3,483,888
Student Financial Aid						2,447,654				2,447,654
Auxiliary Enterprises	558,506	403,720	28	746,377	367,805		1,344,798		7,362	3,428,596
Depreciation								2,391,283		2,391,283
Total Operating Expenses	$ 11,536,977	6,008,891	413,738	4,609,374	1,078,693	2,447,654	2,603,578	2,391,283	722,981	$ 31,813,169

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the college is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2024 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The college's contributions to PERS for the fiscal years ending June 30, 2024, 2023 and 2022 were $1,944,678, $1,846,740 and $1,780,855, respectively, which equaled the required contributions for each year.

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

At June 30, 2024, the college reported a liability of $35,211,848 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The college's proportion of the net pension liability was based on a projection of the college's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The college's proportionate share used to calculate the June 30, 2024 net pension liability was 0.14 percent, which was based on a measurement date of June 30, 2023. This was a decrease of

0.01 percent from its proportionate share used to calculate the June 30, 2023 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended June 30, 2024, the College recognized pension expense of $4,235,732. At June 30, 2024 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	$	896,101	$	
Net difference between projected and actual earnings on pension plan investments		1,473,059		
Changes of assumptions		4,167,853		
Changes in proportion and differences between College contributions and proportionate share of contributions		2,681		1,485,847
College contributions subsequent to the measurement date		1,944,678		
Total	$	8,484,372	$	1,485,847

$1,944,678 reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2025	$	1,836,044
2026		865,864
2027		2,341,466
2028		10,473

Actuarial assumptions. The total pension liability as of June 30, 2023 was determined by actuarial valuation prepared as of June 30, 2022, by the new actuarial assumptions adopted by the Board subsequent to June 30, 2022 valuation based on the experience investigation for the four-year period ending June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

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

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
Domestic Equity	27.00	%	4.75	%
International Equity	22.00		4.75	
Global Equity	12.00		4.95	
Fixed Income	20.00		1.75	
Real Estate	10.00		3.25	
Private Equity	8.00		6.00	
Cash Equivalents	1.00		0.25	
Total	100	%		

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be phased in to 22.40 percent over three fiscal years (17.40 percent for FYE 2024, 19.40 percent for FYE 2025, 21.40 percent for FYE 2026, and 22.40 percent for FYE 2027). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate. The following table presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$ 45,406,571	$ 35,211,848	$ 26,845,945

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

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the College were $42,145 for the year ended June 30, 2024.

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

At June 30, 2024, the College reported a liability of $952,827 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the College's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2023, the College's proportion was 0.17218471 percent. This was an increase of 0.00408864 percent from the proportionate share as of the measurement date of June 30, 2022.

For the year ended June 30, 2024, the College recognized OPEB expense of ($53,919). At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		**Deferred Inflows of Resources**
Differences between expected and actual experience	$	156,187	$	269,008
Changes of assumptions		85,121		71,680
Net difference between projected and actual earnings on OPEB plan investments		59		
Changes in proportion and differences between College contributions and proportionate share of contributions		39,365		16,116
College contributions subsequent to the measurement date		42,145		
Total	$	322,877	$	356,804

$42,145 reported as deferred outflows of resources related to OPEB resulting from college contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2025	$	(28,887)
2026		(41,846)
2027		(31,004)
2028		(2,757)
2029		16,610
Thereafter		11,812

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate Measurement Date	3.66%

Prior Measurement Date	3.37%
Year FNP is projected to be depleted	
Measurement Date	2023
Prior Measurement Date	2022
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.66%
Prior Measurement Date	3.37%
Health Care Cost Trends	
Medicare Supplement Claims Pre-Medicare	6.50% for 2024 decreasing to an ultimate rate of 4.50% by 2029 FYE

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

The demographic actuarial assumptions used in the June 30, 2023 valuation were based on the results of the last actuarial experience study, dated April 21, 2023.

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, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

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

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2023 was 3.66 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.37% to 3.66%.

The trust was established on June 28, 2018 with an initial contribution of $1,000,000. As of June 30, 2023, the trust has $1,067,750. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2023 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.66 percent) or 1-percentage-point higher (4.66 percent) than the current discount rate:

	1% Decrease (2.66%)	Current Discount Rate (3.66%)	1% Increase (4.66%)
Net OPEB liability	$ 1,043,675	$ 952,827	$ 874,061

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	$ 887,827	$ 952,827	$ 1,025,627

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

Note 11– Contingencies

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

Litigation – The College is 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.

