



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR**

**PHIL BRYANT  
State Auditor**

**RAMONA HILL, CPA  
Director, Department of Audit**

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Director, Division of College and University Audits**

**HINDS COMMUNITY COLLEGE DISTRICT**

**Audited Financial Statements  
For the Year Ended June 30, 1996**



HINDS COMMUNITY COLLEGE DISTRICT

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religion, national origin, sex, age or disability*

HINDS COMMUNITY COLLEGE DISTRICT

FINANCIAL AUDIT REPORT

HINDS COMMUNITY COLLEGE DISTRICT

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# State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

## INDEPENDENT AUDITOR'S REPORT

December 12, 1997

Dr. Clyde Muse, President  
and Board of Trustees  
Hinds Community College District  
Raymond, Mississippi

We have audited the accompanying balance sheet of Hinds Community College District as of June 30, 1996, the related statement of changes in fund balances and the statement of current fund revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of Hinds Community College District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hinds Community College District at June 30, 1996, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made primarily for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Hinds Community College District. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated December 12, 1997 on our consideration of Hinds Community College District's internal control structure and a report dated December 12, 1997 on its compliance with laws and regulations.

A handwritten signature in cursive script that reads "Ramona Hill".

RAMONA HILL, CPA  
Director, Department of Audit

HINDS COMMUNITY COLLEGE DISTRICT

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HINDS COMMUNITY COLLEGE DISTRICT

AUDITED FINANCIAL STATEMENTS

HINDS COMMUNITY COLLEGE DISTRICT  
 Balance Sheet  
 June 30, 1996  
 (With Comparative Figures at June 30, 1995)

Exhibit A

ASSETS	Current Year	Prior Year	LIABILITIES AND FUND BALANCES	Current Year	Prior Year
Current Funds			Current Funds		
Current Unrestricted Funds:			Current Unrestricted Funds:		
Cash and other deposits (Note 4)	\$ 9,433,064	7,320,103	Accounts payable and accrued expenses	\$ 11,293	450,189
Deposits	100,000	100,475	Accrued leave (Note 3)	1,119,279	992,455
Accounts receivable:			Deposits refundable	113,850	99,118
Students, less allowance of			Deferred credits	3,419,041	3,354,100
\$225,000 (1996) and			Fund balances:		
\$225,000 (1995)	2,411,409	2,335,876	Unallocated		
Other	2,153,077	2,394,269	General	10,429,081	8,135,694
Inventories	994,994	880,833			
Total Current Unrestricted Funds	15,092,544	13,031,556	Total Current Unrestricted Funds	15,092,544	13,031,556
Current Restricted Funds:			Current Restricted Funds:		
Cash and other deposits (Note 4)	551,889	508,728	Accounts payable and accrued expenses	126,154	157,696
Other accounts receivable	507,126	523,190	Fund balance:		
			Allocated	932,861	874,222
Total Current Restricted Funds	1,059,015	1,031,918	Total Current Restricted Funds	1,059,015	1,031,918
Total Current Funds	\$ 16,151,559	14,063,474	Total Current Funds	\$ 16,151,559	14,063,474
Endowment and Similar Funds			Endowment and Similar Funds		
Cash and other deposits (Note 4)	\$ 635,182	606,800	Fund balances:		
Other accounts receivable	13,194	16,411	Endowment	\$ 648,376	623,211
Total Endowment & Similar Funds	\$ 648,376	623,211	Total Endowment & Similar Funds	\$ 648,376	623,211
Plant Funds			Plant Funds		
Cash and other deposits (Note 4)	\$ 2,828,507	2,826,905	Notes payable (Note 6)	\$ 429,524	526,213
Investments (Note 5)	4,862,648	8,285,847	Bonds payable (Note 6)	22,449,000	23,734,000
Other accounts receivable	502,138	816,587	Obligations under capital leases (Note 6)	30,172	61,127
Land	2,300,923	2,300,923	Fund balances:		
Improvements other than buildings	4,763,234	4,771,652	Unexpended	6,457,141	10,303,472
Buildings	66,318,375	65,832,855	Retirement of indebtedness	1,736,152	1,625,867
Furniture, machinery and equipment	11,115,030	11,215,324	Net investment in plant	71,859,502	66,003,890
Books and films	4,394,449	4,271,150			
Livestock	42,100	56,500			
Assets under capital leases (Note 6)	50,400	152,800			
Construction in progress (Note 9)	5,783,687	1,724,026			
Total Plant Funds	\$ 102,961,491	102,254,569	Total Plant Funds	\$ 102,961,491	102,254,569

Agency Funds			Agency Funds		
Cash and other deposits (Note 4)	\$	194,696	381,207	Agency Funds	
Prepaid items and deferred charges			40	Due to depositors	\$
Deferred compensation plan assets at fair market value (Note 11)		<u>1,493,676</u>	<u>1,081,281</u>		1,688,372
					1,462,528
Total Agency Funds	\$	<u><u>1,688,372</u></u>	<u><u>1,462,528</u></u>	Total Agency Funds	\$
					<u><u>1,688,372</u></u>
					<u><u>1,462,528</u></u>

