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NORTHEAST MISSISSIPPI COMMUNITY COLLEGE
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025



Certified Public Accountants

**NORTHEAST MISSISSIPPI COMMUNITY COLLEGE
AUDITED FINANCIAL STATEMENTS
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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Dr. Ricky G. Ford, President
and Board of Trustees
Northeast Mississippi Community College
Booneville, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Northeast Mississippi Community College and the discretely presented component unit, the Northeast Mississippi Community College Development Foundation, Inc., as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Northeast Mississippi Community College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Northeast Mississippi Community College and the discretely presented component unit, the Northeast Mississippi Community College Development Foundation, Inc., as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northeast 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 opinion. The financial statements of Northeast 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.

Muscle Shoals, Alabama
Phone: (256) 314-5082

Red Bay, Alabama
Phone: (256) 356-9375

Sheffield, Alabama
Phone: (256) 381-1473

Booneville, Mississippi
Phone: (662) 728-6172

Corinth, Mississippi
Phone: (662) 286-7082

Iuka, Mississippi
Phone: (662) 423-5057

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 Northeast 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the College's Proportionate Share of Net Pension Liability, the Schedule of College Contributions - PERS, the College's Proportionate Share of Net OPEB Liability, and the Schedule of College Contributions - OPEB Plan on pages 4-14 and 55-62, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2026, on our consideration of Northeast Mississippi Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northeast 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 Northeast Mississippi Community College's internal control over financial reporting and compliance.



The Sparks CPA Firm, PC
Certified Public Accountants
Booneville, Mississippi
March 24, 2026

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

This section of Northeast Mississippi Community College's (NEMCC) annual financial report presents the college's discussion and analysis of the financial performance of the College during the fiscal year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

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

Reporting the College's Financial Activities

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 an indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

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

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

The College complies with Governmental Accounting Standards Board (GASB) Statement No. 68. Purportedly, the primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It is also purported to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. However, compliance with GASB 68 requires the College to record deferred outflows, deferred inflows, net pension liability, and pension expenses (GASB adjustment to retirement expense) that significantly distort the College's true activity and financial position. In the MD&A, the impact of GASB 68 is eliminated to provide a more useful report on operations and net position.

The College complies with GASB Statement No. 75. Purportedly, the primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer is required to recognize a liability for its proportionate share of the net OPEB liability. A cost-sharing employer is also required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. However, compliance with GASB 75 requires the College to record deferred outflows, deferred inflows, net OPEB liability, and OPEB expenses (GASB adjustment to fringe benefits expense) that distort the College's true activity and financial position. In the MD&A, the impact of GASB 75 is eliminated to provide a more useful report on operations and net position.

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

Depreciation and changes in compensated absences are also removed from the operating results in the Condensed Statement of Revenues, Expenses, and Changes in Net Position, as these are non-budgeted, non-cash expenses.

The following represents a condensed Statement of Net Position as of June 30, 2025, and 2024:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percent Inc.(Dec.)</u>
Assets				
Current Assets	\$ 16,627,314	\$ 18,198,964	\$ (1,571,650)	-8.64%
Non-Current Assets				
Other	1,749,367	993,987	755,380	75.99%
Capital Assets, Net	<u>66,815,120</u>	<u>65,590,675</u>	<u>1,224,445</u>	1.87%
Total Assets	<u>85,191,801</u>	<u>84,783,626</u>	<u>408,175</u>	0.48%
Deferred Outflows				
OPEB Related	606,784	582,303	24,481	4.20%
Pension Related	<u>11,556,383</u>	<u>15,127,262</u>	<u>(3,570,879)</u>	-23.61%
Total Deferred Outflows	<u>12,163,167</u>	<u>15,709,565</u>	<u>(3,546,398)</u>	-22.57%
Liabilities				
Current Liabilities	3,584,582	2,650,622	933,960	35.24%
Non-Current Liabilities	8,387,755	9,841,801	(1,454,046)	-14.77%
Net OPEB Liability	1,574,969	1,504,953	70,016	4.65%
Net Pension Liability	<u>64,191,477</u>	<u>61,645,885</u>	<u>2,545,592</u>	4.13%
Total Liabilities	<u>77,738,783</u>	<u>75,643,261</u>	<u>2,095,522</u>	2.77%
Deferred Inflows				
OPEB Related	425,275	572,364	(147,089)	-25.70%
Pension Related	<u>820,478</u>	<u>1,336,503</u>	<u>(516,025)</u>	-38.61%
Total Deferred Inflows	<u>1,245,753</u>	<u>1,908,867</u>	<u>(663,114)</u>	-34.74%
Net Position	<u>\$ 18,370,432</u>	<u>\$ 22,941,063</u>	<u>\$ (4,570,631)</u>	-19.92%

The 2024 amounts presented here have not been restated to correct errors in previously issued financial statements. Refer to Note 17 Adjustments and Restatements of Beginning Balances for details.

**Impact of GASB 68 and GASB 75 on Net Position
For the Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Total Net Position	\$ 18,370,432	\$ 22,941,063
Deferred outflows of resources - pensions	(11,556,383)	(15,127,262)
Deferred inflows of resources - pensions	820,478	1,336,503
Net pension liability	64,191,477	61,645,885
Deferred outflows of resources - OPEB	(606,784)	(582,303)
Deferred inflows of resources - OPEB	425,275	572,364
Net OPEB liability	<u>1,651,668</u>	<u>1,577,153</u>
Total impact of GASB 68 and 75	<u>54,925,731</u>	<u>49,422,340</u>
Total net position, net of GASB 68 and 75	73,296,163	72,363,403
Less		
Net investment in capital assets	58,362,760	55,784,015
Restricted net position	<u>987,128</u>	<u>897,905</u>
Unrestricted net position, net of GASB 68 and 75	<u>\$ 13,946,275</u>	<u>\$ 15,681,483</u>

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

Assets

Current Assets

Cash and Cash Equivalents - Current

Cash and cash equivalents consist of cash in the College's bank accounts. The total amount of cash and cash equivalents reported as current assets on the College financial statements were \$9,197,119 and \$12,537,167, respectively, at June 30, 2025, and 2024.

Accounts Receivable

Accounts receivable relates to several transactions including county appropriations, accrued interest, student tuition and fee billings, and auxiliary enterprise sales such as dorm rent, food service and bookstore charges. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowance for doubtful accounts. The College's receivables totaled \$6,778,960 and \$5,113,989, respectively, at June 30, 2025, and 2024.

Inventories

The College maintains inventories of resale merchandise in the Northeast Bookstore. Books, iPads, student supplies and institutional memorabilia make up the majority of the resale inventory. Inventories totaled \$263,881 and \$193,746, respectively, at June 30, 2025, and 2024.

Cash and Cash Equivalents - Restricted

Cash and cash equivalents are those funds that are held in the bank accounts. The cash and cash equivalents that are considered non-current are cash in restricted funds to be used for the purpose designated by the funding agency, such as a federal granting agency, or scholarships. The amount of cash and cash equivalents considered non-current at June 30, 2025, and 2024, totaled \$1,749,367 and \$993,987, respectively.

Capital Assets, Net

Capital assets, net of accumulated depreciation, consist of land, infrastructure, buildings, equipment, and historical library holdings. The amount reported is net of accumulated depreciation and amortization. Capital assets, excluding leased assets and SBITA assets, net of accumulated depreciation, totaled \$64,037,155 at June 30, 2025, in comparison to \$62,141,779 at June 30, 2024.

Right-to-Use Leased Assets, Net

Right-of-Use assets, net, consist of equipment held through leases. The amount reported is net of accumulated amortization. Right-of-Use assets, net, totaled \$410,837 and \$328,263, respectively, at June 30, 2025, and 2024.

Subscription Based IT Assets, Net

The College implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, during fiscal year 2023, which changed the accounting and financial reporting for subscription-based information technology arrangements. SBITA assets, net of accumulated amortization, totaled \$2,367,128 and \$3,120,633, respectively, at June 30, 2025, and 2024.

Deferred Outflow of Resources

Pension Related

Pension related deferred outflow of resources are a result of timing differences due to the measurement date of pension expense and other factors. As of June 30, 2025, and 2024, pension related deferred outflow of resources amounted to \$11,556,383 and \$15,127,262, respectively. **See comments before the Condensed Statement of Net Position concerning the effects of GASB Statement Nos. 68 and 75 for a better understanding of unrestricted net position.**

Other Post-Employment Benefits (OPEB) Related

OPEB related deferred outflow of resources are a result of timing differences due to the measurement date of OPEB expense and other factors. As of June 30, 2025, and 2024, OPEB deferred outflow of resources amounted to \$606,784 and \$582,303, respectively. **See comments before the Condensed Statement of Net Position concerning the effects of GASB Statement Nos. 68 and 75 for a better understanding of unrestricted net position.**

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

Liabilities

Current Liabilities

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts due at year-end for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$2,405,375 and \$1,628,613, respectively, at June 30, 2025, and 2024.

Unearned Revenue

Unearned revenue represents revenue that was received by the College during the fiscal year but not yet earned. Unearned revenue totaled \$25,313 and \$55,694, respectively, at June 30, 2025, and 2024.

OPEB Liability-Current Portion

OPEB-Current Portion represents a portion of the OPEB liability considered due within one year of the statement of net position date. The amount of OPEB Liability-Current Portion at June 30, 2025, and 2024, was \$76,699 and \$72,200, respectively. **See comments before the Condensed Statement of Net Position concerning the effects of GASB Statement Nos. 68 and 75 for a better understanding of unrestricted net position.**

Long-Term Liabilities - Current Portion

Long-term liabilities - current portion represents the portion of bond and note indebtedness that is payable within one year of the statement of net position date. The amount of the long-term liabilities-current portion at June 30, 2025, and 2024, was \$110,000 and \$105,000, respectively.

Accrued Leave Liabilities – Current Portion

Accrued leave liabilities – current portion includes the current portion of accrued leave liabilities that is payable within one year of the statement of net position date. Accrued leave liabilities – current portion at June 30, 2025 was \$54,194.

Leases Payable-Current Portion

Leases payable- current portion includes the current portion of lease liabilities that is payable within one year of the statement of net position date. Leases payable - current portion at June 30, 2025, and 2024, was \$173,580 and \$71,104.

SBITA Liabilities-Current Portion

SBITA liabilities - current portion includes the current portion of SBITAs liabilities that is payable within one year of the statement of net position date. The SBITAs liabilities payable - current portion at June 30, 2025, and 2024, was \$739,421 and \$718,011, respectively.

Noncurrent Liabilities

Deposits Refundable

Deposits refundable represent assets belonging to an individual for which the College acts as custodian. An example of deposits refundable is room deposits paid by dormitory students and held in reserve by the college for the students. The deposits are refunded once the student withdraws from the dormitory. The total amount held for others at June 30, 2025, and 2024, was \$152,600 and \$134,000, respectively.

Accrued Leave Liabilities

This liability consists of accrued compensated balances that represent the amount payable to employees for earned but unpaid leave time. The noncurrent amount of the accrued leave and associated fringe benefits liability was \$805,796 at June 30, 2025, as compared to \$795,256 at June 30, 2024.

Long-Term Liabilities

This liability consists of bonded indebtedness for capital construction and improvement, that is not current and payable within the next fiscal year. The amount of the long-term liabilities balance was \$5,603,107 at June 30, 2025, as compared to \$6,273,560 at June 30, 2024.

Leases Payable

Leases payable at June 30, 2025, and 2024, was \$186,719 and \$260,032, respectively.

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

SBITA Liabilities

SBITAs liabilities at June 30, 2025, and 2024, was \$1,639,533 and \$2,378,953, respectively.

