HINDS COMMUNITY COLLEGE
Audited Financial Statements
For the Year Ended June 30, 2015

Fortenberry & Ballard, PC
Certified Public Accountants

HINDS COMMUNITY COLLEGE
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Board of Trustees
Hinds Community College

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Hinds Community College District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Hinds Community College District's basic financial statements as listed in the table of contents. We did not audit the financial statements of Hinds Community College Development Foundation, Inc. (the Foundation), which is a discretely presented component unit and constitute 100% of the assets and revenues of the discretely presented component unit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Hinds Community College Development Foundation, Inc., a discretely presented component unit for the years ended December 31, 2014 and 2013, a discretely presented component unit which represents 100 percent of the assets and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditor. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Hinds Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Hinds Community College District and of its discretely presented component unit, as of June 30, 2015 and December 31, 2014 and 2013, respectively, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of July 1, 2014, has been restated. Our opinion is not modified with respect to this matter.

Other Matters

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 District's Proportionate Share of the Net Pension Liability and the Schedule of District's Contributions on pages 8 to 24 and 72 to 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hinds Community College District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above 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 December 22, 2015, on our consideration of the Hinds Community College District'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 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 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 Hinds Community College District's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC — Certified Public Accountants
December 22, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

HINDS COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Overview of the Financial Report

This section of the Hinds Community College District (the District) annual financial report presents our discussion and comparative analysis of the financial performance of the District during the fiscal year ended June 30, 2015. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. During fiscal year 2005, the District implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units - An Amendment of GASB Statement No. 14," and has incorporated one non-governmental component unit, the Hinds Community College Foundation, Inc. (the Foundation). The financial statements of the Foundation may be obtained by writing to the Hinds Community College Foundation, Inc., P. O. Box 1100, Raymond, MS 39154.

Overview of the Financial Statements

One of the most important questions asked is whether the District 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 Positions, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Statement of Net Position

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources. The District's net position, the difference between assets, deferred outflows, liabilities and deferred inflows, is one indicator of the District's financial health. Over time, increases or decreases in net position are one indicator of the improvement or erosion of the District's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities. GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

A summary of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2015 and 2014 is as follows:

HINDS COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Condensed Statement of Net Position

		June 30, 2015	June 30, 2014
Assets			
Current assets	$	38,535,272	43,699,949
Non-current assets:			
Capital assets, net		187,901,662	184,655,455
Investments, restricted for capital improvements		6,267,773	1,740,167
Other		418,429	430,813
Total Assets		233,123,136	230,526,384
Deferred outflows of resourses		11,350,775	
Liabilities			
Current liabilities		24,860,794	24,038,736
Non-current liabilities		57,048,560	54,634,227
Net pension liability		102,734,671	
Total liabilities		184,644,025	78,672,963
Deferred inflows of resources		14,892,146	
Net Position			
Net investment in capital assets		137,291,652	132,710,950
Restricted:			
Capital projects		3,188,134	2,357,826
Other projects		967,616	919,298
Unrestricted		(96,509,662)	15,865,337
Total Net Position	$	44,937,740	151,853,411

A review of the summary indicates the District's financial position as of June 30, 2015. The College has experienced a decrease in enrollment over the last few years which resulted in less tuition revenues. On the other hand, the College has raised salaries of instructors and staff to remain competitive with the market. This has resulted in a decrease in the unrestricted net position of the College. Total assets increased by $2,596,762. However, that increase is due to a $4,527,606 increase of investments related to a $5,000,000 note the College borrowed to complete a capital improvement project on the Utica campus near the end of the FY 15. The $105,971,062 increase in liabilities is a result of the implementation of GASB 68, Accounting and Financial Reporting for Pensions.

Current Assets

- Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the District's bank accounts, certificates of deposits and other eligible investments as allowed by the State of Mississippi. The total amount of cash and cash equivalents, reported as current assets on the District's financial statements were $7,418,243 at June 30, 2015, and $8,049,338 at June 30, 2014. This represents a $631,095 decrease.

- Short-Term Investments

The total amount of investments reported as current assets on the District's financial statements was $9,338,683 at June 30, 2015 and $14,713,557 at June 30, 2014. This represents a $5,374,874 decrease in investments.

- Accounts Receivable

Accounts receivable relate to several transactions, including state appropriations, county appropriations, accrued interest, student tuition, and auxiliary enterprise sales such as food service and bookstore. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowance for doubtful accounts which totaled $900,000 in fiscal year 2015 and fiscal year 2014. The District's receivables totaled $19,442,678 at June 30, 2015 and $18,520,216 at June 30, 2014. This represents a $922,462, or 5% increase in our accounts receivable. The District has implemented policies to keep our student receivables current. Student receivables are expensed once they have reached 517 days outstanding, or two semesters old. The District sends these accounts to an outside firm for collection.

- Inventories

The District maintains inventories of resale merchandise, as well as items for internal consumption. Books, student supplies, sportswear, gift items, and institutional memorabilia make up the majority of the resale inventory. Inventories totaled $2,335,668 at June 30, 2015. That is a decrease of $81,170 from the amount $2,416,838 at June 30, 2014. The bookstore inventory, which includes textbooks and merchandise, comprises almost 91% of the total inventory. The bookstore began offering digital books to on-line students this year which reduced inventory. This trend will continue to reduce inventory amounts in years to come.

Non-Current Assets

- Endowment Investments

The District shows the Holtzclaw endowment investments totaled $47,024 at June 30, 2015. The amount increased slightly from $46,836 in fiscal year 2014 with the interest and dividends earned on the investments. The endowment is separate from the investments included in the District's component unit, the Hinds Community College Foundation, Inc.

- Investments, Restricted for Capital Improvements

During FY 2009, proceeds were received from a $27 million note for the construction of the Muse Center on the Rankin campus. In FY 2013, the Muse Center was completed and capitalized and the remaining proceeds were invested. In FY 2015 the District borrowed $5,000,000 to renovate the Student Union on the Utica campus. The total amount of remaining proceeds for both projects were invested and reported as non-current assets on the District's financial statements. The investments were $6,267,773 at June 30, 2015 and $1,740,167 at June 30, 2014.

- Bond Discount, Net of Amortization

The bond discount associated with the Raymond Dorm project and the Muse Center project was capitalized and the amount is being amortized over 30 years. The amount decreased in FY15 to $371,405 from $383,977 in FY 14.

- Capital Assets, Net

Capital assets consist of land, buildings and improvements, construction in progress, equipment, vehicles, and historical library holdings at June 30, 2015. The total amount, net of depreciation, at June 30, 2015 was $187,901,662. The amount reported net of accumulated depreciation at June 30, 2014 was $184,655,445. This represents a $3,246,217 increase in capital assets or a 2% increase. The District continues to add facilities and expand its operations. In a competitive environment, the District wants to continue to repair or improve buildings and replace equipment in an attempt to provide our students and employees with the latest technology and the best learning environment.

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Land	$ 7,022,908	426,785			7,449,693
Construction in progress	7,056,906	8,361,775		(11,708,132)	3,710,549
Livestock	88,600	19,500			108,100
Total non-depreciable capital assets	14,168,414	8,808,060	0	(11,708,132)	11,268,342
Improvements	55,538,000			11,708,132	67,246,132
Buildings	175,991,295				175,991,295
Equipment	16,547,836	913,029	1,003,565		16,457,300
Library books	3,694,078	157,421	380,651		3,470,848
Total depreciable property	251,771,209	1,070,450	1,384,216	11,708,132	263,165,575
Total accumulated depreciation	81,284,178	6,441,453	1,193,376		86,532,255
Total depreciable assets, net	170,487,031	(5,371,003)	190,840	11,708,132	176,633,320
Total Capital Assets, Net	$ 184,655,445	3,437,057	190,840	0	187,901,662

In fiscal year 2015, the District expensed $207,285 for five projects which did not rise to the capitalization threshold of $50,000. The total new building and improvements completed include the following:

Projects completed in 2015	Capitalized amount
Beemon Hall	$ 8,441,677
Bell Clinic	1,343,077
McLendon Library HVAC	424,572
Herrin Stewart HVAC	416,395
Mayo Gym	207,082
Jackson ATC Parking Lot Resurfacing	162,769
Walking Track - Raymond	154,100
Eagle Ridge Conference Center - Roof	152,247
McKenzie Roofing	95,304
Annex GED Lab Renovation - Vicksburg	88,411
Utica Dorms Heat/Chiller Replacement	82,036
George Wynn HVAC	78,200
Raymond Parking Lot Resurfacing	62,262
Total	$ 11,708,132

Deferred Outflows of Resources

As a result of GASB 68 implementation, the District recognized a deferred outflow of resources related to pension in the amount of $11,350,775.