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

HINDS COMMUNITY COLLEGE DISTRICT  
Statement of Changes in Fund Balances  
For the Year Ended June 30, 1996

Exhibit B

	Current Funds			Endowment and Similar Funds	Plant Funds		
	Unrestricted	Restricted	Total		Unexpended	Retirement of Indebtedness	Investment in Plant
<b>Revenues and Other Additions</b>							
Tuition and fees	\$ 10,929,218	11,872	10,941,090				
State appropriations	23,115,680	729,966	23,845,646		832,918		
Local appropriations	6,672,393	745,821	7,418,214		3,240,172	416,604	
Federal grants and contracts	2,050,781	8,830,475	10,881,256		59,455		
State grants and contracts	5,416,442	305,448	5,721,890				
Private gifts, grants & contracts	25,606	968,224	993,830				
Investment income	442,779	5,137	447,916	33,304	608,463	43,413	
Additions to plant facilities							6,753,157
Retirement of indebtedness							1,412,644
Sales and services of educational activities	144,557		144,557				
Sales and services of auxiliary activities	5,963,406		5,963,406				
Other	430,336	68,704	499,040				
<b>Total Rev. &amp; Other Additions</b>	<b>55,191,198</b>	<b>11,665,647</b>	<b>66,856,845</b>	<b>33,304</b>	<b>4,741,008</b>	<b>460,017</b>	<b>8,165,801</b>
<b>Expenditures &amp; Other Deductions</b>							
<b>Educational and general:</b>							
Instruction	27,206,228	3,754,942	30,961,170				
Academic support	1,758,807	31,552	1,790,359	854			
Student services	4,511,756	211,606	4,723,362				
Institutional support	5,965,281	820,457	6,785,738				
Operation & maintenance of plant	6,385,816	181,897	6,567,713				
Student aid	717,855	6,659,320	7,377,175	7,285			
<b>Total Educational and General</b>	<b>46,545,743</b>	<b>11,659,774</b>	<b>58,205,517</b>	<b>8,139</b>			
Auxiliary	6,007,037		6,007,037				
Professional fees						7,279	
Administrative costs recovered		36,419	36,419				
Indirect costs recovered		57,107	57,107				
Repairs and maintenance Expended for plant facilities					1,743,586		
Plant assets sold or retired					4,384,845		2,310,189
Retirement of indebtedness						1,412,644	
Interest on indebtedness						1,460,632	
Provision for accrued leave	126,824		126,824				
<b>Total Expenditures and Other Deductions</b>	<b>52,679,604</b>	<b>11,753,300</b>	<b>64,432,904</b>	<b>8,139</b>	<b>6,128,431</b>	<b>2,880,555</b>	<b>2,310,189</b>
<b>Transfers - Additions (Deductions)</b>							
<b>Mandatory:</b>							
Principal and interest	(71,915)		(71,915)		(2,458,908)	2,530,823	
Restricted fund matching	(12,835)	12,835					
<b>Total Mandatory</b>	<b>(84,750)</b>	<b>12,835</b>	<b>(71,915)</b>		<b>(2,458,908)</b>	<b>2,530,823</b>	

Other:							
Other	<u>(133,457)</u>	<u>133,457</u>					
Total Other	<u>(133,457)</u>	<u>133,457</u>					
Total Transfers	<u>(218,207)</u>	<u>146,292</u>	<u>(71,915)</u>		<u>(2,458,908)</u>	<u>2,530,823</u>	
Net Increase (Decr.) for Year	<u>2,293,387</u>	<u>58,639</u>	<u>2,352,026</u>	<u>25,165</u>	<u>(3,846,331)</u>	<u>110,285</u>	<u>5,855,612</u>
Fund Balance at Beg. of Year	<u>8,135,694</u>	<u>874,222</u>	<u>9,009,916</u>	<u>623,211</u>	<u>10,303,472</u>	<u>1,625,867</u>	<u>66,003,890</u>
Fund Balance at End of Year	\$ <u><u>10,429,081</u></u>	<u><u>932,861</u></u>	<u><u>11,361,942</u></u>	<u><u>648,376</u></u>	<u><u>6,457,141</u></u>	<u><u>1,736,152</u></u>	<u><u>71,859,502</u></u>

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

HINDS COMMUNITY COLLEGE DISTRICT  
Statement of Current Fund Revenues, Expenditures and Other Changes  
For the Year Ended June 30, 1996  
(With Comparative Figures for the Year Ended June 30, 1995)