Net Other Post Employment Benefits (OPEB) Liability

This liability consists of a portion of an actuarially determined amount as required by Governmental Accounting Standards Board (GASB) Statement No. 75 that is not current and payable within the next fiscal year. Net OPEB Liability was \$1,574,969 and \$1,504,953 at June 30, 2025, and 2024, respectively. **See comments before the Condensed Statement of Net Position concerning the effects of GASB Statement Nos. 68 and 75 for a better understanding of unrestricted net position.**

Net Pension Liability

This liability consists of a portion of an actuarially determined amount as required by Governmental Accounting Standards Board (GASB) Statement No. 68 that is not current and payable within the next fiscal year. Net Pension Liability was \$64,191,477 and \$61,645,885 at June 30, 2025, and 2024, respectively. **See comments before the Condensed Statement of Net Position concerning the effects of GASB Statement Nos. 68 and 75 for a better understanding of unrestricted net position.**

Deferred Inflow of Resources

Pension Related

Pension related deferred inflow of resources are a result of timing differences due to the measurement date of pension expense and other factors. As of June 30, 2025, and 2024, pension related deferred inflow of resources amounted to \$820,478 and \$1,336,503, respectively. **See comments before the Condensed Statement of Net Position concerning the effects of GASB Statement Nos. 68 and 75 for a better understanding of unrestricted net position.**

Other Post-Employment Benefits (OPEB) Related

OPEB related deferred inflow of resources are a result of timing differences due to the measurement date of OPEB expense and other factors. As of June 30, 2025, and 2024, OPEB deferred inflow of resources amounted to \$425,275 and \$572,364, respectively. **See comments before the Condensed Statement of Net Position concerning the effects of GASB Statement Nos. 68 and 75 for a better understanding of unrestricted net position.**

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, 2025, was \$18,370,432 as compared to \$22,941,063 at June 30, 2024. **See comments before the Condensed Statement of Net Position concerning the effects of GASB Statement Nos. 68 and 75 for a better understanding of unrestricted net position.** Total net position, exclusive of the effects of GASB 68 and GASB 75, at June 30, 2025, was \$73,296,163 as compared to \$72,363,403 at June 30, 2024.

Analysis of Net Position

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

The following is an analysis of net position as of June 30, 2025, and 2024:

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

	2025	2024	Increase (Decrease)	Percent Inc.(Dec.)
Net Investment in Capital Assets	\$ 58,362,760	\$ 55,784,015	\$ 2,578,745	4.62%
Restricted for:				
Scholarships	37,817	18,700	19,117	102.23%
Capital Projects	719,529	551,019	168,510	30.58%
Unemployment	60,559	59,016	1,543	2.61%
Specified Programs	169,223	269,170	(99,947)	-37.13%
Total Restricted Net Position	987,128	897,905	89,223	9.94%
Unrestricted	(40,979,456)	(33,740,857)	(7,238,599)	-21.45%
Total Net Position	\$ 18,370,432	\$ 22,941,063	\$ (4,570,631)	-19.92%

Effects of GASB 68 and 75:

Total Unrestricted Net Position (Deficit)	\$ (40,979,456)	\$ (33,740,857)	\$ (7,238,599)	-21.45%
Add Unrestricted Deficit in Net Position Resulting from Implementation of GASB Statements 68 and 75	54,925,731	49,422,340	5,503,391	11.14%
Unrestricted Net Position, Exclusive of the Effect of Net Pension and OPEB Liabilities	\$ 13,946,275	\$ 15,681,483	\$ (1,735,208)	-11.07%
Total Net Position	\$ 18,370,432	\$ 22,941,063	\$ (4,570,631)	-19.92%
Add Unrestricted Deficit in Net Position Resulting from Implementation of GASB Statements 68 and 75	54,925,731	49,422,340	5,503,391	11.14%
Total Net Position, Exclusive of the Effect of Net Pension and OPEB Liabilities	\$ 73,296,163	\$ 72,363,403	\$ 932,760	1.29%

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

Condensed Statement of Revenues, Expenses and Changes in Net Position

The following represents a condensed statement of revenues, expenses, and changes in net position for the years ended June 30, 2025, and 2024:

	2025	2024	Increase (Decrease)	Percent Inc.(Dec.)
Operating Revenue:				
Tuition and Fees	\$ 3,472,404	\$ 4,539,619	\$ (1,067,215)	-23.51%
Grants and Contracts	20,099,623	20,576,106	(476,483)	-2.32%
Sales and Services of Edu. Activities	838,515	822,371	16,144	1.96%
Auxiliary Enterprises	2,464,389	2,568,490	(104,101)	-4.05%
Total Operating Revenues	<u>26,874,931</u>	<u>28,506,586</u>	<u>(1,631,655)</u>	<u>-5.72%</u>
Operating Expenses	<u>56,411,822</u>	<u>56,396,856</u>	<u>14,966</u>	<u>0.03%</u>
Operating Loss	<u>(29,536,891)</u>	<u>(27,890,270)</u>	<u>(1,646,621)</u>	<u>-5.90%</u>
Non-operating Revenues (Expenses)				
State and Local Appropriations	19,258,129	18,153,806	1,104,323	6.08%
Investment Income	701,589	49,035	652,554	1330.79%
Interest Expense on Capital Related Debt	<u>(278,459)</u>	<u>(351,499)</u>	<u>73,040</u>	<u>20.78%</u>
Total Non-operating Revenues	<u>19,681,259</u>	<u>17,851,342</u>	<u>1,829,917</u>	<u>10.25%</u>
Income (Loss) Before Other Revenues	<u>(9,855,632)</u>	<u>(10,038,928)</u>	<u>183,296</u>	<u>1.83%</u>
State and Local Capital Appropriations	<u>5,323,683</u>	<u>2,352,764</u>	<u>2,970,919</u>	<u>126.27%</u>
Change in Net Position	<u>(4,531,949)</u>	<u>(7,686,164)</u>	<u>3,154,215</u>	<u>41.04%</u>
Net Position, Beginning of Year, as previously reported	22,941,063	30,627,227	(7,686,164)	-25.10%
Adjustment or Restatement	<u>(38,682)</u>	<u>-</u>	<u>(38,682)</u>	<u>N/A</u>
Net Position, Beginning of Year, Restated	<u>22,902,381</u>	<u>30,627,227</u>	<u>(7,724,846)</u>	<u>-25.22%</u>
Net Position, End of Year	<u>\$ 18,370,432</u>	<u>\$ 22,941,063</u>	<u>\$ (4,570,631)</u>	<u>-19.92%</u>
Impact of GASB 68 and 75 and other non-cash items on the Change in Net Position				
Change in Net Postion	<u>\$ (4,531,949)</u>	<u>\$ (7,686,164)</u>	<u>\$ 3,154,215</u>	<u>41.04%</u>
GASB 68 Impact	5,600,446	4,901,820	698,626	14.25%
GASB 75 Impact	(97,055)	(130,948)	33,893	25.88%
Depreciation and Amortization	3,996,625	3,802,135	194,490	5.12%
Changes in Compensated Absences	<u>64,734</u>	<u>(4,869)</u>	<u>69,603</u>	<u>1429.51%</u>
Effect of GASB 68 and 75 and other non-cash items	<u>9,564,750</u>	<u>8,568,138</u>	<u>996,612</u>	<u>11.63%</u>
Change in Net Postion, Net of GASB 68 and 75, and other non-cash items	<u>\$ 5,032,801</u>	<u>\$ 881,974</u>	<u>\$ 4,150,827</u>	<u>470.63%</u>

The 2024 amounts presented here have not been restated to correct errors in previously issued financial statements. Refer to Note 17 Adjustments and Restatements of Beginning Balances for details.

Total operating loss for the year ended June 30, 2025, was \$(29,536,891) as compared to \$(27,890,270) for the year ended June 30, 2024. Since the State of Mississippi and local county appropriations are not included within operating revenue per GASB No. 35, the College shows 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 several factors, including any material increases in tuition and other mandatory charges stemming from any material decrease in appropriation funding from the State of Mississippi.

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

Total operating revenues for the year ended June 30, 2025, were \$26,874,931, as compared to \$28,506,586 for the year ended June 30, 2024. Operating expenses for the year ended June 30, 2025, including depreciation and amortization expense of \$3,996,625, totaled \$56,411,822. Operating expenses for the year ended June 30, 2024, totaled \$56,396,856, including depreciation of \$3,802,135.

Instructional expenditures comprised 40.91% of the operating expenses for the year ended June 30, 2025, and 38.54% of the operating expenses for the year ended June 30, 2024. Instructional expenditures as a percentage of total operating expenditures for the year ended June 30, 2025, increased due to the absence of Covid-19 relief funds spent in operation and maintenance of plant in the previous year.

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes (net of tuition discount) amounted to \$3,472,404 for the year ended June 30, 2025, in comparison to \$4,539,619 for the year ended June 30, 2024. The tuition discount for the year ended June 30, 2025, was \$10,287,079 compared to \$8,587,352 for the year ended June 30, 2024.

Grants and Contracts

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

The following table details the College's grant and contract awards for the fiscal year ended June 30, 2025, and 2024:

	2025	2024	Increase (Decrease)
Federal Sources	\$ 13,809,499	\$ 14,696,521	\$ (887,022)
State Sources	5,708,783	5,493,859	214,924
Other Sources	581,341	385,726	195,615
Total All Sources	<u>\$ 20,099,623</u>	<u>\$ 20,576,106</u>	<u>\$ (476,483)</u>

Sales and Services from Educational Activities

Other operating revenues consist of income from educational activities that totaled \$838,515 for the year ended June 30, 2025, as compared to \$822,371 for the year ended June 30, 2024.

Sales and Services from Auxiliary Enterprises, Net

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

Auxiliary enterprises primarily include the College bookstore, student housing, and food services. Auxiliary enterprises revenue, net of scholarship allowances, totaled \$2,464,389 for the year ended June 30, 2025, as compared to \$2,568,490 for the year ended June 30, 2024. The discount for scholarship allowance was \$2,364,621 for the year ended June 30, 2025, and \$1,957,424 for the year ended June 30, 2024.

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

Operating Expenses

The following is a breakdown of operating expenses by category for the years ended June 30, 2025, and 2024:

	2025	2024	Increase (Decrease)	Percent Inc.(Dec.)
Salaries and Benefits	\$ 33,031,547	\$ 30,863,507	\$ 2,168,040	7.02%
Scholarships	4,638,237	4,627,123	11,114	0.24%
Commodities	5,655,917	4,931,757	724,160	14.68%
Contractual Services	6,078,168	9,360,261	(3,282,093)	-35.06%
Utilities	2,297,706	2,126,854	170,852	8.03%
Travel	713,622	685,219	28,403	4.15%
Depreciation and Amortization	3,996,625	3,802,135	194,490	5.12%
Total Operating Expenses	<u>\$ 56,411,822</u>	<u>\$ 56,396,856</u>	<u>\$ 14,966</u>	0.03%

The following is a breakdown of operating expenses by functional classification for the years ended June 30, 2025, and 2024:

	2025	2024	Increase (Decrease)	Percent Inc.(Dec.)
Expenses by Function:				
Instruction	\$ 23,076,745	\$ 21,736,237	\$ 1,340,508	6.17%
Academic Support	993,934	937,002	56,932	6.08%
Student Services	6,549,590	5,939,631	609,959	10.27%
Institutional Support	7,303,149	7,606,249	(303,100)	-3.98%
Operation and Maintenance of Plant	6,880,530	8,631,084	(1,750,554)	-20.28%
Student Financial Aid	3,300,816	3,572,760	(271,944)	-7.61%
Auxiliary Enterprises	4,310,433	4,171,758	138,675	3.32%
Depreciation and Amortization	3,996,625	3,802,135	194,490	5.12%
Total Operating Expenses	<u>\$ 56,411,822</u>	<u>\$ 56,396,856</u>	<u>\$ 14,966</u>	0.03%

Non-operating Revenues (Expenses)

State Aid

The College's largest source of non-operating revenue is appropriations from the State of Mississippi. The College received \$17,032,708 for the year ended June 30, 2025, as compared to \$15,986,593 for the year ended June 30, 2024. In addition, the College received \$2,938,590 in restricted state appropriations for capital construction for the year ended June 30, 2025, as compared to \$57,174 for the year ended June 30, 2024.

Other Non-Operating Revenues

Other non-operating revenues are composed of county appropriations that the College receives from the five-county district in which the school resides. The College uses the education and general portion of the appropriations for salaries and benefits, and for other operational purposes. The College uses the enlargements and improvements portion of the appropriations to repair, maintain, and improve campus facilities. The College receives the appropriation in monthly payments, beginning in July of each year, since the fiscal year begins July 1st.

The College received \$4,610,514 in county appropriations for the year ended June 30, 2025, compared to \$4,462,803 for the year ended June 30, 2024. Appropriations were received from the five counties that support the College. These appropriations include amounts for general operations and enlargements and improvements (capital purposes).