Current Liabilities

- Book Overdraft

Book Overdraft represents the checks, advices, and other expenses outstanding at the end of FY 15. The amount decreased to $2,721,117 in FY 15 from $4,407,285 in FY 14.

- Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses represent amounts due at June 30, 2015 for goods and services received before the end of the fiscal year. The accounts payable and accrued expenses totaled $5,935,590 at June 30, 2015 and $4,863,755 at June 30, 2014. This represents an increase in liabilities of $1,071,835.

- Unearned Revenues

Unearned revenues represent revenues that were received by the District during the fiscal year, but the District did not earn the revenue by the end of the June 30, 2015 fiscal year. For example, the District allows students to pre-register in the spring for classes scheduled in the fall. The unearned revenue totaled $12,670,392 at June 30, 2015 and $12,244,783 at June 30, 2014. There was an increase of $425,609.

- Long-Term Liabilities - Current Portion

Long-term liabilities-current portion represents the balances that the District would expect to pay on notes, bonds, and accrued leave liabilities within the next fiscal year. The amount of the current portion of long-term liabilities at June 30, 2015 was $2,758,352 and $1,788,648 at June 30, 2014.

- Other Current Liabilities

Other current liabilities represent assets belonging to individuals or organizations for which the District acts as custodian. Examples include various student clubs and organizations and agency scholarships. The total amount held for others at June 30, 2015 was $775,343 and $734,265 at June 30, 2014.

Non-Current Liabilities

- Accrued Leave Liability

This liability consists of accrued compensated balances that represent the amount payable to employees for earned but unpaid absences, such as vacation. The non-current portion of the accrued compensated balances was calculated to be $2,412,372 at June 30, 2015. This was an increase of $175,784 from the amount at June 30, 2014 of $2,236,588.

- Long-Term Liabilities - Non-Current Portion

Long-term liabilities non-current portion represents the portion of notes and bonds payable balances that would be payable after June 30, 2016. The amount of the non-current portion at June 30, 2015 was $54,567,000. The non-current portion of long-term debt increased by $2,252,000 due to new debt for renovation of the Student Union located in Utica.

- Net Pension Liability

The net pension liability for FY 15 is $102,734,671, which represents the District's proportionate share of the collective net pension liability reported in the Public Employees' Retirement System of Mississippi for the year ended June 30, 2014. See Note 7 for further information regarding the District's policies for recognizing liabilities, expenses, and deferred outflows and inflows related to pensions.

- Bond Premium, Net of Amortization

The bond premium associated with the Mayo Refinancing was capitalized and the amount is being amortized over 30 years. The amount decreased in FY 15 to $69,188 from $82,639 in FY 14.

Deferred Inflows of Resources

As a result of GASB 68 implementation, the District recognized a deferred inflow of resources related to pension in the amount of $14,892,146.

Net Position

- Net Investment in Capital Assets

In FY 15, this portion of the District's net position increased $4,580,702 to $137,291,652. The District added $11,708,132 in capitalized assets and construction in progress decreased to $3,710,549.

- Restricted Net Position

The following is a breakdown of the restricted net position at June 30, 2015:

Capital Project Funds	$	3,188,134
Other Project Funds		967,616
Total Restricted Net Position	$	4,155,750

Restricted capital project funds consist of local appropriations restricted for capital purposes or debt retirement funds and proceeds from debt offerings for specific projects. Other Project funds consist of endowment funds or other grant funds with restrictions from the grantor on spending. Currently, the District will transfer amounts from the capital projects fund to the debt service fund to pay all principal, interest, and fees associated with bonds and notes payable.

- Unrestricted Net Position

The following is a breakdown of the unrestricted net position at June 30, 2015:

Unrestricted General Fund	$	(96,509,662)

Unrestricted net positions represent those balances from operational activities that have not been restricted by parties external to the District such as donors or grant agencies. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities. In FY 15, the College has experienced a decrease in enrollment which has resulted in less tuition revenues. On the other hand, the College has raised salaries of instructors and staff to remain competitive with the market. This has resulted in a market decrease in the unrestricted net position of the College.

In connection with the implementation of new standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	$	(96,509,662)
Less unrestricted deficit in net position resulting from the implementation of GASB Statement No. 68 and 71		106,276,042
Unrestricted net position, exclusive of the net pension liability effect	$	9,766,380

- Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. The financial reporting model classifies state appropriations and local appropriations as non-operating revenues. The District's dependency on these funding sources results in an operating deficit.

Condensed Statement of Revenues, Expenses and Changes in Net Position

		Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Operating Revenues			
Tuition and fees *	$	10,513,074	5,274,713
Grants and contracts		13,631,812	14,082,172
Auxiliary enterprises		17,890,056	18,580,646
Other operating		721,405	1,262,841
Total operating revenues		42,756,347	39,200,372
Operating Expenses		131,298,529	132,301,525
Operating Income (Loss)		(88,542,182)	(93,101,153)
Non-operating revenues (expenses)			
State appropriations		34,458,225	32,421,021
County appropriations		11,365,490	12,072,778
Federal grants and contracts		31,674,779	33,962,513
Investment income		46,000	41,044
Other non-operating income (expenses)		(2,458,849)	(2,507,850)
Total non-operating revenues (expenses)		75,085,645	75,989,506
Loss before other revenues, expenses, gains and losses		(13,456,537)	(17,111,647)
Federal capital grants		1,211,896	1,728,696
State & Local appropriations restricted for capital purposes		11,796,461	9,204,541
Insurance proceeds		641,045	1,060,026
Other revenues		403,203	
Total other revenues		14,052,605	11,993,263

		Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Change in Net Position	$	596,068	(5,118,384)
Net position, as previously reported		151,853,411	155,538,755
Prior period adjustment		(107,511,739)	1,433,040
Net position, as restated		44,341,672	156,971,795
Net position, end of year	$	44,937,740	151,853,411

* Net of scholarship allowances: 2015 was $21,447,110 and 2014 was $22,198,393

Operating revenues increased by $3,555,975 while operating expenses decreased by $1,002,996. Therefore, the operating loss for fiscal year 2015 decreased by $4,558,971 to $88,542,182. The District will continue to show a significant operating loss since two of our largest funding sources, state and local appropriations, are not included in operating revenue per GASB No. 35. The District strives to provide students with the opportunity to obtain a quality education, but this demonstrates that future enrollments at the District depend on funding from the State of Mississippi and the counties in our district which include Claiborne, Copiah, Hinds, Rankin, and Warren.

<u>Operating Revenues</u>

- **<u>Tuition and Fees</u>**

This category includes all tuition and fees assessed for educational purposes totaling $10,513,074. The amount increased by $5,238,361 from the amount in fiscal year 2014 which was $5,274,713. Our gross tuition and fees collected increased by $4,487,078. The amount went from $27,473,106 in FY 14 to $31,960,184 in FY 15. The tuition discount for scholarship allowances, as estimated according to the National Association of College and University Business Officers' Advisory Report 2000-2005, for the 2015 fiscal year was $21,447,110 compared to the fiscal year 2014 amount of $22,198,393. These numbers attempt to estimate the amount of financial aid refunds that the college disburses to students.

- **<u>Grants and contracts</u>**

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

The following table details the District's grant and contract awards for the fiscal years ended June 30, 2015 and 2014:

		2015	2014
Federal grants and contracts	$	7,155,057	7,593,577
State grants and contracts		6,116,054	6,038,580
Non governmental grants		360,701	450,015
Total sources	$	13,631,812	14,082,172

The District had a $438,520 decrease in federal source grants in fiscal year 2015. State grants increased by $77,474 in fiscal year 2015.

- Sales and Services from Educational Activities

Sales and services from educational activities include revenue from our child care programs, sales of product and services from our vocational programs, and athletic events. The amount for FY 15 was $233,531 and was $236,964 for FY 14. The revenues decreased $3,433 in fiscal year 2015.

- Auxiliary Sales and Services, Net

Auxiliary sales and services, net consists of various auxiliary enterprise entities that exist predominantly to furnish goods and services to students, faculty, staff, or the general public. These enterprise entities charge a fee directly related to the cost of those goods or services and are intended to be self-supporting. The activities include the District's bookstores at each location, student housing, faculty housing, the Eagle Ridge Conference Center, Wellness Facilities on the Raymond and Utica Campuses, John Bell Williams Airport in Raymond, Brewed Awakenings Coffee Shop on the Rankin Campus, the Eagle Ridge golf course in Raymond, and the Meat Market in Raymond. Auxiliary enterprises revenues decreased by $690,590, from $17,890,056 in fiscal year 2015 compared to $18,580,646 in fiscal year 2014.