Exhibit C

	Current Year			Prior Year	
	Unrestricted	Restricted	Total	Total	
Revenues and Other Additions					
Tuition and fees	\$ 10,929,218	11,872	10,941,090	11,186,176	
State appropriations	23,115,680	729,966	23,845,646	20,830,221	
Local appropriations	6,672,393	745,821	7,418,214	7,011,444	
Federal grants and contracts	2,050,781	8,830,475	10,881,256	11,733,682	
State grants and contracts	5,416,442	305,448	5,721,890	4,875,503	
Private gifts, grants and contracts	25,606	949,516	975,122	2,346,227	
Investment income	442,779	5,137	447,916	354,253	
Sales and services of educational activities	144,557		144,557	105,207	
Sales and services of auxiliary activities	5,963,406		5,963,406	5,972,588	
Reduction in provisions of uncollectible accounts				133,107	
Other	430,336	68,704	499,040	221,684	
Total Revenues and Other Additions	<u>55,191,198</u>	<u>11,646,939</u>	<u>66,838,137</u>	<u>64,770,092</u>	
Expenditures & Mandatory Transfers					
Educational and general:					
Instruction	27,206,228	3,754,942	30,961,170	30,244,585	
Academic support	1,758,807	31,552	1,790,359	1,754,382	
Student services	4,511,756	211,606	4,723,362	4,459,382	
Institutional support	5,965,281	820,457	6,785,738	6,597,802	
Oper. & maintenance of plant	6,385,816	181,897	6,567,713	6,083,510	
Student aid	717,855	6,659,320	7,377,175	7,404,653	
Total Educational and General Expenditures	<u>46,545,743</u>	<u>11,659,774</u>	<u>58,205,517</u>	<u>56,544,314</u>	
Mandatory transfers:					
Principal and interest	35,095		35,095	35,095	
Restricted fund matching	12,835	(12,835)			
Total Educational and General	<u>46,593,673</u>	<u>11,646,939</u>	<u>58,240,612</u>	<u>56,579,409</u>	
Auxiliary enterprises:					
Expenditures	6,007,037		6,007,037	5,821,507	
Mandatory transfers:					
Principal and interest	36,820		36,820	36,810	
Total Auxiliary Enterprises	<u>6,043,857</u>		<u>6,043,857</u>	<u>5,858,317</u>	
Total Expenditures and Mandatory Transfers	<u>52,637,530</u>	<u>11,646,939</u>	<u>64,284,469</u>	<u>62,437,726</u>	
Other Transfers - Additions (Ded.)					
Excess restricted receipts over expenditures & mandatory transfers		18,708	18,708	(74,479)	
Other	(133,457)	133,457			
Administrative costs recovered		(36,419)	(36,419)	(34,416)	
Indirect costs recovered		(57,107)	(57,107)	(23,303)	
Provision for accrued leave	(126,824)		(126,824)	(19,057)	
Total Other Transfers - Additions (Deductions)	<u>(260,281)</u>	<u>58,639</u>	<u>(201,642)</u>	<u>(151,255)</u>	
Net Change in Fund Balance	\$ <u>2,293,387</u>	<u>58,639</u>	<u>2,352,026</u>	<u>2,181,111</u>	

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

## HINDS COMMUNITY COLLEGE DISTRICT

### Summary of Significant Accounting Policies For the Year Ended June 30, 1996

The significant accounting policies followed by Hinds Community College District are described below to enhance the usefulness of the financial statements to the reader.

(1) Basis of Accounting.

Hinds Community College District uses the accounting system set out in the "Accounting Manual for Mississippi's Public Junior Colleges." This manual conforms in most respects with the principles set forth in the "Financial and Reporting Manual for Higher Education" issued by the National Association of College and University Business Officers (NACUBO), and the Industry Audit Guide, "Audits of Colleges and Universities" issued by the American Institute of Certified Public Accountants, while acknowledging the goals and activities of Mississippi's public community colleges.

The accompanying financial statements have been prepared generally on the accrual basis with the following exceptions, which are common practices in colleges and universities:

- A. Depreciation on physical plant and equipment has not been provided.
- B. To the extent that Current Funds are used to finance plant assets, the amounts so provided are accounted for as (a) expenditures, in the case of normal acquisition and/or replacement of moveable equipment and library books; (b) mandatory transfers, in the case of required provisions for debt amortization and interest, and equipment renewals and replacements; and (c) transfers of a nonmandatory nature for all other cases.
- C. Interest expense on debt is recorded when paid.

Gifts, grants and pledges are generally recorded when received or when billable.

Investments are recorded at cost if purchased or if acquired by gift at fair market value at the time of donation.

Property, buildings and equipment are stated at cost at the date of acquisition or fair market value at date of donation. Improvements made as part of repair and renovation projects are capitalized based upon institution estimates which approximate cost. Public domain (infrastructure) fixed assets consisting of certain improvements other than buildings, such as roads, bridges, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the institution, are capitalized.

Merchandise for resale inventories and consumable supply inventories are stated at cost, with cost being determined principally by the first-in, first-out method. Livestock inventories are valued at anticipated net realizable value.

All revenues and related expenditures incurred in connection with summer sessions are reported within the fiscal year in which the summer sessions are predominantly conducted.