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

Investment Income, Net

This includes the interest income from the cash in the bank accounts and the interest earned on the College's short-term investments. The investment income for the year ended June 30, 2025, was \$701,589 as compared to \$49,035 for the year ended June 30, 2024.

Non-Operating Expenses

This consists of the interest expense on capital asset-related debt the College incurred for the year ended June 30, 2025. The total expense amounted to \$278,459 compared to \$351,499 for the year ended June 30, 2024.

Statement of Cash Flows

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

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

The following is a condensed statement of cash flows for the years ended June 30, 2025, and 2024:

	2025	2024
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (21,468,101)	\$ (12,787,233)
Noncapital Financial Activities	19,685,088	17,877,448
Capital and Related Financing Activities	(908,481)	(4,135,597)
Investing Activities	106,826	488,065
Net Increase in Cash and Cash Equivalents	(2,584,668)	1,442,683
Cash and Cash Equivalents - Beginning of the Year	13,531,154	12,088,471
Cash and Cash Equivalents - End of the Year	\$ 10,946,486	\$ 13,531,154

The major sources of funds included in operating activities include student tuition and fees of \$3,409,412, auxiliary enterprises of \$2,480,102, and grants and contracts of \$18,531,251. The major uses of funds were payments made to/on behalf of employees \$(27,457,430), to suppliers \$(14,625,417), and to scholarships \$(4,638,237).

Significant Capital Asset Transactions

Capital improvements consisted primarily of the purchase of equipment and infrastructure improvements.

Significant Long-Term Debt Transactions

On June 30, 2025, one of the college's trust agents for making bond payments made a payment on long-term debt due July 1, 2025. As a result, the principal and interest payment that would normally be shown as due on the five-year maturities schedule of the long-term debt note has been removed, and only the December 1, 2025, interest payment due is shown in the five-year maturities schedule. Accordingly, accrued interest normally shown as an accrued liability has also been reduced.

Current Issues and Factors Impacting Future Periods

There are numerous issues of College-wide importance that directly impacted the fiscal year 2025 financial situation. The linger effects of the world-wide Coronavirus pandemic (even though the pandemic has ended) continues to cause uncertainty in many areas of the college, especially around enrollment, State Appropriations, and supply chain issues. In addition, the significant rise in inflation during and shortly after the pandemic is causing a great impact in the College's ability to expand programs, undertake new initiatives, and/or meet its core mission and ongoing operational needs.

**Northeast Mississippi Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

State appropriations contributed approximately 38.29% of the College's fiscal year 2025 revenue, including appropriations for capital purposes, up from 32.70% from fiscal year 2024, mainly due to the increase in appropriations for capital purposes. State appropriations continue to be the single largest source of revenue for the College. The level of State support is therefore one of the key factors influencing the College's financial condition. Therefore, if revenue collections fail to meet state estimates, cuts in appropriations are always a possibility. However, even with surplus collections at the state level, fiscal year 2026 State Appropriations for community colleges were cut approximately 6% from the fiscal year 2025 levels.

As stated previously, the College experienced a significant decrease in enrollment for fiscal year 2021, which was due to the world-wide Coronavirus pandemic, which has now ended. This is the case across the State of Mississippi and nationally, as well. For fiscal years 2022-2024, enrollment was basically stable and fiscal year 2025 enrollment showed a slight increase, however, enrollment is still not back to pre-COVID levels. Fiscal year 2026 enrollment numbers show another slight increase over fiscal year 2025 for both the Fall 2025 and Spring 2026 semesters.

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

The College continues to assess its performance toward identified goals and ways to achieve greater efficiencies and reduce expenditures in an effort to assist in meeting future challenges.

Contacting the College's Financial Management

If you have any questions about this report or need additional financial information, contact the Vice President of Finance of Northeast Mississippi Community College at 101 Cunningham Boulevard, Booneville, MS 38829.

Northeast Mississippi Community College

Statement of Net Position

June 30, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 9,197,119
Accounts receivable, net	6,778,960
Inventories	263,881
Prepaid expenses	387,354
Total Current Assets	16,627,314

Noncurrent assets:

Restricted cash and cash equivalents	1,749,367
Capital assets, net	66,815,120
Total Noncurrent Assets	68,564,487
Total Assets	85,191,801

Deferred Outflows of Resources

OPEB related	606,784
Pension related	11,556,383
Total Deferred Outflows of Resources	12,163,167

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	2,405,375
Unearned revenues	25,313
Accrued leave liabilities - current portion	54,194
Leases payable - current portion	173,580
SBITA liabilities - current portion	739,421
Net OPEB Liabilities - current portion	76,699
Long-term liabilities - current portion	110,000
Total Current Liabilities	3,584,582

Noncurrent liabilities:

Deposits refundable	152,600
Accrued leave liabilities	805,796
Leases payable	186,719
SBITA liabilities	1,639,533
Long-term liabilities	5,603,107
Net OPEB liability	1,574,969
Net pension liability	64,191,477
Total Noncurrent Liabilities	74,154,201
Total Liabilities	77,738,783

Deferred Inflows of Resources

OPEB related	425,275
Pension related	820,478
Total Deferred Inflows of Resources	1,245,753

Net Position

Net investment in capital assets	58,362,760
Restricted for:	
Expendable:	
Scholarships	37,817
Capital projects and repairs	719,529
Unemployment	60,559
Specified Programs	169,223
Unrestricted	(40,979,456)
Total Net Position	\$ 18,370,432

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

Northeast Mississippi Community College Development Foundation, Inc.
Statement of Financial Position
June 30, 2025

Assets

Current Assets:

Cash and cash equivalents	\$ 401,241
Cash surrender value life insurance investment (Note 6)	18,821
Unrestricted portion of investments (Note 6)	229,581
Unconditional promises to give (net) (Note 5)	<u>9,667</u>

Total current assets 659,310

Non-Current Assets

Farmers & Merchants Bank stock (Note 6)	791,809
Unconditional promises to give (Net) (Note 5)	60,457
Restricted portion of investments (Note 6)	<u>9,197,383</u>

Total non-current assets 10,049,649

Property and Equipment (Net) (Note 6)

Land	<u>125,000</u>
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Total property and equipment (net) 125,000

Total assets \$ 10,833,959

Liabilities

Current Liabilities:

Accounts payable	<u>\$ 45,792</u>
------------------	------------------

Total current liabilities 45,792

Net Assets

Without donor restrictions 646,838

With donor restrictions 10,141,329

Total net assets 10,788,167

Total Liabilities and Net Assets \$ 10,833,959

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

Northeast Mississippi Community College
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2025

Operating revenues	
Tuition and fees (net of scholarship allowance of \$10,287,079)	\$ 3,472,404
Federal grants and contracts	13,809,499
State grants and contracts	5,708,783
Nongovernmental grants and contracts	581,341
Sales and services of educational departments	838,515
Auxiliary enterprises:	
Student housing (net of scholarship allowances of \$867,699)	275,243
Food services (net of scholarship allowances of \$1,496,922)	512,623
Bookstore	1,141,194
Other auxiliary revenues	<u>535,329</u>
Total operating revenues	<u>26,874,931</u>
Operating expenses	
Salaries and wages	20,569,298
Fringe benefits	3,303,915
Pension expense	9,158,334
Travel	713,622
Contractual services	6,078,168
Utilities	2,297,706
Scholarships and fellowships	4,638,237
Commodities	5,655,917
Depreciation and Amortization	<u>3,996,625</u>
Total operating expenses	<u>56,411,822</u>
Operating Income (loss)	<u>(29,536,891)</u>
Nonoperating revenues (expenses)	
State appropriations	17,032,708
Local appropriations	2,225,421
Investment income	701,589
Interest expense on capital asset-related debt	<u>(278,459)</u>
Total net nonoperating revenues (expenses)	<u>19,681,259</u>
Income (loss) before other revenues (expenses)	(9,855,632)
State appropriations restricted for capital purposes	2,938,590
Local appropriations for capital purposes	<u>2,385,093</u>
Change in net position	<u>(4,531,949)</u>
Net position	
Net position - beginning of year, as previously reported	22,941,063
Adjustment or restatement	<u>(38,682)</u>
Net position - beginning of year, as restated	<u>22,902,381</u>
Net position - end of year	<u>\$ 18,370,432</u>

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

Northeast Mississippi Community College Development Foundation, Inc.
Statement of Activities
For the year ended June 30, 2025

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Public Support and Revenues			
Contributions	\$ 5,634	\$ 1,809,978	\$ 1,815,612
Contributions of Nonfinancial Assets	-	45,131	45,131
Scholarship Administrative			
Fee Income	14,327	-	14,327
Grants revenue	-	58,650	58,650
Operating Lease Income	-	10,120	10,120
Memberships	4,600	-	4,600
Investment Return, Net	157,878	680,132	838,010
Net Assets Released			
from Restrictions	<u>2,088,941</u>	<u>(2,088,941)</u>	<u>-</u>
Total Public Support and Revenues	<u>2,271,380</u>	<u>515,070</u>	<u>2,786,450</u>
 Operating Expenses			
Program expense	2,165,441	-	2,165,441
General and Administrative expenses	176,530	-	176,530
Fund raising expense	<u>168,948</u>	<u>-</u>	<u>168,948</u>
Total Operating Expenses	<u>2,510,919</u>	<u>-</u>	<u>2,510,919</u>
 Change in Net Assets Before Other Revenues and (Expenses)	(239,539)	515,070	275,531
 Other Revenues and (Expenses)			
Transfers	<u>220,062</u>	<u>(220,062)</u>	<u>-</u>
 Change in Net Assets	(19,477)	295,008	275,531
 Net assets beginning of year	244,165	10,268,471	10,512,636
Prior period adjustments	<u>422,150</u>	<u>(422,150)</u>	<u>-</u>
 Net assets Beginning of year restated	<u>666,315</u>	<u>9,846,321</u>	<u>10,512,636</u>
 Net assets end of year	<u>\$ 646,838</u>	<u>\$ 10,141,329</u>	<u>\$ 10,788,167</u>

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

Northeast Mississippi Community College Development Foundation, Inc.
Statement of Functional Expenses
For the year ended June 30, 2025

	Program Expenses			Support Services			Total Expenses
	Without Donor	With Donor	Total Program	Fund Raising	General &	Total Support	
	Restrictions	Restrictions	Expenses		Administrative	Services	
Awards	\$ 15,604	\$ -	\$ 15,604	\$ 2,353	\$ 530	\$ 2,883	\$ 18,487
College Support – Grants	-	33,806	33,806	-	-	-	33,806
Scholarships	-	927,697	927,697	-	-	-	927,697
<i>Program Expense:</i>							
College Employee Enhancement	-	5,795	5,795	-	-	-	5,795
College Sports	-	234,321	234,321	-	-	-	234,321
Fine Art	-	260,934	260,934	-	-	-	260,934
College Programs	-	561,724	561,724	-	-	-	561,724
Endowed Scholarships	-	14,429	14,429	-	-	-	14,429
Discretionary Fund	5,696	-	5,696	-	-	-	5,696
Other	-	50,127	50,127	-	-	-	50,127
<i>Administrative:</i>							
Bank Charges	-	108	108	-	-	-	108
Epay Fees	-	-	-	-	1,197	1,197	1,197
Car Allowance	3,150	-	3,150	7,560	1,890	9,450	12,600
Depreciation	-	-	-	-	78	78	78
Dues & Subscriptions	4,015	-	4,015	-	13,552	13,552	17,567
Legal, Accounting, & Auditing	-	-	-	-	20,725	20,725	20,725
Meals & Entertainment	2,534	-	2,534	3,368	4,984	8,352	10,886
Office Supplies	775	-	775	-	4,871	4,871	5,646
Payroll Taxes	1,986	-	1,986	8,951	7,468	16,419	18,405
Postage	-	-	-	526	2,248	2,774	2,774
Printing & Advertising	350	-	350	5,762	1,967	7,729	8,079
Professional Development	-	-	-	-	7,117	7,117	7,117
Retirement	4,518	-	4,518	20,360	16,985	37,345	41,863
Salaries	36,629	-	36,629	118,911	85,056	203,967	240,596
Taxes	-	-	-	-	34	34	34
Telephone	1,243	-	1,243	1,157	2,315	3,472	4,715
Travel	-	-	-	-	5,513	5,513	5,513
Total	\$ 76,500	\$ 2,088,941	\$ 2,165,441	\$ 168,948	\$ 176,530	\$ 345,478	\$ 2,510,919

The allocation of functional expenses is made by the organization based upon time spent by employees, with travel, meals and other expenses as applicable to each function.