Operating Expenses

The following table details the District's operating expenses by natural and functional classification for the fiscal years ended June 30, 2015 and 2014:

Operating Expenses by Functional Classification		2015	2014
Instruction	$	50,870,221	54,162,027
Academic support		1,968,469	2,484,683
Student services		7,573,788	7,872,789
Institutional support		13,220,471	14,341,012
Operations and maintenance of plant		11,298,524	13,283,554
Student financial aid		13,839,054	15,087,179
Auxiliary enterprises		16,402,907	17,575,359
Bad debt expenses		2,092,846	1,103,508
Pension expense		7,590,796	
Depreciation expense		6,441,453	6,391,414
Total	$	131,298,529	132,301,525

In FY 2015, the College implemented the requirements of GASB Statement 68, Accounting and Financial Report for Pensions. As a result of the implementation, the College recognized a decrease in almost all categories and a new category, Pension Expense. The closure of the Hinds Agricultural High School at Utica at the beginning of 2015 reduced our expenses associated with Instruction, Institutional Support, and Operation and Maintenance of Plant. In 2015, the federal government added restrictions on length of semesters that a student could use Pell and focused on allowing financial aid only for classes in the student's program of study. Both worked to reduce the amount of financial aid available for our students. Those changes reduced the amount of financial aid available to our students by $1,248,125 and we believe also worked against us to increase our bad debt by $989,338.

Operating Expenses by Natural Classification		2015	2014
Salaries and wages	$	56,443,008	56,608,846
Fringe benefits		17,630,863	17,854,861
Travel		982,103	1,277,836
Contractual services		13,518,051	14,094,366
Utilities		3,841,122	3,617,032
Scholarships and fellowships		16,980,746	16,292,507
Commodities		11,738,424	12,935,033
Depreciation expense		6,441,453	6,391,414
Other operating		3,722,759	3,229,630
Total	$	131,298,529	132,301,525

The College saw increased expenses in every category, but the closing of the Hinds Agricultural School at the end 2014 reduced a number of the categories when we compare the numbers to the prior year. The scholarship and fellowship expenses classification increased by $688,239. The College increased institutional scholarship offerings to offer competitive packages to students in the state.

Non-Operating Revenues (Expenses)

- State Appropriations

One of the District's largest sources of non-operating revenue is the appropriations from the State of Mississippi Legislature. The funds pass through the Mississippi Community College Board (MCCB) which calculates the College's share based on a funding formula. The District received $34,458,225 for fiscal year 2015, of which $23,048,894 were appropriations received for the District's general fund. The District received $6,015,618 in Education Enhancement Funds. The total amount received fiscal year 2014 was $32,421,021.

- <u>County Appropriations</u>

The District receives strong financial support from all counties in the District where the school resides. The District uses the funding for salaries and benefits, and for operational purposes. The District receives the appropriation in monthly payments, beginning in July of each year. The District received $11,365,490 for the 2015 fiscal year from the counties. The amount has decreased $707,288 from the fiscal year 2014 amount of $12,072,778. The decrease can be attributed to the closing of the Hinds County Agricultural High School. Hinds County contributed approximately $800,000 to the high school for support.

- <u>Federal Grants and Contracts</u>

The College received $31,674,779 in federal grants and contracts for FY 15 which is a decrease of $2,287,734 from last year's amount of $33,962,513. That is a decrease of 7% from last year. The amount of Pell grant the college receives is based on how many Pell eligible students come to Hinds Community College. In 2015, the federal government added restrictions on length of semesters that a student could use Pell and focused on allowing financial aid only for classes in the student's program of study. Both worked to reduce the amount of financial aid available for our students. During our 2013-2014 award year, there were 9,145 students with Pell funds disbursed. During our 2014-2015 award year, there were 8,432 students with Pell disbursements.

- <u>Net Investment Income</u>

Net Investment Income includes the interest income from the cash in the bank accounts, various investments in certificates of deposits, Federal Bond Funds, and money market accounts. The investment income for FY15 was $46,000. This was an increase of $4,956 from FY 14 amount. Unfortunately, the District saw historically low interest rates and the return on its investments in FY 15.

<u>Other Revenues</u>

- <u>Federal Capital Grants</u>

The federal capital grants decreased in FY 15 by $516,800 to $1,211,896. The majority of the federal funds received in FY 15 were from the Title III grant for renovation of the student union on the Utica Campus. In FY 14, the College completed renovation of the Ball Clinic at the Nursing Allied Health Campus with federal money from the Department of Labor under the Trade Adjustment Assistance Community College and Career Training (TAACCT) grant.

- State and County Appropriations Restricted for Capital Purposes

The appropriations increased by $2,591,920 to $11,796,461 in FY 15. Upon passage of a legislative bond bill in the Mississippi State Legislature, the State of Mississippi sells capital improvement bonds and those funds are allocated by the Mississippi Community College Board to each college based on an enrollment formula. The appropriations must be spent on renovations and repairs or construction of new facilities. In FY 15, the college completed working on a $5 million project with bond funds to renovate the Beemon Hall Science Building on the Raymond Campus and completed the repair and renovation of a number of roofs throughout the district. Finally, the County Appropriations Restricted for Capital Purposes are proceeds from tax collections from the counties in our district. The amount received from the counties in our district remained relatively flat in FY 15. The amount and the millage rates is set by the local county Board of Supervisors.

- Insurance Proceeds

Insurance proceeds for FY 15 decreased to $641,045 from $1,060,026 in FY 14. A majority of these proceeds are from claims due to the hailstorm in FY 13. The proceeds are being used to repair damaged roofs on three of our campuses.

Statement of Cash Flows

Another way to assess the financial health of the District 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 District during a period. The statement of cash flows also helps users assess:

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

Condensed Statement of Cash Flows (Direct Method)
For the Fiscal Years Ended June 30, 2015 and 2014

		2015	2014
Cash and cash equivalents provided (used) by			
Operating activities	$	(82,839,544)	(84,110,243)
Nonoperating financing activities		77,163,327	78,468,547
Capital and related financing activities		4,990,065	550,539
Investing activities		893,080	(5,772,454)
Net increase (decrease) in cash and cash equivalents		206,928	(10,863,611)
Cash and cash equivalents - beginning of year		8,049,338	17,479,909
Prior Period Adjustment		(838,023)	1,433,040
Cash and cash equivalents - end of year	$	7,418,243	8,049,338

The other major sources of funds included in operating activities include student tuition and fees, $11,326,494, auxiliary enterprises, $17,769,493, and grants and contracts, $12,781,609. The major uses of funds were payments made to employees for salaries and fringe benefits, $75,250,161, payments made to vendors and suppliers, $29,471,318 and to scholarships and fellowships, $16,980,746.

FACTORS IMPACTING FUTURE PERIODS

The District is largely dependent on the ongoing financial and political support from the State of Mississippi and the Counties in our District. For the FY15 budget year, the District does not expect to see a significant increase in state appropriations or support from our Counties. Therefore, the College will continue to search for savings and cost reductions and will also have to make some decisions on the best allocations of current resources. After the college saw record setting growth in enrollment during 2008-2010, the College has seen the enrollment decrease in every semester since. In particular, the summer sessions have seen double digit decreases with the elimination of separate financial aid help for the summer.

Those enrollment decreases are troubling because the Mississippi Community College Board (MCCB) places emphasis on enrollment growth in their formula which they use to divide the State's general fund appropriation among the community and junior colleges. Along with that concern, the College is concerned that the enrollment formula may change in the near future. The Mississippi State Legislature formed a graduation Task Force which suggested community colleges complete a report card to provide benchmarks for accountability, student graduation and completion rates. Some of those recommendations may include adding another component to the funding formula which rewards schools for their graduation or completion rates. To keep our financial picture bright, the College must focus on its ability to recruit and retain high quality students.

A technology fee was added to each students account in FY15 to help us with the rising costs of technology requirements and expectations. However, significant increases in tuition will have been considered for FY 16 and significant cuts to expenses and personnel. We know that our reasonable tuition makes us an attractive choice for families in Mississippi. Thus, we must continue to keep our tuition reasonable compared to our competitors.

We expect our tuition revenue could be our largest percentage of total revenue in FY 16 and beyond. If we increase our dependency on tuition revenue, then any change to state and federal financial aid packages offered to students will impact their ability to pay tuition and our revenue stream. For example, our enrollment decreases and increase in receivables are due in large part to the reduction in the amount of federal student financial aid flowing through our college. We are dependent on Federal Financial aid which makes us very sensitive to any proposed changes to federal financial aid funding.

With recruitment and retention in mind, the College continues a commitment to renovations and upgrading of our facilities. The College is currently upgrading the Student Union Building on the Utica Campus and has plans for a new career technical building on the Raymond campus. The College is also considering new dorms or renovation of dorms on the Raymond campus to provide newer attractive living spaces for students.