Service activities at the institution are those activities which provide general services benefiting many funds. Service activities include printing and warehouse departments. Such activities are maintained during the fiscal year as Auxiliary Funds for management purposes. These activities' expenditures are allocated to other funds based upon a user charge system. At fiscal year-end, any over or under allocation made during the year is closed to institutional support in the Current Unrestricted Fund.

# HINDS COMMUNITY COLLEGE DISTRICT

## Summary of Significant Accounting Policies For the Year Ended June 30, 1996

### (2) Fund Accounting.

In order to insure observance of limitations and restrictions placed on the use of the resources available, the accounts of the institution are maintained in accordance with the principles of "fund accounting." This accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The Current Funds are used primarily to account for transactions which are expended in performing the primary and support objectives of the institution.

Current Funds consist of the following:

- A. The Unrestricted Fund which is used to account for:
  - 1. The appropriated budget as approved by the Mississippi State Legislature and the Board of Trustees of Hinds Community College District.
  - 2. The transactions of substantially self-supporting activities that primarily provide services for students, faculty and staff.
- B. The Restricted Fund which is used to account for Current Funds expended for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Other funds consist of the following:

- A. Endowment and Similar Funds which generally are subject to the restrictions of donor gift instruments include:
  - 1. True Endowment Funds are funds received from a donor with the restriction that only the income is to be utilized.
  - 2. Term Endowment Funds are funds for which the donor has stipulated that the principal may be expended after a stated period or on the occurrence of a certain event.
- B. The Plant Funds which are used to account for the transactions relating to institution physical properties include:
  - 1. The Unexpended Plant Fund which is comprised of amounts which have been appropriated or designated for the purchase of institution physical properties or the repair and maintenance of such physical properties.
  - 2. The Retirement of Indebtedness Plant Fund which represents resources held for the retirement of and interest on debt.
  - 3. The Investment in Plant Fund which represents the total physical properties in service by the institution and all construction in progress as well as any associated liabilities.
- C. Agency Funds account for assets held by the institution as custodian or fiscal agent for others. Consequently, the transactions of this fund do not affect the statement of changes in fund balances.

HINDS COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements  
For the Year Ended June 30, 1996

(1) Financial Reporting Entity.

Hinds Community College District is a public community college which currently consists of seven branch campuses, with most administrative functions located at the Raymond, Mississippi campus.

(2) Appropriations - General Operations.

Hinds Community College District receives funds from the state of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the state of Mississippi.

In addition, the institution receives funds from taxes levied by the counties in the district for general support, maintenance and capital improvement.

(3) Accrued Leave.

Twelve-month employees earn annual personal leave at a rate of 8 hours per month for six months to one year of service; 10 hours per month for one to five years of service; and 12 hours per month for greater than 5 years of service. There is no requirement that annual leave be taken and there is no maximum accumulation. At termination, these employees are paid for up to 240 hours of accumulated annual leave.

The liability for accrued leave at June 30, 1996, as reported in the Current Funds, was as follows:

Accumulated annual leave	<u>\$1,119,279</u>
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(4) Cash and Other Deposits.

For financial statement purposes cash and other deposits are represented by demand accounts and time deposits such as savings accounts, certificates of deposit, money market funds, and U.S. Treasury bills and notes with a maturity of one year or less as of June 30, 1996. Also included in this account are imprest cash accounts held by the institution. The carrying amount of the institution's cash and other deposits at June 30, 1996, was \$13,643,338 and the depository balance, including accrued interest of \$17,302, was \$16,546,027. The portion of such depository balance invested in U.S. Treasury bills and notes was \$9,090,448. These were uninsured or unregistered, with securities held by the counterparty or by its trust department or its agent but not in the name of the institution. The portion of such depository balances covered by federal depository insurance or by collateral held by the institution or its agent was \$317,878. The amount of \$6,840,255 was collateralized with securities held by a pledging financial institution's trust department or agent in the institution's name and \$297,446 was uninsured or uncollateralized.

(5) Investments.

The following table presents the carrying and market value of investments by type and categorizes the carrying amounts as follows: category 1 are those which are insured or registered, or held by the institution or its agent; category 2 are those which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the name of the institution; and, category 3 are those which are uninsured or unregistered, with securities held by the counterparty or by its trust department or its agent but not in the name of the institution.

	Category			Carrying Amount	Market Value
	-1-	-2-	-3-		
Government securities	<u>\$ 0</u>	<u>0</u>	<u>4,862,648</u>	<u>4,862,648</u>	<u>4,904,511</u>

HINDS COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements  
For the Year Ended June 30, 1996

(6) Long-term Debt.