Note 12 – Risk Management

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

Note 13 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of $ (20,508,679) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of $1,944,678 resulting from the college contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The $6,539,694 balance of deferred outflow of resources related to pensions at June 30, 2024, will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of $ (20,508,679) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The $1,485,847 balance of deferred inflow of resources related to pensions at June 30, 2024, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of $ (20,508,679) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of $42,145 resulting from the college contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. The $280,732 balance of deferred outflow of resources related to OPEB at June 30, 2024, will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of $ (20,508,679) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The $356,804 balance of deferred inflow of resources related to OPEB at June 30, 2024, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

Note 14 - Concentrations

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

Note 15 – Consistency Between Reporting Periods

Due to the classification of assets, liabilities, revenues, and expenses, immaterial inconsistencies may exist between reporting periods.

Note 16 – Leases

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

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

The college generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known.

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

As Lessee:

The college has two leases during the fiscal year. The first lease is a 60 month lease for 266 multipliance refrigerator/microwave combo units from First American with a monthly payment of $2,567 per month. The second lease is a 63 month lease for postage meter equipment from Quadient, with a monthly payment of $278.

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Multipliance Refrigerators	3.25%	60 months	8/1/2022	7/6/2025	$2,567	$56,325
Postage Meter	3.25%	63 months	11/1/21	11/26/2026	$278	7,878
Total						$64,203

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

Lease Assets	**Balance 7/1/2023**	**Additions**	**Amortization**	**Balance 6/30/2024**
Multipliance Refrigerators	$ 84,275	$ -	$ (28,092)	$ 56,183
Postage Meter	10,685	-	(3,053)	7,632
Total	$ 94,960	$ -	$ (31,145)	$ 63,815

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

Lease Liabilities	**Balance 7/1/2023**	**Additions**	**Principal Payments**	**Balance 6/30/2024**
Multipliance Refrigerators	$ 84,388	$ -	$ (28,063)	$ 56,325
Postage Meter	10,893	-	(3,015)	7,878
Total	$ 95,281	$ -	$ (31,078)	$ 64,203

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

Year Ending June 30	Principal	Interest	Total
2025	$ 32,090	$ 2,049	$ 34,139
2026	30,567	1,005	31,572
2027	1,546	18	1,564
	$ 64,203	$ 3,072	$67,275

Note 17 – Subscription Based IT Assets

The college has various subscription-based IT arrangements (SBITA) for software. For arrangements that have a maximum possible term of 12 months or less at commencement, the college recognizes expense based on the provisions of the lease contract. For all other subscriptions, other than short term, the college recognized a subscription IT asset.

At commencement, the college initially measures the liability at the present value of payments expected to be made during the subscription term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the subscription liability amount, plus payments made at or before the commencement date. Subsequently, the IT asset is amortized in amortization expense, on a straight-line basis over the shorter of the term or the useful life of the underlying IT asset.

The college generally uses its estimated incremental borrowing rate as the discount rate unless the rate that the vendor charges is known.

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

The college has three SBITA's during the fiscal year.

Description	Discount Rate	Term	Issue Date	Maturity Date	Yearly Payment	Amount Outstanding
Student Bridge	2.36%	36 months	3/06/2024	3/05/2027	$16,875	$32,592
Edsights	2.36%	36 months	3/01/2024	2/28/2027	$21,890	42,181
ConexEd	2.36%	36 months	3/01/2024	2/28/2027	$60,925	117,667
Total						$192,440

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

Subscription IT Assets	**Balance 7/1/2023**	**Additions**	**Amortization**	**Balance 6/30/2024**
Student Bridge	$ -	$ 49,467	$ (5,496)	$ 43,971
Edsights	-	64,021	(7,113)	56,908
ConexEd	-	178,592	(19,844)	158,748
Total	$ -	$ 292,080	$ (32,453)	$ 259,627

See Note 6 for further details regarding subscription IT assets.