FINANCIAL STATEMENTS

HINDS COMMUNITY COLLEGE DISTRICT

Statement of Net Position

June 30, 2015

Assets		
Current assets:		
Cash and cash equivalents	$	7,418,243
Short-term investments		9,338,683
Accounts receivable, net		19,442,678
Inventories		2,335,668
Total Current Assets		38,535,272
Non-current assets:		
Endowment investments		47,024
Investments, restricted for capital improvements		6,267,773
Bond Discount, net of amortization		371,405
Capital assets, net of accumulated depreciation		187,901,662
Total Non-current Assets		194,587,864
Total Assets		233,123,136
Deferred Outflows of Resources		
Deferred outflows related to pensions		11,350,775
Total Deferred Outflows of Resources		11,350,775
Liabilities		
Current Liabilities:		
Book overdraft		2,721,117
Accounts payable and accrued expenses		5,935,590
Unearned revenues		12,670,392
Long-term liabilities-current portion		2,758,352
Other current liabilities		775,343
Total Current Liabilities		24,860,794
Non-current liabilities:		
Accrued leave liability		2,412,372
Long-term liabilities		54,567,000
Bond Premium, net of amortization		69,188
Net pension liability		102,734,671
Total Non-current Liabilites		159,783,231
Total Liabilities		184,644,025
Deferred Inflows of Resources		
Deferred inflows related to pensions		14,892,146
Total Deferred Inflows of Resources		14,892,146
Net Position		
Net Investment in capital assets		137,291,652
Restricted:		
Capital projects		3,188,134
Workforce development and other programs		967,616
Unrestricted		(96,509,662)
Total Net Position	$	44,937,740

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

HINDS COMMUNITY COLLEGE DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2015

Operating Revenues:		
Tuition and fees(net of scholarship allowances of $21,447,110)	$	10,513,074
Federal grants and contract		7,155,057
State grants and contracts		6,116,054
Nongovernmental grants and contracts		360,701
Sales and services of educational departments		233,531
Auxiliary enterprises:		
Student housing		3,916,316
Food Services		3,211,991
Bookstore		8,672,254
Other auxiliary revenues		2,089,495
Other operating revenues		487,874
Total Operating Revenues		42,756,347
Operating Expenses:		
Salaries and wages		56,443,008
Fringe benefits		17,630,863
Travel		982,103
Contractual services		13,518,051
Utilities		3,841,122
Scholarships and fellowships		16,980,746
Commodities		11,738,424
Depreciation expense		6,441,453
Other operating expense		3,722,759
Total Operating Expenses		131,298,529
Operating Loss		(88,542,182)
Non-operating Revenues(Expenses)		
State appropriations		34,458,225
County appropriations		11,365,490
Federal grants and contracts		31,674,779
Investment income		46,000
Interest expense on capital asset-related debt		(2,458,849)
Total Net Non-operating Revenue		75,085,645
Loss before Other Revenues, Expenses, Gains and Losses		(13,456,537)
Federal Capital Grants		1,211,896
Insurance Proceeds		641,045
Other non-operating revenues		403,203
State and County Capital Appropriations		11,796,461
Total Other Revenues		14,052,605
Change in Net Position		596,068
Net Position:		
Net Position-Beginning of Year		151,853,411
Prior Period Adjustments		(107,511,739)
Net Position-as restated		44,341,672
Net Position-End of Year	$	44,937,740

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

HINDS COMMUNITY COLLEGE DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2015

OPERATING ACTIVITIES		
Tuition and fees	$	11,326,494
Grants and contracts		12,781,609
Sales and services of auxiliary enterprises		17,769,493
Payments to employees for salaries and fringe benefits		(75,250,161)
Payments to vendors and suppliers		(29,471,318)
Payment for utilities		(3,841,122)
Payments for scholarships and fellowships		(16,980,746)
Other receipts		826,207
Net Cash Used in Operating Activities		(82,839,544)
NON-CAPTITAL FINANCING ACTIVITES		
County appropriations		11,030,323
State appropriations		34,458,225
Federal grants and contracts		31,674,779
Net Cash Provided By Non-capital Financing Activities		77,163,327
CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capital grants		1,211,896
State and county capital appropriations		11,687,318
Insurance Proceeds		641,045
Other non-operating revenues		403,203
Proceeds from capital debt		5,000,000
Principal paid on capital debt		(1,806,000)
Interest paid on capital debt		(2,459,726)
Purchase of capital assets, net		(9,687,671)
Net Cash Provided by Capital and Related Financing Activities		4,990,065
INVESTING ACTIVITIES		
Investment income		46,000
Net change in investments		847,080
Net Cash Provided By Investing Activities		893,080
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		206,928
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		8,049,338
Prior Period Adjustment		(838,024)
Rounding difference		1
CASH AND CASH EQUIVALENTS, END OF YEAR	$	7,418,243

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

HINDS COMMUNITY COLLEGE DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2015

Reconciliation of Operating Expenses to Net Cash		
Provided by (Used in) Operating Activities:		
Operating loss	$	(88,542,182)
Adjustments to reconcile operating loss to net cash		
provided (used in) operating activities:		
Depreciation		6,441,453
Changes in assets, deferred outflows, liabilities and deferred inflows of resources:		
Accounts Receivable, net		(478,152)
Inventories		81,170
Deferred outflows		(397,674)
Book overdraft		(1,686,168)
Accounts payable and accrued expenses		1,071,835
Unearned revenues		425,609
Accrued compensated absences		203,487
Other liabilities		41,078
Net Cash Used in Operating Activities	$	(82,839,544)

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

FINANCIAL STATEMENTS

Hinds Community College Development Foundation, Inc.

HINDS COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS:		
Cash and cash equivalents	$ 68,242	$ 58,676
Receivables:		
Note receivable	-	7,500
Unconditional promises to give, short-term	25,000	25,000
Total current assets	93,242	91,176
CASH AND CASH EQUIVALENTS, DESIGNATED FOR LONG-TERM USE	381,689	295,800
INVESTMENT IN MARKETABLE SECURITIES	11,161,682	10,148,602
PROPERTY AND OTHER REAL ESTATE:		
Property	31,262	31,262
Property held for sale, net of valuation allowance	17,000	119,274
Total property and other real estate	48,262	150,536
OTHER RECEIVABLES:		
Note receivable	-	7,500
Unconditional promises to give, Net of short-term portion and discounts	25,000	50,000
Total other receivables	25,000	57,500
TOTAL ASSETS	$ 11,709,875	$ 10,743,614

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

		2014		2013
NET ASSETS:				
Unrestricted	$	613,861	$	615,364
Temporarily restricted		4,123,616		4,767,387
Permanently restricted		6,972,398		5,360,863
Total net assets		11,709,875		10,743,614
TOTAL LIABILITIES AND NET ASSETS	$	11,709,875	$	10,743,614

See accompanying notes to financial statements.

HINDS COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
UNRESTRICTED NET ASSETS:		
SUPPORT:		
Gifts and pledges	$ 35,430	$ 22,089
Interest and investment income	44,542	35,178
Special events	84,595	86,117
Realized gain (loss) on investments	(13,985)	1,928
Other income	107	100
Total unrestricted support	150,689	145,412
Net assets released from restrictions	911,125	816,921
Total unrestricted support and reclassifications	1,061,814	962,333
EXPENSES:		
Program services:		
Scholarships	530,860	502,844
Faculty and staff development	36,800	56,205
College departments and organizations	182,073	199,239
Alumni groups	25,522	18,228
Cain Hall	4,518	766
Grants	176,739	86,743
Intra-fund expenses	(4,500)	(6,079)
Total program services	952,012	857,946
Supporting services:		
General administration	82,352	76,093
Fundraising	53,625	55,067
Total supporting services	135,977	131,160
Total expenses	1,087,989	989,106
UNREALIZED GAIN ON INVESTMENTS	26,534	155,899

See accompanying notes to financial statements.

HINDS COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES - CONTINUED
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
UNRESTRICTED NET ASSETS - CONTINUED:		
Increase in unrestricted net assets	359	129,126
TEMPORARILY RESTRICTED NET ASSETS:		
SUPPORT:		
Gifts and pledges	898,449	2,684,171
Income on investments	388,769	196,699
Capital pledges	2,000	14,000
Realized gain on investments	51,967	7,804
Other income	500	400
Loss on sale of property	(31,774)	(157,726)
Intra-fund revenues	(4,500)	(6,079)
Total temporarily restricted support	1,305,411	2,739,269
EXPENSES:		
Supporting services:		
General administration	-	47,581
Net assets released from restrictions	(911,125)	(816,921)
UNREALIZED GAIN ON INVESTMENTS	9,615	878,132
Increase in temporarily restricted net assets	403,901	2,752,899
PERMANENTLY RESTRICTED NET ASSETS:		
SUPPORT:		
Gifts and pledges	562,001	170,720
Increase in permanently restricted net assets	562,001	170,720
INCREASE IN NET ASSETS	$ 966,261	$ 3,052,745

See accompanying notes to financial statements.