The institution has long-term obligations of the following:

Description and Purpose	Original Issue	Annual Interest Rate	Maturity Date	Amount Owed at 6-30-96
<b>A. Bonded Debt.</b>				
<b>General Obligation Bonds:</b>				
Construction of 1990	\$ 7,000,000	6.3 - 7%	11-1-97	\$ 810,000
Refunding bonds of 1987	1,835,000	9%	5-1-97	255,000
NAHC construction bonds of 1992	3,450,000	5.4 - 7.25%	5-1-07	2,950,000
Refunding bonds of 1993	5,165,000	2.8 - 4.7%	11-1-05	5,020,000
Total	<u>17,450,000</u>			<u>9,035,000</u>
<b>Revenue Bonds:</b>				
General Electric bonds of 1983	3,500,000	3%	4-1-13	2,309,000
Renovation bonds of 1987	3,500,000	3%	10-1-17	2,980,000
Certificates of participation of 1995	8,365,000	Variable	9-1-14	8,125,000
Total	<u>15,365,000</u>			<u>13,414,000</u>
Total Bonded Debt	<u>\$ 32,815,000</u>			<u>\$ 22,449,000</u>
<b>B. Notes.</b>				
Merchants National Bank - Vicksburg building	<u>\$ 800,000</u>	7.44%	4-1-03	<u>\$ 429,524</u>
<b>C. Capital Leases.</b>				
John Deere tractor	<u>\$ 50,400</u>	6%	7-98	<u>\$ 30,172</u>

This lease covers a three year period. The institution has the option to prepay all outstanding payments less any unearned interest to fully satisfy the obligation.

There is also a fiscal funding addendum that states that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

The amount capitalized as leased property under capital leases is the amount of the original obligation.

HINDS COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements  
For the Year Ended June 30, 1996

Annual requirements to amortize outstanding long-term debt are as follows:

Year Ending June 30	Total	Bonds	Notes	Leases
1997	\$ 2,867,582	2,762,708	93,587	11,287
1998	2,431,408	2,331,111	89,009	11,288
1999	2,273,351	2,177,633	84,430	11,288
2000	2,267,663	2,187,761	79,902	
2001	2,264,936	2,189,663	75,273	
Later years	<u>21,248,973</u>	<u>21,113,403</u>	<u>135,570</u>	
Total	33,353,913	32,762,279	557,771	33,863
Less: Amounts Representing Interest	<u>10,445,217</u>	<u>10,313,279</u>	<u>128,247</u>	<u>3,691</u>
Total at Present Value	<u>\$ 22,908,696</u>	<u>22,449,000</u>	<u>429,524</u>	<u>30,172</u>

(7) Operating Leases.

Leased property under operating leases is composed of one Ford Crown Victoria. The following is a schedule by years of the future minimum rental payments required under those operating leases:

Year Ending June 30	Amount
1997	\$ 6,068
1998	<u>5,562</u>
Total Minimum Payments Required	<u>\$ 11,630</u>

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the fiscal year ending June 30, 1996, was \$5,525.

(8) Refunding Debt.

On November 1, 1993, Hinds Community College District issued \$5,165,000 in notes with an average interest rate of 4.35477 percent to advance refund \$4,585,000 of outstanding 1990 Series bonds with an average interest rate of 7.03 percent. The net proceeds of \$5,010,473 (after payment of \$154,527 in issuance costs) were used to purchase U.S. Government securities. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 Series bonds. As a result, the 1990 Series bonds are considered to be defeased and the liability for those bonds has been removed from the Investment in Plant Fund.

HINDS COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements  
For the Year Ended June 30, 1996

(9) Construction Commitments and Financing.

The institution has contracted for the construction of the following projects. The primary funding sources for the completion of these projects are proceeds from bond issues.

<u>Project</u>	<u>Cost to Complete</u>
Executive Training & Conference Center	\$ 2,933,136
Golf carts maintenance	<u>376,415</u>
Total	<u>\$ 3,309,551</u>

(10) Pension Plan.

Plan Description. Hinds Community College District 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. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the institution is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirement of PERS members are established and may be amended only by the State of Mississippi Legislature. The institution's contributions to PERS for the years ending June 30, 1996, 1995 and 1994 were \$2,740,364, \$2,555,107 and \$2,359,558, respectively, equal to the required contributions for each year.

(11) Deferred Compensation Plan.

Hinds Community College District, through the Mississippi Public Employees' Retirement System (PERS), offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the institution (without being restricted to the provisions of benefits under the plan), subject only to the claims of the institution's general creditors. Participants' rights under the plan are equal to those of general creditors of the institution in an amount equal to the fair market value of the deferred account for each participant.

The Mississippi Public Employees' Retirement System maintains the deferred compensation plan account in the name of the institution. The amount of assets held for participants employed by Hinds Community College District as of June 30, 1996, was \$1,493,676.

HINDS COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements  
For the Year Ended June 30, 1996

(12) Foundation.