Subscription IT Liabilities	**Balance 7/1/2023**	**Additions**	**Principal Payments**	**Balance 6/30/2024**
Student Bridge	$ -	$ 49,467	$ (16,875)	$ 32,592
Edsights	-	64,021	(21,840)	42,181
ConexEd	-	178,592	(60,925)	117,667
Total	$ -	$ 292,080	$ (99,640)	$ 192,440

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

Year Ending June 30	Principal	Interest	Total
2025	$ 95,098	$ 4,542	$ 99,640
2026	97,342	2,297	99,639
	$ 192,440	$ 6,839	$199,279

Note 18 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Southwest Mississippi Community College evaluated the activity of the college through May 20, 2025 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Southwest Mississippi Community College entered into a contract to construct an outdoor classroom pavilion. The project has an estimated cost of $922,000. The tentative completion date is March 2025.

Southwest Mississippi Community College entered into a contract to renovate the baseball stadium. The project has an estimated cost of $1,547,000. The tentative completion date is June 2025.

Southwest Mississippi Community College entered into a grant agreement with the Mississippi Department of Transportation for a multi-use pathway. The project has an estimated cost of $361,780.80. The grant requires a local share of 20% or approximately $90,445.20. The tentative project closeout date is June 2026.

Southwest Mississippi Community College entered into a contract to construct a new women's dormitory. The project has an estimated cost of $12,655,000. The tentative completion date is July 2025.

Southwest Mississippi Community College Foundation, Inc.
Summit, Mississippi
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 1 Summary of Significant Accounting Policies

Statement of Organizational Activities
Southwest Mississippi Community College Foundation, Inc. (The Foundation) is a non-profit organization established to solicit and manage funds for the benefit of Southwest Mississippi Community College (the College). The membership of the Foundation represents the four county district served by the College and is led by a Board of Directors elected by the membership. Its purpose is to provide scholarships and other financial support to the students registered at Southwest Mississippi Community College. Funds may also be used to support other educational activities of the College, such as faculty and student development.

Basis of Presentation
The Foundation prepares its financial statements on the accrual basis of accounting. The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. The Foundation adopted FASB Accounting Standards Update 2016-14 (Topic 958) *Presentation of Financial Statements of Not-for-Profits Entities*, Not-For-Profit Entities. The new standard requires net assets to be classified on the statement of financial position as net assets with donor restrictions and net assets without donor restrictions based on the absence or existence and type of donor-imposed restrictions.

Net Assets with Donor Restrictions
The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). A donor-imposed restriction is a stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: (a) the nature of the not-for-profit entity (NFP), (b) the environment in which it operates, (c) the purposes specified in its articles of incorporation or bylaws or comparable documents for an unincorporated association. Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specific date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Net Assets without Donor Restrictions
The part of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors. Net assets without donor restrictions are subject to self-imposed limits by action of governing board. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

Income Taxes

Southwest Mississippi Community College Foundation, Inc. is organized as a nonprofit corporation exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Section 501 of the U.S. tax code outlines which types of not-for-profit organizations are tax exempt. The Section of this code that provides for exemption is 501 (a), which states that organizations are exempt from some federal income taxes if they fall under sections 501 (c), 501 (d), or section 401 (a). In addition, the Foundation qualifies for the charitable contribution deduction under IRC Section 170 (b)(1)(A)(vi). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990). In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. As of June 30, 2024 the Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Tax years 2022, 2023, and 2024 are still open for possible examination by the Internal Revenue Service.

Donated Assets

Donated marketable securities are disposed of upon receipt and are then recorded as contributions at the amount of proceeds received from the sale. Donations of equipment are not recorded in the financial statements. These items are recorded in a separate ledger with no value assigned to them. These items are distributed to the department within the College as designated by the donor, or if undesignated, to the department of the College that has the greatest need for the donated assets as determined by the Board of Directors.

Donated Services and Facilities

The Foundation receives a substantial amount of services donated by citizens interested in the Foundation's programs. Because of the difficulty in assigning values for such services, these items are generally not reflected in the accompanying financial statements. The Foundation also receives office space from Southwest Mississippi Community College and a substantial amount of services donated by employees of the College. No amount for rent expense has been included in these financial statements and these employees' salaries and related expenses are not included in the Foundation's financial statements but are included in the College's financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be all highly liquid investments with maturities of six months or less at the time of acquisition. Cash and cash equivalents include cash on hand, demand deposit accounts, savings accounts, and certificate of deposits.

Investments

The Foundation follows FASB Accounting Standards Codification Subtopic 958-320, Not-For-Profit-Entities-Investments-Debt and Equity Securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increase in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fixed Assets
There are no fixed assets for the Foundation as of June 30, 2024.