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

Northeast Mississippi Community College
Statement of Cash Flows
For the Year Ended June 30, 2025

Cash flows from operating activities	
Tuition and fees	\$ 3,409,412
Grants and contracts	18,531,251
Sales and services of educational departments	832,218
Payments to suppliers	(14,625,417)
Payments to employees for salaries and benefits	(27,457,430)
Payments for scholarships and fellowships	(4,638,237)
Auxiliary enterprise charges:	
Student housing	290,956
Food service	512,623
Bookstore	1,141,194
Other auxiliary enterprises	<u>535,329</u>
Net cash provided (used) by operating activities	<u>(21,468,101)</u>
Cash flows from noncapital financing activities	
State appropriations	17,481,392
Local appropriations	<u>2,203,696</u>
Net cash provided (used) by noncapital financing activities	<u>19,685,088</u>
Cash flows from capital and related financing activities	
Capital appropriations	2,359,486
Cash paid for capital assets	(1,466,497)
Principal paid on capital debt, leases and SBITAs	(1,522,390)
Interest paid on capital debt, leases and SBITAs	<u>(279,080)</u>
Net cash provided (used) by capital and related financing activities	<u>(908,481)</u>
Cash flows from investing activities	
Interest received on investments	<u>106,826</u>
Net cash provided (used) by investing activities	<u>106,826</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,584,668)
Cash and Cash Equivalents - Beginning of the Year	<u>13,531,154</u>
Cash and Cash Equivalents - End of the Year	<u><u>\$ 10,946,486</u></u>

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

**Northeast Mississippi Community College
Statement of Cash Flows (continued)
For the Year Ended June 30, 2025**

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss) \$ (29,536,891)

Adjustments to reconcile operating loss to net cash provided (used) by operating activities

Difference in OPEB and pension expense and cash outlays	5,503,391
Depreciation and Amortization Expense	3,996,625
Bad Debt Expense(Recovery)	130,358
Book Value of Disposed Assets	7,753
Changes in assets and liabilities	
(Increase) decrease in assets:	
Student Receivables	(35,800)
Other Receivables	(1,566,824)
Inventories	(70,135)
Prepaid expenses	(33,292)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	83,761
Unearned revenues	(30,381)
Deposits refundable	18,600
Accrued leave liability	<u>64,734</u>

Total adjustments 8,068,790

Net Cash Provided (Used) by Operating Activities \$ (21,468,101)

Noncash Investing, Capital, and Financing Activities

Additions of right-to-use equipment through lease obligations	\$ 203,542
Payments by State on construction projects	<u>2,938,590</u>

Total noncash investing, capital and financing activities \$ 3,142,132

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

Northeast Mississippi Community College Development Foundation, Inc.
Statement of Cash Flows
For the year ended June 30, 2025

Cash Flows from Operating Activities	
Net Increase(Decrease) in Net Assets	\$ 275,531
Adjustments to reconcile cash flows	
Depreciation	78
Decrease(Increase) in Net unconditional promise to give	6,970
Increase(Decrease) in Current Liabilities	
Accounts payable	41,972
Total Reconciling Adjustments	<u>49,020</u>
 Cash Provided(Used) by Operations	 <u>324,551</u>
Cash Flows from Investing Activities	
Investments	(458,280)
Cash Surrender Life Insurance	(674)
Accrued Investment Income	<u>3,940</u>
 Cash Provided(Used) by Investing Activities	 <u>(455,014)</u>
 Net Increase(Decrease) in Cash and Cash Equivalents	 (130,463)
 Cash and Cash Equivalents Beginning of Year	 <u>531,704</u>
 Cash and Cash Equivalents End of Year	 <u><u>\$ 401,241</u></u>

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

Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies

- A. Reporting Entity - Northeast Mississippi Community College was founded in 1948 and is one of Mississippi's 15 public community colleges. The legal authority for the establishment of The Community College is found in Section 37-29-31, Miss. Code Ann. (1972).

The Community College is governed by a fifteen-member board of trustees, selected by the board of supervisors of Alcorn, Prentiss, Tippah, Tishomingo, and Union counties who support the district through locally assessed ad valorem tax millage. Each board member is appointed for a 5-year term. In addition, the Community College works jointly with the Mississippi State Community College Board, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

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

Northeast Mississippi Community College Development Foundation, Inc. (Foundation) - The Foundation is a legally separate, tax-exempt nonprofit organization under section 501(c)(3) of the Internal Revenue Code founded in 1970. The Foundation acts primarily as a fundraising organization to supplement the resources available to Northeast Mississippi Community College in support of its programs.

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

During the year ended June 30, 2025, the Foundation contributed \$2,110,133 to the College for scholarships, athletics and building programs and reimbursed the College for \$300,563 in Foundation expenses.

The Foundation reports its financial results under Financial Accounting Standards Board (FASB) statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's statements in the College's financial reporting entity for these differences. Significant note disclosures applicable to the Foundation's financial statements have been incorporated into the College's statements.

- B. Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*, issued 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. The effect of interfund activity has been eliminated from these financial statements.
- C. Basis of Accounting - The financial statements of the College have been prepared on the economic resources measurement focus and the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.
- D. 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.
- E. Short-term Investments - Investments that are not cash equivalents but mature within the next fiscal year are classified as short-term investments.

Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)
 - F. Accounts Receivable, Net - Accounts receivable consist of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts, local governments, and credits due to the College from vendors. Accounts receivable are recorded net of an allowance for doubtful accounts.
 - G. Inventories - Inventories consist of supplies. Inventories are stated at the lower of cost or market, on either the first-in, first-out ("FIFO") basis or the average cost basis.
 - H. Prepaid Expenses - Prepaid expenses include insurance premiums paid during the current fiscal year which are applicable to the succeeding fiscal year as well as deposits on or prepayments of expenditures applicable to the succeeding fiscal year.
 - I. Restricted Cash and Cash Equivalents - Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as restricted cash and cash equivalents on the Statement of Net Position.
 - J. Capital Assets, Net of Accumulated Depreciation - Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance costs are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 5 for additional details concerning useful lives, salvage values, and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction should be recognized as an expense in the period in which the cost is incurred.
 - K. Right-of-Use Assets, Net of Accumulated Amortization - Right-of-use assets are recorded as the lease liability at the lease commencement date plus initial direct costs, plus prepayments, less any lease incentives received. Routine repairs and maintenance costs are charged to operating expenses in the year in which the expense was incurred. Amortization is computed using the straight-line method over the estimated useful lives of the assets or the lease period, whichever is shorter. See Note 5 for additional details concerning useful lives, salvage values, and capitalization thresholds.
 - L. Subscription-Based Information Technology Arrangements (Intangible Assets) - The Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) intended to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, reliability, relevance and consistency of information about SBITAs.
 - M. Deferred Outflow of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The college has deferred outflows, which are presented as a deferred outflow for pension and deferred outflow for other post-employment benefits.
 - N. Unearned Revenues - Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but are related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

O. Compensated Absences - The Northeast Mississippi Community College Board of Trustees has adopted an employee medical leave policy. The policy provides for the payment of up to thirty accumulated leave days at the time of an employee's termination. To be eligible for this payment, the employee must have been employed for five years and must have accumulated leave time. At termination, a qualified employee may receive pay for their accumulated leave time up to a maximum of thirty days, depending on length of service to the college. Additionally, any leave certified toward retirement with the Public Employees, Retirement System of Mississippi will not be subject to payment. The total accrued leave for all employees as of June 30, 2025, was \$859,990. The vacation leave time of applicable employees cannot be accumulated beyond one fiscal year.

P. Leases - The Governmental Accounting Standards Board (GASB) issued *Statement No. 87, Leases* 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.

The college uses a rate that approximates its incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 7 for additional disclosures regarding leases.

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

The college uses a rate that approximates its incremental borrowing rate to calculate the present value of payments due under the SBITA contract when the rate implicit in the contract is not known. See Note 8 for additional disclosures regarding SBITAs.

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

S. Post-Employment 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.

T. Deferred Inflow of Resources - 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. The College has deferred inflows, which are presented as deferred inflow for pension and deferred outflow for other post-employment benefits.

Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

U. Net Position - Net position of the College is classified in three components. Net position, net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, and reduced by the outstanding balances of long-term debt used to finance the purchase or construction of those assets. Restricted expendable net position are noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the College, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position are remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets.

V. 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, (3) most federal, state, and local grants and contracts, and (4) interest on institutional student loans. 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 non-exchange transactions, such as state and local appropriations, and other revenue sources that are defined as non-operating revenues by Governmental Accounting Standards Board (GASB), such as state appropriations and investment income.

W. State Appropriations - The Community College receives funds from the State of Mississippi through the Mississippi Community College Board. The appropriations are distributed to community and junior colleges based on a funding formula which has been approved by the presidents of the colleges. Currently, the first 15% of the appropriations are split equally among the colleges, and then the remaining 85% of the appropriations are allocated based on the college's total credit hours generated by all students with special consideration given to those programs that are considered high-cost programs.

X. Scholarship Discounts and Allowances - Financial aid to students is reported in the financial statements under the alternative method as allowed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition and fees. Under the alternative method, these amounts are computed on a college-wide basis by allocating the cash refunds payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Y. Unrestricted and Restricted Resources - When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the College's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted resources are available, and amounts in any of the unrestricted classifications could be used, it is the College's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

Z. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions by the management of the Institution. Those estimates and assumptions affect the reported amounts of assets and liabilities and reported revenues and expenses. It is at least reasonably possible that the estimates and assumptions used could change within the next year.

AA. Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

2. Cash and Cash Equivalents, Short-term Investments and Investments

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

The carrying amount of the College's deposits with financial institutions reported in the statement of net position as cash and cash equivalents was \$10,946,486. At June 30, 2025, none of the College's deposits were exposed to custodial credit risk.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the institution will not be able to recover deposits or collateral securities that are in the possession of an outside party. The institution does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the institution. As of June 30, 2025, \$0 of the institution's bank balance was exposed to custodial credit risk.

B. Investments - Investment policies as set forth by 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.

As of June 30, 2025, the college did not have any investments.

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

3. Accounts Receivable

Accounts receivable consists of the following at June 30, 2025:

	Total Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Accounts Receivable - Student			
Student tuition and fees	\$ 2,932,696	\$ 2,569,280	\$ 363,416
Auxiliary enterprises	2,010,850	1,761,668	249,182
Accounts Receivable - Student	<u>4,943,546</u>	<u>4,330,948</u>	<u>612,598</u>
Accounts Receivable - Other			
Auxiliary enterprises	37,040	37,040	-
Grants and contracts	5,042,509	-	5,042,509
State appropriations	376,520	-	376,520
Local appropriations	138,444	-	138,444
Other	608,889	-	608,889
Accounts Receivable - Other	<u>6,203,402</u>	<u>37,040</u>	<u>6,166,362</u>
Total Accounts Receivable	<u>\$ 11,146,948</u>	<u>\$ 4,367,988</u>	<u>\$ 6,778,960</u>

4. Effect of Deferred Amounts of Net Position

The unrestricted net position amount of \$(40,979,456) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$3,557,888 resulting for the college contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The \$7,998,495 balance of deferred outflow of resources related to pensions, at June 30, 2025, will be recognized as an expense and will decrease the unrestricted net position over the next four years.

The unrestricted net position amount of \$(40,979,456) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pension. The \$820,478 balance of deferred inflow of resources related to pensions, at June 30, 2025, will be recognized as revenue and will increase the unrestricted net position over the next three years.

The unrestricted net position amount of \$(40,979,456) 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 \$76,699 resulting from the college contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. The \$530,085 balance of deferred outflow of resources related to OPEB, at June 30, 2025, will be recognized as an expense and will decrease the unrestricted net position over the next six years.

The unrestricted net position amount of \$(40,979,456) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$425,275 balance of deferred inflow of resources related to OPEB, at June 30, 2025, will be recognized as revenue and will increase the unrestricted net position over the next six years.

Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025

5. Capital Assets

Following is a summary of changes in capital assets for the year ended June 30, 2025:

	Beginning Balance 7/1/2024	Additions	Dispositions	Completed Construction/ Adjustments	Ending Balance 6/30/2025
Nondepreciable Capital Assets:					
Land	\$ 5,301,993	\$ -	\$ -	\$ -	\$ 5,301,993
Construction in progress	2,860,974	4,225,351	-	(3,000,147)	4,086,178
Total Nondepreciable Capital Assets	8,162,967	4,225,351	-	(3,000,147)	9,388,171
Depreciable Capital Assets:					
Improvements other than Buildings	13,360,364	-	-	2,100,162	15,460,526
Buildings	78,596,186	-	-	899,985	79,496,171
Equipment	15,156,306	743,236	165,350	-	15,734,192
Library Books	1,324,830	11,088	-	-	1,335,918
Intangible right-to-use leased equipment	517,693	203,542	146,074	-	575,161
Intangible right-to-use subscription-based IT assets	4,628,858	45,606	-	-	4,674,464
Total Depreciable Capital Assets	113,584,237	1,003,472	311,424	3,000,147	117,276,432
Less Accumulated Depreciation for:					
Improvements other than Buildings	5,746,031	450,571	-	-	6,196,602
Buildings	37,802,357	1,244,686	-	-	39,047,043
Equipment	9,635,148	1,367,930	157,597	-	10,845,481
Library Books	1,275,338	13,359	-	-	1,288,697
Intangible right-to-use leased equipment	189,430	120,968	146,074	-	164,324
Intangible right-to-use subscription-based IT assets	1,508,225	799,111	-	-	2,307,336
Total Accumulated Depreciation	56,156,529	3,996,625	303,671	-	59,849,483
Total Depreciable Capital Assets, Net	57,427,708	(2,993,153)	7,753	3,000,147	57,426,949
Capital Assets, Net	\$ 65,590,675	\$ 1,232,198	\$ 7,753	\$ -	\$ 66,815,120

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

	Useful Lives	Salvage Value	Capitalization Threshold
Buildings	40 years	20%	50,000
Improvements other than Buildings	20 years	20%	25,000
Equipment	3-15 years	1-10%	5,000
Library books	10 years	0%	-
Leased property	*	*	*
Subscription IT Assets	*	*	*

*The estimated useful life is the term of the lease or subscription agreement. 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.

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

5. Capital Assets (continued)

Construction in progress is composed of the following amounts:

	Spent to June 30, 2025	Remaining Commitment	
Seth Pounds Auditorium	\$ 161,303	\$ -	*
Wood Hall Residence Improvements	2,615,497	-	*
ARPA Drainage Project	312,320	-	*
FB Field Drainage and Improvements	<u>997,058</u>	<u>243,460</u>	
 Total Construction in Progress	 <u>\$ 4,086,178</u>	 <u>\$ 243,460</u>	

*MS Bureau of Buildings (BoB) project. All commitments are through the BoB and will be paid from state bond funds allocated to the college. Therefore, no commitments have been made by the college.

6. Long-Term Liabilities, Including Leases and Subscription-Based Information Technology Arrangements

Long-term liabilities of the College consist of notes and bonds payable, original issue premiums, leases payable (Note 7), subscription-based information technology arrangement (SBITAs) liabilities (Note 8), and certain other liabilities that are expected to be liquidated beyond one year from June 30, 2025.

The following is a schedule changes in notes payable, original issue premiums, and certain other long-term liabilities:

Description	Original Issue	Interest Rate	Maturity	Balance July 1, 2024	Additions	Payments	Adjustments	Balance June 30, 2025	Due Within One Year
G.O. Notes Payable									
Series 2018	\$ 8,155,000	3-5%	7/2033	\$ 5,530,000	\$ -	\$ 525,000	\$ -	\$ 5,005,000	\$ -
G.O. Refunding Notes Payable, Series 2014	\$ 2,935,000	3.125%	12/2028	<u>560,000</u>	<u>-</u>	<u>105,000</u>	<u>-</u>	<u>455,000</u>	<u>110,000</u>
Total Long-Term Debt				<u>6,090,000</u>	<u>-</u>	<u>630,000</u>	<u>-</u>	<u>5,460,000</u>	<u>110,000</u>
Original Issue Premium, Series 2018				258,605	-	28,734	-	229,871	-
Original Issue Premium, Series 2014				<u>29,955</u>	<u>-</u>	<u>6,719</u>	<u>-</u>	<u>23,236</u>	<u>-</u>
Total Original Issue Premium				<u>288,560</u>	<u>-</u>	<u>35,453</u>	<u>-</u>	<u>253,107</u>	<u>-</u>
Total Long-Term Debt				<u>6,378,560</u>	<u>-</u>	<u>665,453</u>	<u>-</u>	<u>5,713,107</u>	<u>110,000</u>
Other Long-Term Liabilities									
Accrued Leave Liability				795,256	117,251	52,517	-	859,990	54,194
Deposits Refundable				134,000	18,600	-	-	152,600	-
Leases Payable				331,136	203,542	174,379	-	360,299	173,580
Subscription-based IT Arrangements				3,096,964	-	718,010	-	2,378,954	739,421
Net OPEB Liability				1,577,153	74,515	-	-	1,651,668	-
Net Pension Liability				<u>61,645,885</u>	<u>2,545,592</u>	<u>-</u>	<u>-</u>	<u>64,191,477</u>	<u>-</u>
Total Other Liabilities				<u>67,580,394</u>	<u>2,959,500</u>	<u>944,906</u>	<u>-</u>	<u>69,594,988</u>	<u>967,195</u>
Total Long-Term Liabilities				<u>\$ 73,958,954</u>	<u>\$ 2,959,500</u>	<u>\$ 1,610,359</u>	<u>\$ -</u>	<u>\$ 75,308,095</u>	<u>\$ 1,077,195</u>

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

6. Long-Term Liabilities, Including Leases and SBITAs (continued)

The following is a schedule by years of the total payments due on notes payable:

	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 110,000	\$ 112,544	\$ 222,544
2027	650,000	198,544	848,544
2028	680,000	172,997	852,997
2029	705,000	146,250	851,250
2030	610,000	120,400	730,400
2031-2034	<u>2,705,000</u>	<u>222,100</u>	<u>2,927,100</u>
 Totals	 <u>\$ 5,460,000</u>	 <u>\$ 972,835</u>	 <u>\$ 6,432,835</u>

On June 30, 2025, the July 1, 2025, principal and interest payment was made on the 2018 G.O. Notes Payable by the trustee/paying agent. Therefore, the payment on principal reduced long-term debt, current portion and accrued interest. The five-year maturities schedule above also reflects this early payment, and only the semi-annual interest payment due on December 1, 2025, is shown in the schedule.

7. Leases

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, the college recognized a lease liability 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 an approximation of its incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. That rate is calculated based on management's assessment of current debt and current interest rates.

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

Lease Assets:

Following is a summary of changes in lease assets for the year ended June 30, 2025:

Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025

7. Leases (continued)

	Beginning Balance 7/1/2024	Additions	Deletions	Amortization	Ending Balance 6/30/2025
Copiers - 2023	\$ 328,263	\$ -	\$ -	\$ (74,324)	\$ 253,939
iPads	-	203,542	-	(46,644)	156,898
Total	<u>\$ 328,263</u>	<u>\$ 203,542</u>	<u>\$ -</u>	<u>\$ (120,968)</u>	<u>\$ 410,837</u>

Amortization is computed on a straight-line basis over the lesser of the estimated useful lives of the assets leased or the lease term, whichever is shorter. Useful lives are determined in the same way as depreciable capital assets.

Lease Liabilities:

The College leases various equipment to optimize its cash flows year-over-year. The following is a schedule of changes in lease liabilities for the year ended June 30, 2025:

	Beginning Balance 7/1/2024	Additions	Retirements	Disposals	Ending Balance 6/30/2025	Amount Due Within One Year
Copiers - 2023	\$ 331,136	\$ -	\$ 71,104	\$ -	\$ 260,032	\$ 73,313
iPads	-	203,542	103,275	-	100,267	100,267
Total	<u>\$ 331,136</u>	<u>\$ 203,542</u>	<u>\$ 174,379</u>	<u>\$ -</u>	<u>\$ 360,299</u>	<u>\$ 173,580</u>

The college has entered into the following leases for copiers and iPads ranging from 24-60 months. The lease agreements can only be cancelled if both parties agree. There are no options to extend and no variable payments options.

Description	Date of Issue	Date of Maturity	Interest Rate	Payment	Amount Outstanding
Copiers 2023	12/2023	11/2028	3.060%	\$6,688/mo	\$ 260,032
iPads Lease	1/16/2025	1/16/2027	3.000%	\$103,275	100,267
Total Leases Payable					<u>\$ 360,299</u>

Each lease is a fixed payment lease with a fair-market value buyout option. The college does not intend to exercise the buyout of any of its current leases. There are no terms of any lease whereby variable payments would be due. The following is a schedule by years of the total payments due on notes payable:

	Lease Payable	Interest	Total
2026	\$ 173,580	\$ 9,952	\$ 183,532
2027	75,592	4,666	80,258
2028	77,941	2,317	80,258
2029	33,186	255	33,441
Totals	<u>\$ 360,299</u>	<u>\$ 17,190</u>	<u>\$ 377,489</u>

As Lessor

The college has evaluated its current leases as lessor and determined that its leases as lessor are immaterial, both individually and in the aggregate and therefor are not reported under long-term leases.

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

8. Subscription-Based Information Technology Arrangements (SBITAs)

The college has entered into the following SBITAs. The subscriptions can only be cancelled if both parties agree. There are no options to extend and no variable payments options.

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

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

The subscription term includes the noncancelable period of the contract plus any additional periods covered by either a College or vendor option to extend for which it is reasonably certain to 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.

Description	Date of Issue	Date of Maturity	Discount Rate	Payment	Amount Outstanding
Workflow System	6/30/2023	6/2028	3.00%	\$36,057- \$43,828/yr	\$ 118,048
ERP System	7/1/2022	6/30/2028	3.00%	\$663,978 - \$795,684/yr	2,167,371
Payment Processing	12/12/2022	12/11/2025	3.00%	\$33,563/yr	-
ID/Door Access System	8/17/2023	6/30/2028	3.00%	\$32,100- \$33,403/yr	93,535
Total SBITA liabilities					<u>\$ 2,378,954</u>

SBITA Assets

Following is a summary of changes in SBITA assets for the year ended June 30, 2025:

	Beginning Balance 7/1/2024	Additions	Adjustments	Amortization	Ending Balance 6/30/2025
SBITA assets	\$ 3,120,633	\$ 45,606	\$ -	\$ (799,111)	\$ 2,367,128
Total	<u>\$ 3,120,633</u>	<u>\$ 45,606</u>	<u>\$ -</u>	<u>\$ (799,111)</u>	<u>\$ 2,367,128</u>

Amortization is computed on a straight-line basis over the term of the arrangement.

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

8. Subscription-Based Information Technology Arrangements [SBITAs] (continued)

SBITA Liabilities

A summary of SBITA liabilities during the year ending June 30, 2025:

	Beginning Balance 7/1/2024	Additions	Reductions	Adjustments	Ending Balance 6/30/2025	Amounts due within one year
Workflow System	\$ 151,367	\$ -	\$ 33,319	\$ -	\$ 118,048	\$ 36,211
ERP System	2,794,778	-	627,407	-	2,167,371	673,271
Payment Processing System	32,585	-	32,585	-	-	-
ID/Door Access System	118,234	-	24,699	-	93,535	29,939
Total	<u>\$ 3,096,964</u>	<u>\$ -</u>	<u>\$ 718,010</u>	<u>\$ -</u>	<u>\$ 2,378,954</u>	<u>\$ 739,421</u>

The schedule detailing the annual requirements under the SBITA liabilities is as follows:

	Principal	Interest	Total
2026	\$ 739,421	\$ 71,369	\$ 810,790
2027	792,041	49,186	841,227
2028	<u>847,492</u>	<u>25,425</u>	<u>872,917</u>
Totals	<u>\$ 2,378,954</u>	<u>\$ 145,980</u>	<u>\$ 2,524,934</u>

Exemptions

Short-term SBITAs: Exempt from capitalization

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

Immaterial SBITAs: Exempt from capitalization and disclosure

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

9. 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.

Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025

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

11. Concentrations

The Institution's operations are located in Booneville, Corinth, New Albany, Ripley, and Iuka, Mississippi, and its students come primarily from Mississippi and surrounding states. The Institution's major source of revenue is derived from State Appropriations, tuition and room and board, and federal grants,.