Hinds Community College District Foundation, Inc. is an independent corporation formed for the purpose of receiving funds for the sole benefit of the institution. Following is a summary of the foundation's financial position at June 30, 1996, which amounts are not included in the financial statements of the institution:

<u>Assets</u>		<u>Amount</u>
Cash and cash equivalents	\$	213,873
Investments		1,390,446
Accounts receivable - pledges & loans		97,006
Fixed assets - net		<u>11,505</u>
Total Assets	\$	<u><u>1,712,830</u></u>
<u>Liabilities and Fund Balances</u>		
Fund balances:		
Current Funds:		
Unrestricted	\$	149,505
Restricted		<u>1,563,325</u>
Total Liabilities and Fund Balances	\$	<u><u>1,712,830</u></u>

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HINDS COMMUNITY COLLEGE DISTRICT

SUPPLEMENTAL INFORMATION

HINDS COMMUNITY COLLEGE DISTRICT  
Schedule of Federal Financial Assistance  
For the Year Ended June 30, 1996

	CFDA NUMBER		DIRECT FEDERAL	FEDERAL FLOW- THROUGH	TOTAL REVENUES	TOTAL EXPENDITURES
<b>Major Programs</b>						
Student Financial Aid:						
Department of Education						
Federal Work-study Program	84.033	\$	356,429		356,429	356,429
Federal Supplemental Educational Opportunity Grant Program	84.007		415,231		415,231	415,231
PELL Grant Program	84.063		5,960,365		5,960,365	5,936,691
State Student Incentive Grant Program	84.069			66,397	66,397	66,397
Other				1,710	1,710	
Private Lending Institutions						3,369,306
Total Student Financial Aid			<u>6,732,025</u>	<u>68,107</u>	<u>6,800,132</u>	<u>10,144,054</u>
Other:						
United States Department of Education:						
Vocational Education - Basic Grants to States	84.048			1,952,151	1,952,151	1,952,151
Higher Education - Institutional Aid	84.031A		495,751		495,751	495,751
Upward Bound	84.047A		370,819		370,819	370,819
Total Other			<u>866,570</u>	<u>1,952,151</u>	<u>2,818,721</u>	<u>2,818,721</u>
Total Major Programs			<u>7,598,595</u>	<u>2,020,258</u>	<u>9,618,853</u>	<u>12,962,775</u>
Other Federal Assistance						
United States Department of Agriculture:						
Food and Consumer Service:						
National School Lunch Program	10.555			112,099	112,099	137,153
Child and Adult Care Food Program	10.558			9,558	9,558	9,558
Rural Development Administration:						
Distance Learning and Medical Link Grants	10.855			160,680	160,680	153,050
Total United States Department of Agriculture				<u>282,337</u>	<u>282,337</u>	<u>299,761</u>
Department of Labor:						
Job Training Partnership Act	17.250			98,092	98,092	113,714
Total Department of Labor				<u>98,092</u>	<u>98,092</u>	<u>113,714</u>
Department of Transportation:						
Federal Aviation Administration:						
Airport Improvement Program	20.106		59,455		59,455	49,851
Total Department of Transportation			<u>59,455</u>		<u>59,455</u>	<u>49,851</u>
Small Business Administration:						
Small Business Development Center	59.005			102,397	102,397	129,825
Total Small Business Administration				<u>102,397</u>	<u>102,397</u>	<u>129,825</u>

United States Department of Education:					
Title I	84.010		107,964	107,964	116,520
Title II	84.151		8,982	8,982	8,982
Student Support Services	84.042A	189,468		189,468	189,487
Adult Education-State - Administered Basic Grant Program	84.002		180,333	180,333	180,333
Minority Science Improvement Program	84.120A	76,358		76,358	76,358
Tech-Prep Education	84.243		61,641	61,641	100,848
College Discovery	84.164		81,158	81,158	83,337
Other	84.xxx		65,792	65,792	57,817
Total United States Department of Education		<u>265,826</u>	<u>505,870</u>	<u>771,696</u>	<u>813,682</u>
Department of Health and Human Services:					
Bridges for Baccurlette Program	93.XXX		7,881	7,881	18,039
Total Department of Health and Human Services			<u>7,881</u>	<u>7,881</u>	<u>18,039</u>
Total Other Federal Assistance		<u>325,281</u>	<u>996,577</u>	<u>1,321,858</u>	<u>1,424,872</u>
Total Federal Financial Assistance		\$ <u>7,923,876</u>	<u>3,016,835</u>	<u>10,940,711</u>	<u>14,387,647</u>

See accompanying Notes to Schedule of Federal Financial Assistance.

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HINDS COMMUNITY COLLEGE DISTRICT

Notes to Schedule of Federal Financial Assistance  
For the Year Ended June 30, 1996

A. Basis of Presentation.

The accompanying Schedule of Federal Financial Assistance (the schedule) has been generally prepared in the format as set forth in Statement of Position 92-9. The purpose of the schedule is to present a summary of those activities represented by Hinds Community College District for the year ended June 30, 1996, which have been financed by the U.S. Government (federal awards). For the purposes of the schedule, federal awards include all federal assistance and procurement relationships entered into directly between Hinds Community College District and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the schedule presents only a selected portion of the activities of Hinds Community College District, it is not intended to and does not present either the financial position or the changes in fund balances of Hinds Community College District.