Estimates
The preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions
All donor-restricted support is reported as with donor restrictions or without donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Gifts of long-lived assets such as land, buildings or equipment are reported as net assets without donor restrictions support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions support. Absent explicit donor stipulations about how long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Foundation and the College are financially interrelated organizations. Therefore, any contributions that are received by the Foundation specifically for the College are recorded as net assets without donor restrictions or net assets with donor restrictions contribution revenue, depending on the donors' specific instructions. These contributions are recorded by the Foundation only.

Revenue Recognition
All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as net assets with donor restrictions support and increase the respective class of net assets.

Planned Giving
Planned giving, which includes wills, trusts and estates, are not accrued as it represents a conditional promise to give which constitutes a future and uncertain event.

Operating Measure
The Statement of Activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities that are considered to be more unusual and nonrecurring in nature.

Southwest Mississippi Community College Foundation, Inc.
Summit, Mississippi
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2024

Functional Allocation of Expenses
The costs of providing various programs and related supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated to the appropriate programs and supporting services.

Note 2 Concentrations of Credit Risk
Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and investment securities. The Foundation places its cash with creditworthy, high quality financial institutions. Cash deposits in excess of $250,000 are not insured by the FDIC.

For the year ended June 30, 2024, the Foundation had $453,535 in cash and cash equivalents.

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

Note 3 Investments
Investments of all funds are included in a pooled investment fund. The pool is operated on a market value basis whereby each addition to the pool is assigned a number of units based on the market value per fund at the beginning of the month within which the addition takes place.

Pooled investments at June 30, 2024 consist of the following:

	Market Value
Cash & Cash Equivalents	$ 4,132
Mutual Funds	282,352
Total Investments	$286,484

Investment Income for the year ended June 30, 2024 was calculated as follows:

Interest and Dividends	$ 8,320
Unrealized Gains and Losses	20,776
Total	$ 29,096

Note 4 Fair Value Measurements

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment balances at June 30, 2024, are as follows:

Description	Maturities	Rating	Fair Value
Mutual Funds	Greater than 3 months	Not rated	$ 286,484
Total			$ 286,484

All investments are valued using quoted market prices (Level 1 inputs).

Held With	Fair Value	% of Total Investments
Raymond James	$ 286,484	100%

Note 5 Net Assets

Net assets with donor restrictions were as follows for the year ended June 30, 2024:

Subject to expenditure for specific purpose	
Scholarships	$716,180
Other	15,483
Total net assets with donor restrictions	$731,663

Net assets without donor restrictions were as follows for the year ended June 30, 2024:

Undesignated	$ 8,356

Note 6 Statement of Functional Expenditures

Statement of Functional Expenditures for the fiscal year 2024 consisted of:

	Program Services	Supporting Services	Total
Scholarships	$ 50,756	$ -	$ 50,756
Support for College	210,900	-	210,900
Administrative Expense	-	12,655	12,655
Professional Fees	-	10,500	10,500
Investment/Banking Fees	-	153	153
Software Maintenance	-	600	600
Meetings Expense	-	935	935
Office Expenses	-	15,978	15,978
	$ 261,656	$ 40,821	$ 302,477

Note 7 Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year-end	$ 740,019
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with perpetual restrictions	(731,663)
Subject to satisfaction of donor restrictions	
Financial assets available to meet cash needs for general expenditures	$ 8,356

Note 8 Subsequent events

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Positions date require disclosure in the accompanying notes. Management of the Southwest Mississippi Community College Foundation, Inc. evaluated the activity of the Foundation through the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERS

Last 10 Fiscal Years*

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	%	0.1400	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1600	0.1700
College's proportionate share of the net pension liability	$	35,211,848	30,875,459	22,170,656	29,038,258	26,387,960	24,949,456	24,935,091	26,793,746	24,732,844	20,634,887
College's covered payroll	$	10,613,448	10,234,799	10,151,374	10,103,483	9,958,400	9,523,530	9,780,521	9,746,590	9,818,730	10,272,902
College's proportionate share of the net pension liability as a percentage of its covered payroll	%	331.77	301.67	218.40	287.41	264.98	261.98	254.95	274.9	251.89	200.87
Plan fiduciary net position as a percentage of the total pension liability	%	55.70	59.93	70.44	58.97	61.59	62.54	61.49	57.47	61.70	67.21