HINDS COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	Total	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets
BALANCE, December 31, 2012	$ 7,690,869	$ 486,238	$ 2,178,983	$ 5,025,648
Reclassifications	-	-	(164,495)	164,495
Increase in net assets	3,052,745	129,126	2,752,899	170,720
BALANCE, December 31, 2013	10,743,614	615,364	4,767,387	5,360,863
Reclassifications	-	(1,862)	(1,047,672)	1,049,534
Increase in net assets	966,261	359	403,901	562,001
BALANCE, December 31, 2014	$ 11,709,875	$ 613,861	$ 4,123,616	$ 6,972,398

See accompanying notes to financial statements.

HINDS COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 966,261	$ 3,052,745
Adjustment to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investments	(36,149)	(1,034,031)
Realized (gain) loss on sale of investments	(37,982)	(9,732)
Contribution of marketable securities	(15,176)	(1,916,937)
Loss on sale of property	31,774	157,726
(Increase) decrease in:		
Note receivable, current	7,500	(7,500)
Employee loans	-	60
Unconditional promises to give, short-term	-	67,775
Note receivable, non-current	7,500	(7,500)
Unconditional promises to give, long-term	25,000	25,000
Increase (decrease) in:		
Accounts payable	-	(803)
Net cash provided by operating activities	948,728	326,803
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property	70,500	20,000
Purchase of investments	(8,387,688)	(2,059,137)
Proceeds from sale of investments	7,463,915	1,629,624
Net cash used in investing activities	(853,273)	(409,513)
Net increase (decrease) in cash and cash equivalents	95,455	(82,710)
CASH AND CASH EQUIVALENTS, beginning of year	354,476	437,186
CASH AND CASH EQUIVALENTS, end of year	$ 449,931	$ 354,476

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Hinds Community College District (the District) was founded in 1917 and is one of Mississippi's 15 public community colleges. The legal authority for the establishment of the District is found in Section 37-29-31, Miss. Code Ann. (1972).

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

Basis of Accounting and Presentation

The financial statements of the District have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions (principally federal and state grants and state and county appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program specific (such as state and county appropriations), investment income and interest on capital asset-related debt are included in non-operating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The District prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Reporting Entity

The financial reporting entity consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements present the District as the primary government and one discretely presented component unit, the Hinds Community College Foundation, Inc. (the Foundation).

The Foundation is a legally separate, tax-exempt entity which was chartered in the State of Mississippi in 1979 to enhance the educational mission of Hinds Community College (HCC) by providing a vehicle for private sector support and by increasing community awareness of the programs and services offered by HCC. The Foundation's support comes primarily from contributions from alumni, local individuals and businesses.

Although HCC does not control the timing or amount of receipts from the Foundation, the majority of resources and income thereon that the Foundation holds and invests is restricted to the activities of HCC by donors. Because these restricted resources can only be used by or for the benefit of HCC, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

Complete financial statements of the Foundation may be obtained by writing to Hinds Community College Development Foundation, Inc., P.O. Box 1100, Raymond, MS 39154-1100.

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 District's financial reporting entity for these differences. Significant note disclosures applicable to the Foundation's financial statements have been incorporated into the District's statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The District considers all liquid investments with an original maturity of three months or less to be cash equivalents. At June 30, 2015, cash equivalents consisted primarily of money market mutual funds and certificates of deposit.

Short-term Investments

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

Accounts Receivables

Accounts receivables consist of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts, local governments and credits due to the District from vendors. Accounts receivables are recorded net of an allowance for doubtful accounts. Student receivables are expensed once they have reached approximately one year outstanding. Then the District sends these accounts to an outside firm for collection.

Inventories

Inventories consist of the bookstore, physical plant, agriculture and meat merchandising. Inventories are stated at the lower of cost or market. Cost is determined using either the first-in, first-out (FIFO) method or the average cost method.

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 statements of net position.

Other Long-term Investments

The District accounts for its investments at fair value. Fair value is determined using quoted market prices. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income on the statement of revenues, expenses and changes in net position.

Capital Assets

Capital assets are recorded at cost on the date of acquisition or, if donated, at fair value at the date of donation. Livestock for educational purposes is adjusted at year end to reflect market price. 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 4 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 is capitalized net of interest income earned on resources set aside for this purpose. No interest costs were capitalized for the year ended June 30, 2015.

Unearned Revenues

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

Deferred outflows/inflows of resources

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

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.

Deferred outflows and inflows of resources relate to the pension plan as further described in Note7.

Compensated Absences

Twelve-month employees earn annual leave after six months of employment at a rate of 8 hours per month for 6 months; 10 hours per month for 1 to 5 years of service; 12 hours per month for 5 or more 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.

Net Position

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

Classification of Revenues

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

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

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

State Appropriations

The District receives funds for general operations 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 all of 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 students, with some special consideration given to those programs which are considered high cost programs.

Scholarship Discounts and Allowances

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans and/or funds provided to students as awarded by third parties and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments

NOTE 2 – DEPOSITS, INVESTMENTS AND INVESTMENTS RETURN

The District maintains its investment funds in custodial accounts managed by professional investment advisors. The District has advised the advisors to maintain balanced portfolio's with an emphasis on growth in value.

Investments at June 30, 2015 comprised the following:

U.S. Government Obligations/Agencies			
Restricted	$	2,998,726	2,998,726
Certificates of Deposit			
Unrestricted		8,684,572	
Restricted		1,981,811	10,666,383
Cash Alternatives - Restricted			1,988,371
	$		15,653,480

As described by SFAS No. 157, the District has measured the fair value in Bonds, mutual funds, and US Government Obligations at fair value using quoted prices for identical investments, which is Level 1 risk.

Cash, Cash Equivalents and Short-Term Investments

Investment policies, as set forth by state statute, authorize the District 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.

Deposits

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

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 district's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

The carrying amount of the District's deposits with financial institutions reported in the Statement of Net Position as cash and cash equivalents was $10,666,383. Additionally, the District had certificates of deposit with a carrying value of $7,105,471 reported as investments in the Statement of Net Position.

Investments

Investment policies are set forth by state statute. Investments are reported at fair value (market). The District does not have a formal investment policy that addresses credit risk. Section 37-59-43, Miss. Code Ann. (1972), authorizes the District to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director or the Department of Finance and Administration.

At June 30, 2015, the District had the following investments, maturities and credit ratings:

Type		Fair Value		Maturities Less Than One Year	Credit Rating S&P/Moody's
U.S. Agencies Obligations	$	2,998,726	$	2,998,726	AA+/Aaa
Certificate of Deposits		10,666,383		10,666,383	
Cash Alternatives		1,988,371		1,988,371	
Total	$	15,653,480	$	15,653,480	

Interest Rate Risk - The District does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The mutual funds are presented as investments with maturities of less than one year because they are redeemable in full immediately.

Credit Risk - Credit Risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal investment policy that limits its investments to certain ratings issued by nationally recognized statistical rating organizations (NRSROs).

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2015, there is no custodial credit risk associated with any investments.

Concentration of Credit Risk - The District places no limit on the amount that may be invested in any issuer. At June 30, 2015, the following investments exceeded 5% of the District's total investments.

		Fair Value	Percentage of Portfolio
Federal Home Loan Bank Debenture	$	1,961,651	13%
US Treasury Note		1,999,399	13%
Community Bank CD		1,080,539	7%
Riverhills CD		1,016,773	6%
Riverhills CD		1,011,690	6%
Riverhills CD		1,010,674	6%
Riverhills CD		1,011,690	6%
US Treasury Note		999,327	6%

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the Statement of Net Position as follows:

Carrying Value				
Deposits	$	7,418,243		
Investments		15,653,480		
	$	23,071,723		
Included in the following statement of net position captions:				
Cash and cash equivalents			$	7,418,243
Short-term investments				9,338,683
Endowment investments				47,024
Investments, restricted for capital improvements				6,267,773
Total			$	23,071,723

Investment Income

Investment income for the year ended June 30, 2015, consisted of:

Interest and Dividend income	$	46,000

NOTE 3 – ACCOUNTS AND PLEDGE RECEIVABLES

The District's accounts receivable consisted of the following at June 30, 2015:

Student tuition	$	13,901,517
Federal, state and private grants and contracts		4,340,720
Auxiliary enterprises and other operating activities		500,356
Other		1,600,085
Less: Allowance for doubtful accounts		(900,000)
Total	$	19,442,678

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015, was:

		Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Non-depreciable capital assets:						
Land	$	7,022,908	426,785			7,449,693
Construction in progress		7,056,906	8,361,775		(11,708,132)	3,710,549
Livestock		88,600	19,500			108,100
Total non-depreciable capital assets		14,168,414	8,808,060	0	(11,708,132)	11,268,342
Depreciable capital assets:						
Improvements		55,538,000			11,708,132	67,246,132
Buildings		175,991,295				175,991,295
Equipment		16,547,836	913,029	1,003,565		16,457,300
Library books		3,694,078	157,421	380,651		3,470,848
Total depreciable capital assets		251,771,209	1,070,450	1,384,216	11,708,132	263,165,575
Less accumulated depreciation for:						
Improvements		15,418,721	2,145,026			17,563,747
Buildings		50,701,888	3,251,450			53,953,338
Equipment		12,557,562	855,312	850,790		12,562,084
Library books		2,606,007	189,665	342,586		2,453,086
Total accumulated depreciation		81,284,178	6,441,453	1,193,376	0	86,532,255
Total depreciable assets, net		170,487,031	(5,371,003)	190,840	11,708,132	176,633,320
Total Net Capital Assets	$	184,655,445	3,437,057	190,840	0	187,901,662

Depreciation expense is computed on a straight line basis. Library books are capitalized using a composite method. The following is used to compute depreciation.