In accordance with Office of Management and Budget (OMB) Circular A-133, federal awards are classified as follows:

Major Programs - Total federal program expenditures, exclusive of Stafford and Perkins Loans advanced, are the larger of three percent of total federal funds expended or \$100,000.

Student Financial Aid (SFA)  
Other  
    Basic Grants to States  
    Title III  
    Upward Bound

Other Federal Assistance - Federal awards that do not meet the definition of major programs.

The "Private Lending Institutions" category in the SFA section includes loans made directly to students from the Stafford Loan Program.

Individual awards within each category of federal awards are identified by CFDA number and program name if the award is individually significant to the category of award. All other awards are presented in total by funding agency.

B. Revenue and Expenditure Recognition.

Revenue is recognized when received or when earned by the institution.

Deductions (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the U.S. Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general institution activities (indirect costs) which are allocated to federal awards under negotiated formulas commonly referred to as indirect cost rates. Indirect costs and related revenues applicable to these cost recoveries are classified as unrestricted revenues and expenditures of the general purpose financial statements.

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HINDS COMMUNITY COLLEGE DISTRICT

COMPLIANCE REPORT ON MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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# State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

## COMPLIANCE REPORT ON MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

December 12, 1997

Dr. Clyde Muse, President  
and Board of Trustees  
Hinds Community College District  
Raymond, Mississippi

We have audited the balance sheet of Hinds Community College District as of June 30, 1996, the related statement of changes in fund balances, the statement of current fund revenues, expenditures and other changes and the schedule of federal financial assistance and have issued our report thereon dated December 12, 1997.

We have also audited Hinds Community College District's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; claims for advances and reimbursements; monitoring subrecipients; cost allocation; special requirements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended June 30, 1996, and have issued our report thereon dated December 12, 1997. The management of Hinds Community College District is responsible for the institution's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States and OMB Circulars A-110 and A-133. Those standards and OMB Circulars A-110 and A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the institution's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Hinds Community College District complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; claims for advances and reimbursements; monitoring subrecipients; cost allocation; special requirements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the use of Hinds Community College District, the cognizant audit agency and other agencies. This restriction is not intended to limit the distribution of this report which is a matter of public record.

A handwritten signature in black ink that reads "Ramona Hill". The signature is written in a cursive style with a large initial "R" and a long, sweeping underline.

RAMONA HILL, CPA  
Director, Department of Audit

HINDS COMMUNITY COLLEGE DISTRICT

REPORT ON INTERNAL CONTROL

HINDS COMMUNITY COLLEGE DISTRICT

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# State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

## REPORT ON INTERNAL CONTROL

December 12, 1997

Dr. Clyde Muse, President  
and Board of Trustees  
Hinds Community College District  
Raymond, Mississippi

We have audited the balance sheet of Hinds Community College District as of June 30, 1996, the related statement of changes in fund balances, the statement of current fund revenues, expenditures and other changes and the schedule of federal financial assistance and have issued our report thereon dated December 12, 1997. We have also audited the institution's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated December 12, 1997.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circulars A-110 and A-133. Those standards and OMB Circulars A-110 and A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the institution complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1996, we considered the institution's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the institution's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133.

The management of Hinds Community College District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls

- Revenue/cash receipts
- Purchasing/cash disbursements
- Payroll
- Property control
- Accrued Leave

Administration of Federal Financial Assistance Programs

General Requirements

- Political activity
- Civil rights
- Cash management
- Drug-free workplace
- Financial reporting
- Allowable costs/cost principles
- Administrative requirements

Specific Requirements

- Types of services
- Eligibility
- Matching, level of effort
- Reporting
- Cost allocation
- Special requirements, if any
- Monitoring subrecipients

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures, determined whether they have been placed in operation and we assessed control risk.

For the year ended June 30, 1996, the institution expended 90% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls as required by OMB Circular A-133 to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the institution's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements or that could adversely affect the organization's ability to administer federal award programs in accordance with applicable laws and regulations.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected by employees in the normal course of performing their assigned functions.

We have identified one reportable condition, which we consider to be a material weakness as defined in the preceding paragraph. This matter is included in the accompanying "Schedule of Findings and Recommendations."

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the use of Hinds Community College District, the cognizant audit agency and other agencies. This restriction is not intended to limit the distribution of this report which is a matter of public record.

A handwritten signature in black ink that reads "Ramona Hill". The signature is written in a cursive, flowing style.