The Institution receives funds, which are applied against students' accounts, from federal and state governmental organizations that provide assistance to students attending institutions of higher education.

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

12. Natural Classifications with Functional Classifications

The College's operating expenses by functional classification were as follows for the year ended June 30, 2025:

	Salaries and Wages	Pension Expense	Fringe Benefits	Travel	Contractual Services	Utilities and Communication	Scholarships and Fellowships	Commodities	Depreciation and Amortization	Total
Instruction	\$ 11,937,183	\$ 5,417,933	\$ 1,822,335	\$ 199,826	\$ 890,885	\$ 81,358	\$ 888,724	\$ 1,838,501	\$ -	\$ 23,076,745
Academic support	532,263	240,084	88,795	31,508	71,609	93	-	29,582	-	993,934
Student services	3,072,485	1,406,518	502,650	369,036	294,281	8,263	450,934	445,423	-	6,549,590
Institutional support	3,311,543	1,324,358	515,799	112,882	1,856,517	115,339	-	66,711	-	7,303,149
Operation of plant	1,393,693	620,946	303,680	370	1,049,364	1,663,939	-	1,848,538	-	6,880,530
Student aid	-	-	-	-	-	-	3,298,579	2,237	-	3,300,816
Auxiliary enterprises	322,131	148,495	70,656	-	1,915,512	428,714	-	1,424,925	-	4,310,433
Depreciation	-	-	-	-	-	-	-	-	3,996,625	3,996,625
Total Operating Expenses	<u>\$ 20,569,298</u>	<u>\$ 9,158,334</u>	<u>\$ 3,303,915</u>	<u>\$ 713,622</u>	<u>\$ 6,078,168</u>	<u>\$ 2,297,706</u>	<u>\$ 4,638,237</u>	<u>\$ 5,655,917</u>	<u>\$ 3,996,625</u>	<u>\$ 56,411,822</u>

Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025

13. 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, 2025 was 17.90% 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, 2025, 2024 and 2023, were \$3,557,888, \$3,296,553, and \$3,160,768, 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, 2025, the College reported a liability of \$64,191,477 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2025, net pension liability was 0.2472%, which was based on a measurement date of June 30, 2024. This was a 0.0021% increase from its proportionate share used to calculate the June 30, 2024, net pension liability, which was 0.2451% based on a measurement date of June 30, 2023.

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

13. Defined Benefit Pension Plan (continued)

For the year ended June 30, 2025, the College recognized pension expense of \$9,158,334. At June 30, 2025, 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	\$ 3,450,503	\$ -
Net difference between projected and actual earnings on pension plan investments	327,917	-
Changes of assumptions	3,942,233	-
Changes in proportion and differences between College contributions and proportionate share of contributions	277,842	820,478
College contributions subsequent to the measurement date	3,557,888	-
Total	\$ 11,556,383	\$ 820,478

\$3,557,888 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2026	\$ 2,757,870
2027	4,855,493
2028	86,115
2029	(521,461)
Total	\$ 7,178,017

Actuarial assumptions - The total pension liability as of June 30, 2024 was determined by an actuarial valuation prepared as of June 30, 2023 and by the investment experience for the fiscal year ending June 30, 2024. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation: 2.40%
Salary increases: 2.65-17.90%, including inflation
Investment rate of return: 7.00%, net of pension plan investment expenses, 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.

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

13. Defined Benefit Pension Plan (continued)

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	25.00%	5.15%
International Equity	20.00%	5.00%
Global Equity	12.00%	5.15%
Fixed Income	18.00%	2.75%
Real Estate	10.00%	3.50%
Private Equity	10.00%	6.25%
Infrastructure	2.00%	3.85%
Private Credit	2.00%	4.90%
Cash Equivalents	1.00%	5.00%
	<u>100.00%</u>	

Discount rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate of 9.00% and that Employer contributions will be phased in to 19.90% over five fiscal years (17.90% for FY25, 18.40% for FY26, 18.90% for FY27, and 19.40% for FY28, and 19.90% for FY29 and beyond). 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 one percentage-point lower (6.00%) or one 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	<u>\$ 83,201,496</u>	<u>\$ 64,191,477</u>	<u>\$ 48,633,216</u>

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

Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025

14. Other Post-Employment Benefits (OPEB)

General Information about the OPEB Plan

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

Benefits provided - The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. 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 \$76,699 for the year ended June 30, 2025.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB – At June 30, 2025, the College reported a long-term liability of \$1,574,969 and a short-term liability of \$76,699, for a total liability of \$1,651,668 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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, 2024, the College's proportion was 0.2956%. This was an increase of 0.0106% from the proportionate share as of the measurement date of June 30, 2023.

For the year ended June 30, 2025, the College recognized OPEB expense of \$(20,356). At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

14. Other Post-Employment Benefits (OPEB) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 341,203	\$ 292,665
Net difference between projected and actual earnings on OPEB plan investments	65	-
Changes of assumptions	65,117	126,084
Changes in proportion and differences between College contributions and proportionate share of contributions	123,700	6,526
College's contributions subsequent to the measurement date	76,699	-
Total	\$ 606,784	\$ 425,275

\$76,699 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2026	\$ (24,532)
2027	(7,915)
2028	24,876
2029	56,728
2030	47,499
Thereafter	8,154
Total	\$ 104,810

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following key actuarial assumptions and other inputs:

Inflation	2.40%
Salary increases	2.65-17.90%, including wage inflation
Municipal Bond Index Rate	
Measurement date	3.94%
Prior measurement date	3.66%
Year FNP is projected to be depleted	
Measurement date	2024
Prior measurement date	2023
Single equivalent interest rate, net of OPEB plan Investment expense, including inflation	
Measurement date	3.94%
Prior measurement date	3.66%
Health care cost trends, Medicare supplement Claims, Pre-Medicare	6.00% for 2025 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.

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

14. Other Post-Employment Benefits (OPEB) (continued)

The demographic actuarial assumptions used in the June 30, 2024, 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, 2024, valuation were based on a review of recent plan experience done concurrently with the June 30, 2024, 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, 2024, was 3.94%. Since the Prior Measurement Date, the Discount Rate has changed from 3.66% to 3.94%.

The trust was established on June 28, 2018, with an initial contribution of \$1,000,000. As of June 30, 2024, the trust has \$1,104,394. 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, 2023, and the June 30, 2024, total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2024, 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 (2.94%) or 1-percentage-point higher (4.94%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	2.94%	3.94%	4.94%
Net OPEB Liability	<u>\$ 1,800,548</u>	<u>\$ 1,651,668</u>	<u>\$ 1,521,745</u>

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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	<u>\$ 1,542,749</u>	<u>\$ 1,651,668</u>	<u>\$ 1,773,097</u>

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>.

**Northeast Mississippi Community College
Notes to Financial Statements
For the Year Ended June 30, 2025**

15. Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements were 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 evaluated the activity of the entity through March 24, 2026, and determined there were not events that occurred that warranted disclosure.

16. Accounting Standards Update

The College implemented Governmental Accounting Standards Board (GASB) Statement 101, *Compensated Absences*, during fiscal year 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

17. Adjustments and Restatements

Correction of an Error in Previously Issued Financial Statements

An adjustment of \$92,576 was made to correct prior year accounts payable, and an adjustment of \$53,894 was made to correct prior year accrued interest payable.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, error corrections resulted in adjustments to and restatements of beginning net position as follows:

Net position – beginning of year, as previously reported	\$	22,941,063
Error correction		<u>(38,682)</u>
Net position – beginning of year, as adjusted or restated	\$	<u>22,902,381</u>

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1: Summary of Significant Accounting Policies

Description of Business Activities

Northeast Mississippi Community College Development Foundation, Inc., (the Foundation), is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The organization is not classified as a private foundation. Its purpose is to provide scholarships and other support for Northeast Mississippi Community College.

Form of Governance

The Foundation is governed by a twenty-member board at this time. The board is composed of five members of the Board of Trustees of the Northeast Mississippi Community College, the college faculty/staff development officer, the Student Government Association President, the Alumni Association President, five county directors, and seven members at large. All board members are appointed to the board by current Foundation board members. Board members serve on the board for an indefinite time period.

Reporting Entity

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

Basis of Accounting

The accompanying financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies followed by the Foundation are described below to enhance the usefulness of the combined financial statements.

Use of Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes bank demand deposit accounts, money market accounts and all highly liquid debt instruments purchased with a maturity of three months or less. The Foundation's cash balances may at times exceed federally insured limits. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

In-Kind Donations

The Foundation received donated supplies, athletics apparel and other goods to be used in college programs of \$45,131 for the year ended June 30, 2025. Such amounts, which are based upon information provided by third-parties, are recorded at their estimated fair value determined on the date of contributions and are reported as contributions and program expenses on the accompanying Statement of Activities and Statement of Functional Expenses.

Investments

All investments in publicly traded debt securities, equity securities, and mutual funds are stated at fair value. Fair value is determined using quoted market prices. All realized and unrealized gains and losses are netted against investment expense and reported as net investment return in the accompanying combined Statement of Activities based on restrictions put in place by the donor.

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2025

Investments in cash surrender value life insurance policies are stated at fair value. Fair value is determined annually, based on the cash surrender value calculated by the insurer.

Real estate investments are initially recognized at fair value based on appraised values at the date of receipt and are subsequently carried at fair value.

Investment income is accrued on fixed income securities based on the current fair market value and yield percentage.

Marketable securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the values of marketable securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined financial statements.

The Foundation has a board policy that when interest and dividends are earned on investment accounts, the earnings are reinvested into the account and not distributed to a bank account. The Foundation withdraws money from the investment account when there are scholarship expenses that need to be covered.

Unconditional Promises to Give

The Foundation has recorded unconditional promises to give of \$70,124 at June 30, 2025, of which \$9,667 is current and \$60,457 is long-term. The Foundation expects to receive payment on the current portion during 2026.

The Foundation provides an allowance for uncollectible pledges based upon collection history and a review of open accounts by management. Open accounts are written off after all collection efforts have been exhausted and the pledge is determined to be uncollectible.

Property and Equipment

Property and equipment are stated at cost, except for donated assets, which are recorded at their fair market value at the date of the gift. The Foundation does not imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are restricted as to their use by the donor. Accordingly, those donations are recorded as support, increasing unrestricted net assets.

Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property and equipment are disposed of, the appropriate accounts are relieved of costs, and accumulated depreciation and any restraint gain or loss is reported as a change in net assets.

Depreciation is computed on a straight-line basis using the estimated useful lives (5 to 20 years) of the various assets.

Long-Lived Assets

The Foundation assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amounts as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2025.

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2025

Revenue Recognition

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

Financial Reporting

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

Net assets without restrictions represent resources generated from operations or that are not subject to donor-imposed stipulations. The Board of Directors can authorize use of these assets, as it desires, to carry on the purposes of the Foundation according to its bylaws. The Board of Directors has also designated that a portion of these monies be used to supplement program expenses.

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

Additionally, net assets with restrictions also include net assets that represent donor-imposed restrictions that stipulate those resources be maintained permanently, but permit the Foundation to use up or expend part or all of the income derived from the donated assets.

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

Financial Instruments Measured at Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and GAAP provide 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). See Note 9 for fair value measurements.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodology used for the Foundation's assets measured at fair value is to value the investments at quoted market prices on the last business day of the fiscal year.

Lease Standard

The Foundation has one operating lease with AT&T for a Cell Tower that is located on the donated land from the Franks Foundation asset transfer. The adoption of FASB ASC 842, *Leases*, did not have an impact on the Foundation's change in net assets or cash flows.

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2025

Income Taxes

NEMCC Foundation is exempt from federal income tax as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity that is not a private foundation.

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the Statement of Activities or accrued in the Statement of Financial Position. Federal tax returns of the Foundation are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Note 2: Prior Period Adjustment

A summary of the significant net asset adjustment is as follows:

<u>Explanation</u>	<u>Without Donor Restrictions Amount</u>	<u>With Donor Restrictions Amount</u>
To correct restriction classification of certain FY2024 assets and liabilities	\$ 422,150	\$ (422,150)
Total Adjustment	<u>\$ 422,150</u>	<u>\$ (422,150)</u>

Note 3: Availability and Liquidity

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund scholarships. In addition, the Foundation receives support without donor restrictions; such support has historically represented approximately 5-10% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, and fundraising expenses. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation's Board meets quarterly to review the financial asset balances to evaluate and ensure that liquid financial assets are adequate to meet the next quarter's needs. Additionally, the Foundation strives to maintain a minimum cash balance of \$100,000, which would cover the fundraising, general, and administrative costs for approximately six months.