Description	Useful Life	Salvage Values	Capitalization Threshold
Buildings	40 years	20%	$ 50,000
Building improvements	20 years	20%	$ 25,000
Improvements other than buildings	20 years	20%	$ 25,000
Equipment	3-15 years	1-10%	$ 5,000
Library books	10 years	-	-

NOTE 5 – LONG-TERM LIABILITIES

Long-term liabilities of the District consist of notes payable and certain other liabilities that are expected to be liquidated at least one year from June 30, 2015.

Information regarding original issue amounts, interest rates and maturity dates for bonds and notes included in the long-term liabilities balance at June 30, 2015 is listed in the following schedule.

Bonds and Notes Payable	**Original Issue**	**Annual Interest Rate**	**Maturity**
Housing Revenue Bonds, Series 1987 (a)	$ 3,500,000	3.00%	10-01-17
HAHS Bonds of 1998 (b)	$ 587,000	5.00%	04-01-18
Mississippi Development Bank Note, Series 2011 Raymond Dorms (c)	$ 18,330,000	3.00-5.25%	04-01-41
Education Facilities Note, Series 2008 (d)	$ 6,250,000	4.00-5.125%	04-01-23
2012 Mayo Refunding Notes (e)	$ 4,395,000	2.00%	04-01-20
2009 Rankin Facilities Note (f)	$ 27,035,000	3.0-5.75%	10-01-33
2015 Utica Student Union Note (g)	$ 5,000,000	.50-1.8%	02-01-22
Total Bonds and Notes Payable	$ 65,097,000		

		Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Housing Revenue Bonds, Series 1987 (a)	$	700,000		170,000	530,000	170,000
HAHS Bonds of 1998 (b)		176,000		176,000	0	
Mississippi Development Bank Note, Series 2011 Raymond Dorms (c)		18,065,000		140,000	17,925,000	390,000
Education Facilities Note, Series 2008 (d)		4,280,000		400,000	3,880,000	420,000
2012 Mayo Refunding Notes (e)		3,760,000		595,000	3,165,000	605,000
2009 Rankin Facilities Note (f)		27,005,000		325,000	26,680,000	390,000
2015 Utica Student Union Note (g)			5,000,000		5,000,000	638,000
Total Bonds and Notes Payable		53,986,000	5,000,000	1,806,000	57,180,000	2,613,000
Other non-current liabilities						
Accrued compensated absences		2,354,236	203,488		2,557,724	145,352
Total	$	56,340,236	5,203,488	1,806,000	59,737,724	2,758,352
Due within one year						(2,758,352)
Total long-term liabilities						$56,979,372

The debt service requirements as of June 30, 2015 are as follows:

Maturity Date		Principal	Interest	Total
2016	$	2,613,000	2,476,793	5,089,793
2017		2,762,000	2,413,182	5,175,182
2018		2,922,000	2,341,855	5,263,855
2019		2,867,000	2,266,874	5,133,874
2020		3,159,000	2,179,838	5,338,838
2021 - 2025		11,122,000	9,417,608	20,539,608
2026 - 2030		11,705,000	6,907,144	18,612,144
2031 - 2035		13,755,000	3,319,213	17,074,213
2036 - 2040		5,095,000	1,110,975	6,205,975
2041		1,180,000	60,475	1,240,475
Total	$	57,180,000	32,493,957	89,673,957

a) Bonds maturing after April 1, 1998, are subject to early redemption in inverse chronological order in multiples of $5,000 at par value plus accrued interest prior to the stated dates of maturity at the option of the District on or after April 1, 1998.

b) Bonds are secure by and payable solely from Mississippi Adequate Education Program (MAEP) moneys received from the State of Mississippi by the Hinds Agriultural High School. Bonds maturing after April 1, 2008 are subject to early redemption at par value plus accrued interest prior to the stated dates of maturity at the option of the District on or after April 1, 2008.

c) The notes mature on April 1, 2041. Interest payments are due annually on April 1 each year. The Bonds are secured by the net revenues of the dorms with an intercept agreement to require payment with state appropriations in the event of default.

d) Notes maturing on or after April 1, 2018 are subject to early redemption at par value plus accrued interest prior to the stated dates of maturity at the option of the District on or after April 1, 2017.

e) The notes mature on April 2020. Interest payments are due April 1 and October 1 each year. Notes maturing on or after October 1, 2020 are subject to early redemption at par value plus accrued interest prior to the stated dates of maturity at the option of the District on or after October 1, 2019.

f) The notes maturing in October 1, 2033. Interest payments are due April 1 and October 1 each year. Notes maturing on or after October 1, 2020 are subject to early redemption at par value plus accrued interest prior to the stated dates of maturity at the option of the District on or after October 1, 2019.

g) The notes mature on February 1, 2022. Interest payments are due February 1 and August 1 each year.

NOTE 6 - OPERATING LEASES

Leased property under operating leases is comprised of mainly copiers and other business equipment with original lease terms ranging from three to five years. The following is a schedule of the future minimum rental payments required under those operating leases:

Year		Amount
2016	$	150,503
2017		97,369
2018		27,484
Total	$	275,356

NOTE 7 – PENSION PLAN

General Information about the Pension Plan

Plan Description. The 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. 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 may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the District is required to contribute at an actuarially determined rate. The employer’s rate as of June 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The District's contributions to PERS for the fiscal years ending June 30, 2015, 2014 and 2013 were $7,988,470, $8,145,585, and $7,222,320, 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, 2015, the District reported a liability of $102,734,671 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, the District’s proportion was 0.846377 percent.

For the year ended June 30, 2015, the District recognized pension expense of $7,590,796. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	1,602,630	$	
Net difference between projected and actual earnings on pension plan investments				14,892,146
Change of assumptions				
Changes in proportion and differences between District contributions and proportionate share of contributions		1,759,675		
District contributions subsequent to the measurement date		7,988,470		
Total	$	11,350,775	$	14,892,146

$7,988,470 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	$	(2,513,575)
2017		(2,513,575)
2018		(2,779,655)
2019		(3,723,036)
Total	$	(11,529,841)

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.25 - 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward two years for males.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

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 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
U.S. Broad	34%	5.20%
International Equity	19%	5.00%
Emerging Markets Equity	8%	5.45%
Fixed Income	20%	0.25%
Real Assets	10%	4.00%
Private Equity	8%	6.15%
Cash	1%	-0.50%
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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. 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 District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	$ 140,057,992	$ 102,734,671	$ 71,601,471

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

NOTE 8 – NATURAL CLASSIFICATION WITH FUNCTIONAL CLASSIFICATIONS

		Salaries and Wages	Fringe Benefits	Travel	Contractual	Utilities
Instruction	$	36,179,306	5,957,364	436,151	2,031,648	
Academic support		1,218,121	234,175	5,984	187,208	
Student services		4,783,758	828,040	274,559	1,034,876	
Institutional support		6,229,174	1,422,228	204,502	4,499,852	
Operation of plant		5,039,122	1,108,254	19,971	2,359,923	2,423,255
Student aid						
Auxiliary enterprises		2,993,527	490,006	40,936	3,404,544	1,417,867
Bad debt						
Pension expense			7,590,796			
Depreciation						
Total	$	56,443,008	17,630,863	982,103	13,518,051	3,841,122