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

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

SOUTHWEST MISSISSIPPI COMMUNITY COLLEGE

Required Supplementary Information

SCHEDULE OF COLLEGE CONTRIBUTIONS
PERS
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,944,678	1,846,740	1,780,855	1,766,339	1,758,006	1,568,448	1,499,956	1,540,432	1,535,088	1,546,450
Contributions in relation to the contractually required contribution	1,944,678	1,846,740	1,780,855	1,766,339	1,758,006	1,568,448	1,499,956	1,540,432	1,535,088	1,546,450
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
College's covered payroll	$ 11,176,310	10,613,448	10,234,799	10,151,374	10,103,483	9,958,400	9,523,530	9,780,521	9,746,590	9,818,730
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

SOUTHWEST MISSISSIPPI COMMUNITY COLLEGE

Required Supplementary Information

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

OPEB

Last 10 Fiscal Years*

		2024	2023	2022	2021	2020	2019	2018
College's proportion of the net OPEB liability		0.17218471%	0.16809607%	0.17017306%	0.17146558%	0.17033688%	0.16343366%	0.16256152%
College's proportionate share of the net OPEB liability	$	952,827	828,182	1,095,373	1,334,359	1,445,378	1,264,241	1,275,472
College's covered-employee payroll	$	9,163,756	10,234,799	10,151,374	10,103,483	9,958,400	9,523,530	7,303,442
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		10.40%	8.09%	10.79%	13.21%	14.51%	13.27%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability		0.19%	0.21%	0.16%	0.13%	0.12%	0.13%	0%

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

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

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

SCHEDULE OF COLLEGE CONTRIBUTIONS
OPEB
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 42,145	41,780	33,750	44,027	53,214	57,935	54,375
Contributions in relation to the actuarially determined contribution	42,145	41,780	33,750	44,027	53,214	57,935	54,375
Contribution deficiency (excess)	$ -	-	-	-	-	-	-
College's covered-employee payroll	$ 11,176,310	10,613,448	10,234,799	10,151,374	11,161,943	9,958,400	9,523,530
Contributions as a percentage of covered employee payroll	0.38%	0.39%	0.33%	0.43%	0.48%	0.58%	0.57%

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

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2023. Small adjustments were also made to the Mortality Table for disabled lives.

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019:

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

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: for males, 137% of male rates at all ages; for females, 115% of female rates at all ages; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

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

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

2021:

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

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: for males, 134% of male rates at all ages; for females, 121% of female rates at all ages; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: for males, 97% of male rates at all ages; for females, 110% of female rates at all ages; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

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

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

The assumed load for administrative expenses was increased from 0.25% to 0.28%.

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

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

The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

2023:

The investment rate of return assumption was changed from 7.55% to 7.00%.

The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.

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

The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.

For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.

The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.

The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

(2) *Changes in benefit provisions*

2016:

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

(3) *Method and assumptions used in calculations of actuarially determined contributions.*
The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2022 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	26.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

2017: The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

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

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

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

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

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

2023: The discount rate was changed from 3.37% for the prior Measurement Date to 3.66% for the current Measurement Date. Withdrawal rates, disability rates, service retirement rates and salary merit rates were adjusted to reflect actual experience more closely.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

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

2023: The schedule of monthly retiree contributions was increased as of January 1, 2024. In addition, the in-network medical deductible was increased for the Base Family coverage beginning January 1, 2024.

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2022 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2023:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	7.00%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.50%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2029
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.37%