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2025

The table below presents financial assets available for general expenditures within one year at June 30, 2025:

Financial assets at year end:	
Cash and cash equivalents	\$ 401,241
Unconditional promises to give (net)	70,124
Cash surrender value life insurance investment	18,821
Unrestricted portion of investments	229,581
Restricted portion of investments and stock	9,989,192
Total financial assets	10,708,959
Less amounts not available to be used within one year:	
Restricted portion of investments and stock	9,989,192
Unconditional promises to give (net)	70,124
	10,059,316
Financial assets available to meet general expenditures over the next twelve months	\$ 649,643

Note 4: Economic Dependence and Concentration

The organization receives its contributions mainly from the five-county area in Northeast Mississippi that are served by Northeast Mississippi Community College.

Note 5: Promises to Give

Unconditional promises to give:	
With donor restrictions	\$ 70,124
Total	\$ 70,124
Reported As:	
Current	\$ 9,667
Long-term	60,457
Total	\$ 70,124

These pledges are due as follows:

Unconditional promises due within one year are recorded net of allowance for bad debts. Unconditional promises due after one year are recorded at net present value using a 4% discount.

Due in less than one year	\$ 9,667
Due in one to five years	38,668
Due in six to ten years	33,330
Due in eleven to fifteen years	-
Total	81,665
Less: Discounts to present value	(11,541)
Less: Allowances for bad debts	-
Net unconditional promises to give at June 30, 2025	\$ 70,124

Note 6: Investments

Investments as of June 30 are summarized as follows:

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2025

	Cost	Fair Value
<i>Cash Equivalents:</i>		
Cadence Trust Variable Rate Mma	\$ 204,078	\$ 204,078
<i>Equities:</i>		
Abbvie Inc Com	21,618	32,855
Accenture PLC Class A Ordinary Shares	12,125	39,752
Alphabet Inc CAP Stk Cl A	44,634	47,758
Amazon.Com Inc Com	49,046	109,695
American Tower Corporation	26,537	55,255
Apple Inc Com	21,514	78,990
Applied Finance Select Fund Instl #4403	24,000	24,203
Applied Matls Inc Com	53,196	78,720
Bristol Myers Squibb Co Com	38,413	32,172
Broadcom Inc Com	44,089	243,123
Cisco Sys Inc Com	11,607	43,709
Comcast Corp Cl A	26,714	24,590
Conagra Brands, Inc.	42,210	31,769
Constellation Brands Inc Cl A	33,805	22,775
Dell Technologies Inc Cl C	32,083	37,638
Dollar Gen Corp New Com	15,680	16,013
Dominos Pizza Inc Com	15,064	22,530
Eog Res Inc Com	26,808	27,510
Exxon Mobil Corp Com	22,459	27,705
Federated Hermes Inc Cl B	18,475	24,376
Fedex Corp Com	27,858	30,232
First Eagle Global Fund Class R6 #962	331,732	429,668
Franklin Resources Inc Com	40,885	41,976
Fuller & Thaler Behavioral Small-Cap Growth Fund – R6	67,723	71,475
General Dynamics Corp Com	34,533	42,291
Honda Motor LTD Amern Shs	11,969	14,415
Hp Inc Com	24,302	20,815
JP Morgan Chase & Co Com	49,575	231,928
JP Morgan Equity Income Fund Cl R6 #3633	357,451	466,367
JP Morgan Large Cap Growth Fund R6 #2148	330,230	453,895
JP Morgan Undiscovered Managers Behavioral Value Fund – R6 #3467	175,082	240,278
John Hancock Funds III – International Growth Fund Cl #487	243,043	258,191
John Hancock III Disciplined Value Fund Cl I #3403	168,458	205,707
John Hancock Funds III – Disciplined Value Mid Cap Fund – Is #3633	168,041	219,468
Kinder Morgan Inc Del Com	43,860	72,030
Kinetik Holdings Inc Com New Cl A	34,765	34,095
Lamb Weston Hldgs Inc Com	32,914	30,903
Lockheed Martin Corp Com	48,099	57,893
Lowes Cos Inc Com	19,659	110,491
Lyondellbasell Industries N V Shs A	33,058	18,226
McDonalds Corp Com	29,438	30,970
Medtronic PLC Shs	23,979	25,279
Microsoft Corp Com	51,440	442,695
Nike Inc Cl B	50,508	49,231
Nutrien LTD Com	45,352	31,275
Papa Johns Intl Inc Com	14,225	22,561
Pepsico Inc Com	50,560	44,762
Pfizer Inc Com	19,945	16,726
Philip Morris Intl Inc Com	17,812	33,512

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2025

<i>Equities: (continued)</i>	Cost	Fair Value
Price T Rowe Group Inc Com	29,824	33,582
Prudential Finl Inc Com	78,486	73,059
Qualcomm Inc Com	22,168	25,482
Restaurant Brands Intl Inc Com	28,699	30,825
Roche Hldg LTD Sponsored ADR	15,046	18,666
Rtx Corporation Com	37,081	56,072
Schlumberger LTD Com	33,750	25,857
Siriusxm Holdings Inc Common Stock	42,778	38,819
Sysco Corp Com	22,188	21,965
T Rowe Price Mid-Cap Growth Fund #64	105,362	122,952
Texas Instruments Inc Com	34,628	38,825
Totalenergies SE	23,434	28,362
Truist Finl Corp Com	47,120	48,364
United Parcel Svc Inc Cl B	34,505	31,189
Upbound Group Inc Com	59,656	25,100
Vail Resorts Inc	56,861	43,839
Voya Financial Inc Com	9,415	9,869
 <i>Fixed Income:</i>		
Curasset Capital Management Core Bond Fund Founder Class	973,797	973,733
Curasset Capital Management Limited Term Income Fund	1,358,000	1,363,657
Jp Morgan Strategic Income Opportunities Fund – R6 #2742	1,098,560	1,094,505
Victory Pioneer Multi-Asset Ultrashort Income Fund Class Y #7716	261,567	261,329
Victory Pioneer Strategic Income Fund Class Y #722	80,000	81,849
 Sub-Total	\$ 7,783,576	\$ 9,420,471
Cash Surrender Value Life Insurance Investment		18,821
Accrued Investment Income		6,493
Farmers and Merchants Bank Stock		791,809
Total		\$ 10,237,594
Without Donor Restrictions		\$ 248,402
With Donor Restrictions		9,989,192
Total		\$ 10,237,594

The following schedule summarizes the investment return in the Statement of Activities:

	Total	Without Donor Restrictions	With Donor Restrictions
Dividend and Interest income, net of fees	\$ 277,262	\$ (54,207)	\$ 331,469
Unrealized/Realized Gain (Loss) on Assets (Net)	560,748	212,085	348,663
Total	\$ 838,010	\$ 157,878	\$ 680,132

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 7: Property and Equipment

The following is a summary of property and equipment:

Land – Unrestricted	\$	80,000
Land – Restricted		45,000
Office Equipment		28,364
Less: Accumulated Depreciation		<u>(28,364)</u>
	\$	<u>125,000</u>

Depreciation expense totaled \$78 for the year.

Note 8: Net Assets

Net assets with restrictions are available for the following purposes:

Athletics	\$	325,828
Building Endowments		5,296
Endowment Scholarships		711,548
College Programs		188,519
Fine Arts		41,968
Other		683,921
Scholarships		309,539
Endowments (See Below)		<u>7,874,710</u>
Total	\$	<u>10,141,329</u>

The \$309,539 in Scholarships is made up of mostly tuition guarantee payments from surrounding counties.

Net assets restricted as endowments are available for the following purposes:

Scholarships – Franks Foundation	\$	4,000,000
Scholarships – Haney		1,037,833
Scholarships – Martin		100,049
Scholarships – Miller		227,840
Scholarships – Newby		350,000
Scholarships – Rees		480,000
Scholarships – Tuckier		151,564
Scholarships – Woods		125,000
Scholarships – Various		<u>1,402,424</u>
Total	\$	<u>7,874,710</u>

Net assets restricted as endowments consist of endowment fund investments to be held indefinitely, the income from which is expendable for scholarships.

Note 9: Fair Value Measurements

The following methods and assumptions were used by the Foundation in estimating its fair value disclosures:

Short-term unconditional promises to give: The carrying amounts reported in the Statement of Financial Position approximate fair values because of the short maturities of those instruments.

Unrestricted and temporarily restricted investments and endowment investments: The fair values of investments are based on quoted market prices for those or similar investments.

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2025

Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year are recorded at net present value of their net realizable value applicable to the years in which the promises are received to discount the amounts.

The estimated fair values of the Foundation's financial assets, none of which are held for trading purposes, are as follows:

	<u>Fair Value</u>	<u>Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Inputs are Unobservable (Level 3)</u>
Financial Assets Without Restrictions:				
Cash surrender value life insurance investment	\$ 18,821	\$ -	\$ -	\$ 18,821
Investments without restrictions	229,581	229,581	-	-
Financial Assets With Restrictions:				
Unconditional promises to give	70,124	-	-	70,124
Investments with restrictions	9,197,383	9,197,383	-	-
Farmers & Merchants Bank Stock	791,809	-	-	791,809
Total	<u>\$ 10,307,718</u>	<u>\$ 9,426,964</u>	<u>\$ -</u>	<u>\$ 880,754</u>

FASB ASC 820, *Fair Value Measurements and Disclosures*, 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 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities active markets that the plan can access.

Level 2 – Inputs to the valuation methodology include

- *Quoted prices for similar assets or liabilities in active markets;
- *Quoted prices for identical 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.

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

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.

When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 and Level 3 were available to the Foundation.

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2025

Level 3 investments consist of a life insurance policy and unconditional promises to give. The life insurance investment is carried at its cash surrender value which approximates fair value to be realized if the policy were voluntarily terminated before its maturity or an insured event occurs. Unconditional promises due within one year are recorded net of allowance for bad debts. Unconditional promises due after one year are recorded at net present value using a 4% discount.

Note 10: Leases

As Lessor:

The Foundation leases land to AT&T for a cellular-enabled mobile device site, i.e. a cell tower. The lease is an operating lease with 5-year terms. The lease does not transfer ownership of the leased assets and it does not provide an option for the lessees to purchase the assets. The current lease term expired on March 15, 2024. There is no record of this lease agreement being extended based on the options to extend in the original agreement. However, the Foundation still operates the cell tower and is receiving operating income. For note disclosure purposes, we treated it as if it has been extended for another 5 years at the end of fiscal year 2029.

Lease Income

Lease income is included in the Statement of Activities as part of operating income. Cash receipts from operating leases are classified within cash flows from operating activities.

Crown Communication, LLC	\$	9,945
Eagle Radio Network, Inc.		175
Total	\$	<u>10,120</u>

Note 11: Related Party Transactions

Certain Foundation expenditures are paid by the College and reimbursed by the Foundation. They totaled approximately:

Salary and Fringe Benefits	\$	300,864
Postage and Freight		1,719
Other		10,542
Total	\$	<u>313,125</u>

The members of the Foundation Board of Directors contributed \$96,110 to the Foundation during this fiscal year.

The Foundation does not have a retirement plan. The employees also work for the College and are covered under their retirement plan.

Note 12: Compensated Absences

The Foundation does not have a policy for compensated absences.

Note 13: Donated Services

The Foundation receives donated office space, certain expenses and personnel services from the College. The Foundation also receives certain donated services from others. The value of these “non-cash” donations has not been measured and thereby not recorded in these financial statements.

Northeast Mississippi Community College Development Foundation, Inc.
Notes to Financial Statements
Year Ended June 30, 2024

Note 14: Joint Costs of Activities That Include a Fund-Raising Appeal

The Foundation produces various methods of communications with the public that includes programmatic and administrative information, together with a request for contributions in support of our mission. The costs of producing the communications included joint costs not directly attributable to any single function. Those costs were allocated among the following functional expense categories as follows:

Program Services	\$	70,804
General and Administrative		141,866
Fund Raising		<u>168,948</u>
Total Joint Costs	\$	<u><u>381,618</u></u>

For a complete breakdown of the expense categories listed above, please see Statement of Functional Expenses on page 19 of this report.