		Scholarships and Fellowships	Commodities	Depreciation Expense	Other	Total
Instruction	$	3,161,472	1,492,209		1,612,071	50,870,221
Academic support			57,918		265,063	1,968,469
Student services		28,055	535,262		89,238	7,573,788
Institutional support		23,038	414,734		426,943	13,220,471
Operation of plant			1,338,851		(990,852)	11,298,524
Student aid		13,767,887	71,167			13,839,054
Auxiliary enterprises		294	7,828,283		227,450	16,402,907
Bad debt					2,092,846	2,092,846
Pension expense						7,590,796
Depreciation				6,441,453		6,441,453
Total	$	16,980,746	11,738,424	6,441,453	3,722,759	131,298,529

NOTE 9 – CONSTRUCTION COMMITMENTS AND FINANCING

The District has contracted for various construction projects as of June 30, 2015. Estimated costs to complete the various board-approved projects, some of which have signed contracts in place at June 30, 2015, and the sources of anticipated funding are presented below:

Project Title:		Total Costs to Complete	Funded by Federal Sources	State Sources	Institutional Funds
Airport - FAA Rehab Taxi	$	1,495,299	1,345,769	74,765	74,765
District Master Plan		24,000			24,000
Jenkins Hall		4,450,000		4,450,000	
Softball Field Improvements		1,200,000			1,200,000
Student Union Renovation PhI &II		50,000	50,000		
Student Union Renovation PhIII		5,500,000	5,500,000		
Walter Washington-Utica		55,000			55,000
Renfrow Football Stadium Fence		21,700			21,700
Loviza Roofing		10,000			10,000
Loviza HVAC - Vicksburg		80,000			80,000
Ples McCadney - Utica		4,000			4,000
Boyd Gym		39,000			39,000
Total	$	12,928,999	6,895,769	4,524,765	1,508,465

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Claims and Litigation

The District is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The District administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the District.

Government Grants

The District is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Except as described below, the District carries commercial insurance for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG). The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMWCG covers risks of loss arising from injuries to the District's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of the MMWCG contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to $500,000. For a claim exceeding $500,000, MMWCG has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers compensation commission Act. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for deficiencies. The District has not had an additional assessment for excess losses incurred by the pool.

NOTE 12 - CURRENT ECONOMIC CONDITIONS

The current economic environment presents institutions of higher education with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in student financial aid, enrollment revenue, government support, grant revenue, tax revenue, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the District.

Current economic conditions have made it difficult for many states to appropriate funds at a level similar to previous years. A significant decline in student financial aid, enrollment revenue, governmental support, grant revenue, or tax revenue could have an adverse impact on the District's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments investment values and allowances for accounts receivable that could negatively impact the District ability to maintain sufficient liquidity.

NOTE 13 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The unrestricted net position amount of ($96,509,662) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The $11,350,775 balance of deferred outflow of resources, at June 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of ($96,509,662) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The $14,892,146 balance of deferred inflow of resources at June 30, 2015 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

A summary of significant Net Position adjustments is as follows:

Explanation			Amount
1. Implementation of GASB 68 and 71:		$	
Net pension liability (06-30-14)	(114,819,300)		
Deferred outflows - contributions made during fiscal year 2014	8,145,585		
Total prior period adjustment related to GASB 68 and 71			(106,673,715)
Sub-Total			(106,673,715)
2. To eliminate old unearned revenue.			(838,024)
Total		$	(107,511,739)

NOTE 15 - SUBSEQUENT EVENTS

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

NOTES TO THE FINANCIAL STATEMENTS
Hinds Community College Development Foundation, Inc.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation

The Foundation was established in 1979 to enhance the educational mission of Hinds Community College ("HCC") by providing a vehicle for private sector support and by increasing community awareness of the programs and services offered by HCC. The Foundation is supported primarily through donor contributions from alumni, area business organizations and community friends in central Mississippi. The Foundation's offices are located on the Raymond, Mississippi campus of HCC.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible, unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Amounts are written off when all collection efforts have been exhausted. Accounts are considered past due if not paid in accordance with pledge terms. Interest is not assessed on outstanding balances. Promises to give, due in subsequent years, are recorded at the present value of their net realizable value. No provision has been made to establish an allowance for doubtful accounts, as all promises to give are considered collectible at their full realizable value.

Non-monetary gifts are recorded at fair market value at the date of contribution.

Contributed Services

During the years ended December 31, 2014 and 2013, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Continued

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Investments, Property and Other Real Estate

All investment income, gains and losses are accounted for in the fund that owned the investment if temporarily restricted, or in the unrestricted fund if the income does not contain donor restrictions on its use. Investments in marketable debt and equity securities are reported at fair market values. The Foundation's investments are classified as available for sale.

The Foundation's Finance Committee meets annually to review all investments. The Finance Committee makes a recommendation to the full board at its annual meeting as to the entity with which the Foundation will invest the majority of its funds and the manner in which the funds can be invested.

Donated securities are recorded at their fair market value on the date of the gift. Any gain or loss resulting from the sale of securities or other assets, as well as commissions, brokerage fees and other costs of the sale, are borne by the fund benefiting from the contributing assets.

Unless impaired, the Foundation carries its real estate and other property at the fair market value as of the dates the investments were donated to the Foundation.

Investment income has been reduced by investment fees of $42,364 and $27,508 at December 31, 2014 and 2013, respectively.

Functional Classification

The financial statements present expenses by functional classification in accordance with the overall service mission of the Foundation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of resources invested in checking accounts and money market funds.

Continued

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for scholarships and related support.

Long-lived Assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. Certain long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

NOTE B. INVESTMENTS

At December 31, 2014, the Foundation's investments were valued at a fair market value of $11,161,682, resulting in an unrealized loss on investments for the year of $36,149.

At December 31, 2014, investments were composed of the following:

Description	Cost	Market
Government obligations	$ 634,911	$ 634,895
Mutual funds	5,710,290	6,495,997
Common stock	1,671,639	2,473,342
Fixed income	1,551,136	1,557,448
	$ 9,567,976	$11,161,682

At December 31, 2013, investments were composed of the following:

Description	Cost	Market
Government obligations	$ 688,872	$ 701,531
Mutual funds	5,086,178	5,882,138
Common stock	1,846,402	2,591,139
Fixed income	969,597	973,794
	$ 8,591,049	$10,148,602

Continued

NOTE B. INVESTMENTS - CONTINUED

A summary of other data for marketable securities follows:

Description	2014	2013
Proceeds from sales	$ 7,463,915	$ 1,629,624
Realized gain from sales	$ 37,982	$ 9,732

The Foundation's investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on date received.

SFAS No. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quote prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Foundation, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Foundation at year-end. The fair values of common stock, corporate bonds, and U.S. Government securities are based on quoted market price.

NOTE C. PROPERTY AND OTHER REAL ESTATE

At December 31, 2014 and 2013, property and other real estate consisted of the following:

Description	2014	2013
Land and buildings	$ 7,000	$ 7,000
Artwork	24,262	24,262
	$ 31,262	$ 31,262

Continued

NOTE C. PROPERTY AND OTHER REAL ESTATE - CONTINUED

The Foundation has additional real estate assets which they are actively marketing for sale. At December 31, 2014 and 2013, these assets were valued at $17,000 and $119,274, respectively. These assets are described in more detail in Note L to the financial statements.

NOTE D. UTILIZATION OF HINDS COMMUNITY COLLEGE'S FACILITIES AND STAFF

Hinds Community College provides facilities to the Foundation at no charge. The value associated with these items has not been recorded, as it would not be material.

The Foundation did not owe HCC for payroll related expenses of the Donor Relations/Special Projects Coordinator as of December 31, 2014 and 2013.

NOTE E. RETIREMENT PLAN

The Foundation has one employee who participates in the retirement plan provided by the Hinds Community College District ("HCCD"). The plan is covered by the Public Employees Retirement System of Mississippi, a cost sharing, multiple-employer, defined benefit public employee retirement system. 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 Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS. The Foundation reimburses HCCD for these costs. Employer contributions were $8,268 and $7,292 for 2014 and 2013, respectively.

NOTE F. RECLASSIFICATIONS

During 2014 and 2013, sufficient amounts were accumulated to establish new permanent endowments. The monies previously collected were reclassified from the temporarily restricted fund to the permanently restricted fund. Certain other accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

NOTE G. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 19, 2015, the date the financial statements were available to be issued.

Continued

NOTE H. RESTRICTED ASSETS

The Foundation had approximately $381,689 and $295,800 of cash and cash equivalents and $10,664,323 and $9,742,448 of investments restricted by donors at December 31, 2014 and 2013, respectively. The restricted assets can only be used in accordance with donor restrictions and is not available to the Foundation for general expenditures.