SUPPLEMENTARY INFORMATION

SOUTHWEST MISSISSIPPI COMMUNITY COLLEGE

Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor No.	Federal Expenditures
U.S. Department of Education			
Student Financial Aid Cluster			
Direct programs:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	N/A	$ 87,761
Federal Work-Study Program	84.033	N/A	56,120
Federal Pell Grant Program	84.063	N/A	6,313,319
Total Student Financial Aid Cluster			6,457,200
Institutional Service			
Strengthening Minority Serving Institutions	84.382A	N/A	556,291
Higher Education Institutional Aid	84.031A	N/A	444,832
Total Institutional Service			1,001,123
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act			
Higher Education Emergency Relief Fund - Institutional Portion	84.425F	N/A	1,059,853
Total Education Stabilization Fund			1,059,853
Passed-through Mississippi Department of Education:			
Adult Education-basic grants to states	84.002	V002A160025	192,789
Career and technical education-basic grants to states	84.048	V048A170024	136,464
Total passed-through Mississippi Department of Education			329,253
Total U.S. Department of Education			8,847,429
U.S. Department of Labor			
Passed-through the Mississippi Department of Employment Security:			
Trade Adjustment Assistance	17.245	18-01-82-01	41,993
Youth Services	17.259	23-82-01	177,319
Total passed-through Mississippi Department of Employment Security:			219,312
Total U.S. Department of Labor			219,312
National institute of Standards and Technology			
Passed-through the Mississippi Department of Finance and Administration:			
State Digital Equity Planning Grants	11.032	2830DP300	15,000
Total passed-through Mississippi Department of Finance and Administration:			15,000
Total National Institute of Standards and Technology			15,000
U.S. Department of Defense			
Passed-through the Mississippi Department of Employment Security:			
Community Investment	12.600	MCS1998-22-01	62,586
Total passed-through Mississippi Department of Employment Security:			62,586
Total U.S. Department of Defense			62,586
U.S. Department of Treasury			
Passed-through the Mississippi Department of Employment Security:			
Coronavirus State Fiscal Recovery Funds	21.027	SLFRP0003	49,523
Total passed-through Mississippi Department of Employment Security:			49,523
Total U.S. Department of Treasury			49,523
Total for All Federal Awards			$ 9,193,850

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

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Southwest Mississippi Community College under programs of the federal government for the year ended June 30, 2024. 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). Because the Schedule presents only a selected portion of the operations of the Southwest Mississippi Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Southwest Mississippi Community College.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

The Southwest Mississippi Community College has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

LOWERY, PAYN, LEGGETT & BELLIPANNI
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INDEPENDENT AUDITOR'S 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*

Dr. J. Stephen Bishop, President and Board of Trustees of
Southwest Mississippi Community College
Summit, Mississippi 39666

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Southwest Mississippi Community College, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Southwest Mississippi Community College's basic financial statements, and have issued our report thereon dated May 20, 2025. We have also audited the statement of financial position of the Southwest Mississippi Community College Foundation, Inc., a discretely presented component unit of Southwest Mississippi Community College, as of June 30, 2024 and the related statement of activities, cash flows, and the related notes to the financial statements for the year then ended. The financial statements of Southwest Mississippi 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 compliance and other matters associated with Southwest Mississippi Community College Foundation, Inc.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lowery, Payn, Leggett + Bellipanni, CPAs

Lowery, Payn, Leggett and Bellipanni, CPAs

Brookhaven, Mississippi
May 20, 2025

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

Dr. J. Stephen Bishop, President and Board of Trustees of
Southwest Mississippi Community College
Summit, Mississippi 39666

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southwest Mississippi Community College's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Southwest Mississippi Community College's major federal programs for the year ended June 30, 2024. Southwest Mississippi Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southwest Mississippi Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Southwest Mississippi Community College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Southwest Mississippi Community College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Southwest Mississippi Community 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 Southwest Mississippi Community College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Southwest Mississippi Community College's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Lowery, Payn, Leggett + Bellipanni, CPAs

Lowery, Payn, Leggett and Bellipanni, CPAs

Brookhaven, Mississippi
May 20, 2025

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Dr. J. Stephen Bishop, President and Board of Trustees of
Southwest Mississippi Community College
Summit, MS 39666

We have audited the financial statements of the business-type activities and discretely presented component unit of Southwest Mississippi Community College as of and for the year ended June 30, 2024, which collectively comprise Southwest Mississippi Community College's basic financial statements and have issued our report thereon dated May 20, 2025. 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 Southwest Mississippi Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards.*

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

The results of 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 other state laws and regulations.

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

Lowery, Payn, Leggett + Bellipanni, CPAs

Lowery, Payn, Leggett and Bellipanni, CPAs
Brookhaven, Mississippi 39601
May 20, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SOUTHWEST MISSISSIPPI COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I: Summary of Auditor's Results

Financial Statements:

1.	Type of auditor's report issued:	Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness identified?	No
	b. Significant deficiency identified?	None Reported
3.	Noncompliance material to financial statements noted?	No

Federal Awards:

4.	Internal control over major programs:	
	a. Material weakness identified?	No
	b. Significant deficiency identified?	None Reported
5.	Type of auditor's report issued on compliance for major programs:	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
7.	Identification of major programs:	

Assistance Listing Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063	Student Financial Aid Cluster

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

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

10. Prior fiscal year audit findings and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b).	No

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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