Note 15: Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, and other, which are allocated on the basis of estimates of time and effort.

Note 16: Endowment Net Assets

Endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted Endowment Funds	\$ <u>-</u>	\$ <u>7,874,710</u>	\$ <u>7,874,710</u>

Changes in endowment net assets as of June 30, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 7,808,481	\$ 7,808,481
Contributions	-	<u>66,229</u>	<u>66,229</u>
Endowment net assets, end of year	\$ <u>-</u>	\$ <u>7,874,710</u>	\$ <u>7,874,710</u>

Note 17: Subsequent Events

Events that occur after the Statement of Financial Position date, but before the financial statements were available to be issued, must be evaluated for recognition or disclosure. The Foundation evaluated subsequent events and transactions that occurred after the Statement of Financial Position date up to the date that the financial statements were issued on February 6, 2026. No adjustments are considered necessary to these financial statements.

Northeast Mississippi Community College
Schedule of the College's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
College's proportion of the net pension liability (asset)	0.2472%	0.2451%	0.2541%	0.2501%	0.2464%	0.2453%	0.2400%	0.2300%	0.2300%	0.2301%
College's proportionate share of the net pension liability (asset)	\$ 64,191,477	\$ 61,645,885	\$ 52,303,027	\$ 36,965,873	\$ 47,700,177	\$ 43,153,110	\$ 39,919,130	\$ 38,233,806	\$ 41,083,743	\$ 35,565,058
College's covered payroll	\$ 18,945,699	\$ 18,165,336	\$ 17,495,038	\$ 16,627,585	\$ 16,407,319	\$ 15,975,239	\$ 15,244,629	\$ 14,914,000	\$ 14,698,425	\$ 14,373,797
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	338.82%	339.36%	298.96%	222.32%	290.72%	270.12%	261.86%	256.36%	279.51%	247.43%
Plan Fiduciary net position as a percentage of the total pension liability (asset)	56.30%	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

**Northeast Mississippi Community College
Schedule of College Contributions
Public Employees' Retirement System (PERS)
Last 10 Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,557,888	\$ 3,296,553	\$ 3,160,768	\$ 3,044,137	\$ 2,893,200	\$ 2,854,717	\$ 2,516,102	\$ 2,401,029	\$ 2,348,955	\$ 2,315,002
Contributions in relation to the contractually required contribution	<u>\$ 3,557,888</u>	<u>\$ 3,296,553</u>	<u>\$ 3,160,768</u>	<u>\$ 3,044,137</u>	<u>\$ 2,893,200</u>	<u>\$ 2,854,717</u>	<u>\$ 2,516,102</u>	<u>\$ 2,401,029</u>	<u>\$ 2,348,955</u>	<u>\$ 2,315,002</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 19,872,763	\$ 18,945,699	\$ 18,165,336	\$ 17,495,038	\$ 16,627,585	\$ 16,407,319	\$ 15,975,239	\$ 15,244,629	\$ 14,914,000	\$ 14,698,425
Contributions as a percentage of covered payroll	17.90%	17.40%	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%

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

Northeast Mississippi Community College
Schedule of the College's Proportionate Share of the Net OPEB Liability
OPEB Plan
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
College's proportion of the net OPEB liability	0.2956%	0.2850%	0.2779%	0.2795%	0.2692%	0.2657%	0.2578%	0.2496%
College's proportionate share of the net OPEB liability	\$ 1,651,668	\$ 1,577,153	\$ 1,369,130	\$ 1,799,121	\$ 2,095,265	\$ 2,254,178	\$ 1,994,190	\$ 1,958,265
College's covered-employee payroll	\$ 18,945,699	\$ 18,165,336	\$ 17,495,038	\$ 16,627,585	\$ 16,407,319	\$ 15,975,239	\$ 15,244,629	\$ 14,914,000
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	8.72%	8.68%	7.83%	10.82%	12.77%	14.11%	13.08%	13.13%
Plan Fiduciary net position as a percentage of the total OPEB liability (asset)	0.20%	0.19%	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented beginning in fiscal year ended June 30, 2018, and until a full 10-year trend is compiled, the College will only present information for the years which information is available.

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

**Northeast Mississippi Community College
Schedule of College Contributions
OPEB Plan
Last 10 Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 76,699	\$ 72,200	\$ 69,156	\$ 55,795	\$ 72,291	\$ 83,559	\$ 90,354	\$ 83,484
Contributions in relation to the actuarially determined contribution	\$ 76,699	\$ 72,200	\$ 69,156	\$ 55,795	\$ 72,291	\$ 83,559	\$ 90,354	\$ 83,484
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll	\$ 19,872,763	\$ 18,945,699	\$ 18,165,336	\$ 17,495,039	\$ 16,627,585	\$ 16,407,319	\$ 15,975,239	\$ 15,244,629
Contributions as a percentage of covered-employee payroll	0.39%	0.38%	0.38%	0.32%	0.43%	0.51%	0.57%	0.55%

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

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

Northeast Mississippi Community College
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

Pension Schedules

1. Changes of Assumptions

2016

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

2017

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

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

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

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

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.

**Northeast Mississippi Community College
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025**

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 1.00% and a maximum rate of 5.00%.

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, 2021 valuation for the June 30, 2024 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	25.6 years
Asset valuation method	5-year smoothed market
Price inflation	2.40%
Salary increase	2.65-17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

**Northeast Mississippi Community College
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025**

Other Post-Employment Benefits (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.

2024

The discount rate was changed from 3.66% for the prior Measurement Date to 3.94% 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, 2018, and 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.

**Northeast Mississippi Community College
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025**

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.

2024

The schedule of monthly retiree contributions was increased as of January 1, 2025. In addition, the medical deductible was increased for the Base Family coverage beginning January 1, 2025.

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, 2023, actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2024:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Price inflation	2.40%
Salary increases, including wage inflation	2.65-17.90%
Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	6.50%
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	4.50%
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2029
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.66%

NORTHEAST MISSISSIPPI COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. Department of Education			
Direct:			
Student Financial Assistance Cluster			
Federal Supplemental Education Opportunity Grant	84.007		\$ 145,495
Federal Direct Student Loans	84.268		2,415,804
Federal Work Study Programs	84.033		183,986
Federal Pell Grant Program	84.063		<u>11,469,774</u>
Total Student Financial Assistance Cluster			<u>14,215,059</u>
Total Direct Funding			<u>14,215,059</u>
Passed Through MS Community College Board			
Adult Education - Basic Grants to States	84.002	N/A	655,231
Career and Technical Basic Grants to States	84.048	V048A190024	<u>247,645</u>
Total passed-through MS Community College Board			<u>902,876</u>
Total U. S. Department of Education			<u>15,117,935</u>
U. S. Department of Labor			
Workforce Innovation and Opportunity Act Cluster			
Passed Through Three Rivers Planning & Development District			
WIA/WIOA Adult Program	17.258	24-07-10	811,153
WIA/WIOA Youth Activities	17.259	24-07-10	370,503
WIA/WIOA Dislocated Worker Formula Grants	17.278	24-07-10	<u>23,938</u>
Total passed-through Three Rivers Planning and Development District			<u>1,205,594</u>
Total Workforce Innovation and Opportunity Act Cluster			<u>1,205,594</u>
Total U.S. Department of Labor			<u>1,205,594</u>
U. S. Department of Treasury			
Passed Through Accelerate Mississippi			
Coronavirus State and Local Fiscal Recovery Funds	21.027	003-DT020	<u>21,903</u>
Total passed-through Accelerate Mississippi			<u>21,903</u>
Total U.S. Department of Treasury			<u>21,903</u>
U.S. Department of Health and Human Services			
Passed Through MS Department of Human Services			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	6026122/6026123 6028042/60288043	<u>569,806</u>
Total MS Department of Human Services			<u>569,806</u>
Passed Through Three Rivers Planning and Development District			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	24-25-TANF-NECC	<u>389,699</u>
Total Three Rivers Planning and Development District			<u>389,699</u>
Total U.S. Department of Health and Human Services			<u>959,505</u>

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

NORTHEAST MISSISSIPPI COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation			
Passed Through Mississippi Department of Transportation			
Highway Planning and Construction			
(Federal-Aid Highway Program)	20.205	108044/108850	24,692
Total Mississippi Department of Transportation			24,692
Total U.S. Department of Transportation			24,692
 National Aeronautics and Space Administration			
Passed Through University of Mississippi			
Aerospace Educations Services Program	43.001	24-09-24	7,125
Total University of Mississippi			7,125
Total National Aeronautics and Space Administration			7,125
 Total Expenditures of Federal Awards			\$ 17,336,754

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

NORTHEAST MISSISSIPPI COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Notes to the Schedule of Expenditures of Federal Awards

The accompanying schedule includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2025. 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 Northeast Mississippi Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Northeast Mississippi Community College.

This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements, with the following exceptions:

For purposes of this schedule, loans made to students under the Federal Direct Student Loans (ALN #84.268) are presented as federal expenditures. The loans are a direct benefit to students and therefore are eliminated out of the Statement of Revenues, Expenses and Changes in Net Position.

Expenditures presented on the schedule of expenditures of Federal awards are recognized following the cost principles as found in the Uniform Guidance. The College has elected to use the 15% de minimis indirect cost rate allowed under the Uniform Guidance.



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

Dr. Ricky G. Ford, President
And Board of Trustees
Northeast Mississippi Community College
Booneville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Northeast Mississippi Community College, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Northeast Mississippi Community College's basic financial statements, and have issued our report thereon dated March 24, 2026. The financial statements of Northeast Mississippi Community College Development Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with Northeast Mississippi Community College Development Foundation, Inc.

Report on Internal Control Over Financial Reporting

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

Muscle Shoals, Alabama
Phone: (256) 314-5082

Red Bay, Alabama
Phone: (256) 356-9375

Sheffield, Alabama
Phone: (256) 381-1473

Booneville, Mississippi
Phone: (662) 728-6172

Corinth, Mississippi
Phone: (662) 286-7082

Iuka, Mississippi
Phone: (662) 423-5057

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast 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.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive style.

The Sparks CPA Firm, PC
Certified Public Accountants
Booneville, Mississippi
March 24, 2026



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

Dr. Ricky G. Ford, President
And Board of Trustees
Northeast Mississippi Community College
Booneville, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northeast 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 Northeast Mississippi Community College's major federal programs for the year ended June 30, 2025. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northeast Mississippi Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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 Northeast 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 Northeast 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 Northeast Mississippi Community College's federal programs.

Muscle Shoals, Alabama
Phone: (256) 314-5082

Red Bay, Alabama
Phone: (256) 356-9375

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Phone: (662) 423-5057

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northeast Mississippi Community College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northeast 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 Northeast 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 Northeast 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 Northeast Mississippi Community College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, PC
Certified Public Accountants
Booneville, Mississippi
March 24, 2026



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

Dr. Ricky G. Ford, President
And Board of Trustees
Northeast Mississippi Community College
Booneville, Mississippi

We have audited the financial statements of the business-type activities of Northeast Mississippi Community College as of and for the year ended June 30, 2025, which collectively comprise Northeast Mississippi Community College's basic financial statements and have issued our report thereon dated March 24, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Northeast Mississippi Community College Development Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

We have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with 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 state laws and regulations and our audit of the financial statements disclosed no instances of noncompliance with state laws and regulations.

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

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, PC
Certified Public Accountants
Booneville, Mississippi
March 24, 2026

Muscle Shoals, Alabama
Phone: (256) 314-5082

Red Bay, Alabama
Phone: (256) 356-9375

Sheffield, Alabama
Phone: (256) 381-1473

Booneville, Mississippi
Phone: (662) 728-6172

Corinth, Mississippi
Phone: (662) 286-7082

Iuka, Mississippi
Phone: (662) 423-5057

**Northeast Mississippi Community College
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

Section 1: Summary of Auditors' Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified: | None reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified: | None Reported |
| 5. Type of auditors' report issued on compliance for major federal 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:

<u>ALN Numbers</u>	<u>Name of Program or Cluster</u>
84.007, 84.268, 84.033 & 84.063 93.558	Student Financial Assistance Cluster Temporary Assistance for Needy Families (TANF)

- | | |
|---|-----------|
| 8. The dollar threshold used to distinguish between Type A and type B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | No |
| 10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the Financial Statements.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings related to the Federal Awards.