RAMONA HILL, CPA  
Director, Department of Audit

HINDS COMMUNITY COLLEGE DISTRICT

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HINDS COMMUNITY COLLEGE DISTRICT

MANAGEMENT REPORT

HINDS COMMUNITY COLLEGE DISTRICT

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# State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT  
AUDITOR

## MANAGEMENT REPORT

December 12, 1997

Dr. Clyde Muse, President  
and Board of Trustees  
Hinds Community College District  
Raymond, Mississippi

We have audited the balance sheet of Hinds Community College District as of June 30, 1996, the related statement of changes in fund balances, the statement of current fund revenues, expenditures and other changes and the schedule of federal financial assistance for the year then ended and have issued our report thereon dated December 12, 1997. We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; the provisions of OMB Circulars A-110 and A-133; the provisions of compliance features identified in the Department of Health and Human Services (DHHS) Guidelines for Audits of Federal Awards to Educational Institutions (guidelines); and the provisions of compliance features identified in the U.S. Department of Education Audit Guide for Student Financial Assistance Programs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

### Laws and Regulations

Compliance with laws, regulations, contracts, grants and binding policies and procedures applicable to Hinds Community College District is the responsibility of the institution's management. As part of our audit, we performed tests of the institution's compliance with certain provisions of laws, regulations, contracts, grants and binding policies and procedures. However, it should be noted that we performed those tests of compliance as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement; our objective was not to provide an opinion on compliance with such provisions.

The results of our tests indicate that for the items tested, Hinds Community College District had complied with those laws and regulations referred to above, noncompliance with which could have a material effect on the audited financial statements. For items not tested, other than the findings previously mentioned, nothing came to our attention that would lead us to believe Hinds Community College District had not complied with the laws and regulations, noncompliance with which could have a material effect on the audited financial statements.

Compliance with Requirements of the Federal Financial Assistance Programs

A. Compliance with Specific Requirements for Major Programs.

Summary of Transactions for Major Programs.

1. Student Financial Aid.	<u>Number of Items</u>		<u>Total</u>
Universe	6,561	\$	10,144,054
Sample	54		85,187
2. Other Major Programs.			
A. Vocational Education - Basic Grants to States	<u>Number of Items</u>		<u>Total</u>
Universe		\$	1,952,151
Sample	26		960,935
B. Higher Education - Institutional Aid	<u>Number of Items</u>		<u>Total</u>
Universe		\$	495,751
Sample	27		348,338
C. Upward Bound	<u>Number of Items</u>		<u>Total</u>
Universe		\$	370,819
Sample	47		182,736

For the items tested, we found no instances of noncompliance with specific requirements of the major federal financial assistance programs.

B. Compliance with General Requirements.

We have applied procedures to test Hinds Community College District's compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended June 30, 1996:

1. Political activity
2. Drug-free workplace
3. Civil rights
4. Cash management
5. Financial reporting
6. Allowable costs/cost principles
7. Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the institution's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no instances of noncompliance with the requirements listed in the preceding paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Hinds Community College District had not complied with those requirements.

#### State Laws and Regulations

During the course of our audit, we noted one instance of noncompliance with state laws and regulations and have identified this instance in the accompanying "Schedule of Findings and Recommendations."

For items tested, other than the finding previously mentioned, the institution had complied with state laws and regulations. For items not tested, other than the finding previously mentioned, nothing came to our attention that would lead us to believe the institution had not complied with state laws and regulations.

#### Follow-up on Prior Year Findings

Government Auditing Standards require the auditor to disclose the status of known but uncorrected significant or material findings from prior audits. Any findings noted in the previous audit that were not corrected are presented in the "Schedule of Findings and Recommendations."

This report is intended for the use of Hinds Community College District, the cognizant audit agency and other federal audit agencies. This restriction is not intended to limit the distribution of this report which is a matter of public record.



RAMONA HILL, CPA  
Director, Department of Audit

HINDS COMMUNITY COLLEGE DISTRICT

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HINDS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

HINDS COMMUNITY COLLEGE DISTRICT

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HINDS COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Recommendations  
For the Year Ended June 30, 1996

Internal Control

Material Weakness

Electronic Data Processing

Finding

During our review of the internal control system of the institution's computer center operations, we discovered that the center does not maintain written policies and procedures for most aspects of its computer operations.

Recommendation

We recommend that the computer center develop and maintain written policies and procedures for all aspects of its data processing operations.

State Laws and Regulations

Finding

At June 30, 1996, one of the institution's depositories was not meeting its collateralization requirements outlined in Section 27-105-5, Miss. Code Ann. (1972). This statute requires depositories to pledge securities at 105% of the institution's deposits in excess of FDIC coverage.

Recommendation

The institution needs to monitor its depository collateralization efforts to ensure those efforts are sufficient to cover 105% of the institution's deposits.

HINDS COMMUNITY COLLEGE DISTRICT

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HINDS COMMUNITY COLLEGE DISTRICT  
DATA SHEET  
For the Year Ended June 30, 1996

Lead Auditor: Brent Ballard, CPA

Telephone Number: (601) 364-2720

Contact Person at Institution: Mr. Adam Jenkins

Address of Contact: Hinds Community College District; Raymond, Mississippi 39154-9799

Telephone Number of Contact: (601) 857-3200

The field audit work was performed between August 18, 1997 and December 12, 1997 at the institution's administrative facilities located in Raymond, Mississippi.

Institution's Accrediting Organization: Southern Association of Colleges and Schools

The institution does not utilize a student financial aid (SFA) servicer.

HINDS COMMUNITY COLLEGE DISTRICT

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