NOTE I. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Description	2014	2013
Provide scholarship assistance	$ 3,309,541	$ 4,037,507
Provide for reconstruction of Cain Hall	4,322	8,840
Provide for college departments and foundations	353,781	360,898
Provide for faculty/staff development	218,817	172,778
Provide for alumni chapters	43,458	50,835
Grants	117,732	65,471
Other	75,965	71,058
	$ 4,123,616	$ 4,767,387

Permanently restricted net assets are available for the following purposes:

Description	2014	2013
Provide scholarship assistance	$ 6,506,043	$ 4,895,158
Provide for college departments and foundations	26,000	26,000
Provide for faculty/staff development	390,355	389,705
Provide for student loans and other	50,000	50,000
	$ 6,972,398	$ 5,360,863

NOTE J. INCOME TAXES

The Foundation is a non-profit foundation, which is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Continued

NOTE J. INCOME TAXES - CONTINUED

The Foundation's income tax filings are subject to audit by various taxing authorities. The Foundation's open audit periods are 2011 – 2013. In evaluating the Foundation's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Foundation believes their estimates are appropriate based on the current facts and circumstances.

NOTE K. INTRA-FUND REVENUES AND EXPENSES

The Foundation records revenues when contributions are received from various college organizations. When these organizations determine that they wish to pay scholarships with the monies received, the Foundation expenses the monies out of the organization's accounts and then recognizes the scholarship income. When the scholarships are actually paid by the Foundation, they expense these monies a second time. The Intra-fund revenue line in the temporarily restricted section of the statement of activities represents those monies that have been recognized as revenues twice and reduces the temporarily restricted support to the actual support received by the Foundation. Consequently, the Intra-fund expense line, in the program expense section, represents those monies that have been recognized as expenses in lieu of an intra-fund reclassification of monies, providing accurate totals for temporarily restricted support, as well as overall program expenses. This presentation is utilized so the Foundation can continue to account for the source of funds consistent with their internal reporting.

NOTE L. PROPERTY AND OTHER REAL ESTATE HELD FOR SALE

The Foundation had two donated real estate assets which they were actively marketing for sale. At December 31, 2007, these assets were evaluated and determined to be impaired. During 2007, the loss on impairment was determined to be approximately $153,250, increasing the valuation allowance account to $153,250. These assets were originally recorded at a value of $433,250 when donated to the Foundation and were valued at $280,000 at December 31, 2012. During 2014, one of the real estate assets was sold for a loss of $31,774. At December 31, 2014, there were no impaired properties being marketed for sale by the Foundation and the allowance account was valued at $0. No impairment was recorded for 2014 or 2013.

During 2011, another real estate asset was donated to the Foundation. This property is actively being marketed for sale at its stated value of $17,000. No impairment has been determined necessary for this property.

Continued

NOTE M. ENDOWMENT FUND

Permanently restricted net assets at December 31, 2014 and 2013 consist of an endowment fund established to support scholarships and other departments for Hinds Community College. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Foundation indefinitely and income from the fund is expended for scholarships.

The composition of endowment net assets for this fund and the changes in endowment net assets as of December 31, 2014 and 2013 are as follows:

Endowment net assets, December 31, 2012	$ 5,025,648
Contributions	170,720
Scholarship transfers	164,495
Investment income reinvested	-
Endowment net assets, December 31, 2013	5,360,863
Contributions	562,001
Scholarship transfers	1,049,534
Investment income reinvested	-
Endowment net assets, December 31, 2014	$ 6,972,398

NOTE N. PLEDGES RECEIVABLE

Unconditional promises to give at December 31, 2014, consists of pledge contributions to the Time to Soar Campaign of $50,000. Total unconditional promises to give were valued at $50,000 and $75,000 at December 31, 2014 and 2013, respectively. The total unconditional promises to give are considered fully collectable and any discount to present value is immaterial and thus has not been recorded. Additionally, no allowance for uncollectible amounts has been recorded.

Total pledge contributions receivable over the next five years are as follows:

2015	$	25,000
2016	$	25,000

NOTE O. NON-MONETARY DONATIONS

During 2014 and 2013, the Foundation received non-monetary donations of $111,518 and $2,027,709, respectively.

Continued

NOTE P. DEPOSITS

The Federal Deposit Insurance Corporation ("FDIC") insures demand accounts of each depositor up to $250,000 in each federally-chartered financial institution. Amounts in excess of $250,000 are not covered by FDIC insurance. Financial instruments that potentially subject the Foundation to credit risk consist of cash and cash equivalents in a financial institution, which from time to time exceed the $250,000 federally insured limit. The Foundation has minimized credit risk by depositing cash and cash equivalents at several banks with high credit standings. Accounts at these institutions were insured by the FDIC. The Foundation has not experienced any losses of such funds and management believes the Foundation is not exposed to any significant credit risk on cash and equivalents. At December 31, 2014 and 2013, the Foundation has no uninsured cash deposits. Cash held in investment accounts were $198,722 and $104,657 at December 31, 2014 and 2013, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

Hinds Community College District

Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

		2015
District's proportion of the net pension liability (asset)	$	102,734,671
District's proportionate share of the net pension liability (asset)		0.846377%
District's covered - employee payroll		51,718,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll		198.64%
Plan fiduciary net position as a percentage of the total pension liability		67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Hinds Community College District
Schedule of District Contributions
PERS
Last 10 Fiscal Years*

		2015
Contractually required contribution	$	7,988,470
Contributions in relation to the contractually required contribution		7,988,470
Contribution deficiency (excess)	$	-
District's covered - employee payroll		50,720,444
Contributions as a percentage of covered - employee payroll		15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Notes to the Pension Schedules

1) Changes of benefit terms

None.

2) Changes of assumptions

None

SUPPLEMENTARY INFORMATION

Hinds Community College District
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number		Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Programs Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	$	575,237
Federal Pell Grant Program	84.063		31,674,778
Federal Work-Study Program	84.033		323,850
Federal Direct Student Loans	84.268		20,051,517
Total Student Financial Assistance Programs Cluster			52,625,382
TRIO Cluster:			
TRIO - Student Support Services	84.042		325,655
TRIO - Talent Search	84.044		323,109
Total TRIO Cluster			648,764
Higher Education - Institutional Aid	84.031		2,638,261
Strengthening Minority - Serving Institutions	84.382A		312,083
Subtotal Direct Programs			56,224,490
Passed through programs from:			
Mississippi Department of Education			
Adult Education - Basic Grants to States	84.002		170,391
Career and Technical Education - Basic Grants to States	84.048		880,885
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		287,414
Subtotal passed through programs			1,338,690
Total U.S. Department of Education			57,563,180
U.S. Department of Agriculture			
Pass-through programs from:			
Mississippi Department of Education			
National School Lunch Program	10.555		2,201
Mississippi Board of Community Colleges:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		79,191
Subtotal passed through pgrograms			81,392
Total U.S. Department of Agriculture			81,392
U.S. Department of Homeland Security			
Passed through programs from:			
Mississippi Department of Public Safety			
Homeland Security Grant Program	97.067		26,000
Total U.S. Department of Homeland Security			26,000
U.S. Department of Health and Human Services			
Pass-through programs from:			
Mississippi Department of Human Services			
Child Care and Development Block Grant	93.575		18,048
Total U.S. Department of Health and Human Services			18,048

Hinds Community College District
Schedule of Expenditures of Federal Awards (Continue)
Fiscal Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number		Federal Expenditures
Small Business Administration			
Small Business Administration	59.005		72,412
Total Small Business Administration			72,412
U.S. Department of Labor			
WIA Cluster:			
Pass-through programs from:			
Mississippi Board of Community Colleges:			
WIA Career Readings	17.258/17.278/17.259		1,105
Central Mississippi Planning & Development District			
WIA Adult Program	17.258		68,926
WIA Youth Activities	17.259		26,333
WIA Dislocated Worker Formula Grants	17.278		43,217
Total WIA Cluster			139,581
Subtotal passed through programs			139,581
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		1,309,310
Total U.S. Department of Labor			1,448,891
U.S. Department of Transportation			
Airport Improvement Program	20.106		61,700
Total U.S. Department of Transportation			61,700
National Aeronautics and Space Administration			
Pass-through programs from:			
National College Space Program			
Science	43.001		4,997
Total passed through pgrograms			4,997
Total National Aeronatics and Space Administration			4,997
National Science Foundation			
Education and Human Resources	47.076		405,580
Total National Science Foundation			405,580
Corporation for National and Community Service			
Social Innovation Fund	94.019		16,580
Total Corporation for National and Community Service			16,580
U.S. Department of Defense - Office of the Secretary of Defense			
ARRA - Basic, Applied, and Advanced Research in Science And Engineering, Recovery Act	12.630		125,675
Total U.S. Department of Defense			125,675
Total Expenditures of Federal Awards		$	59,824,455

Notes to the Schedule of Expenditures of Federal Awards

1) The schedule includes the federal awards activity of the district and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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

3) There were no sub-recipients during the year.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Board of Trustees
Hinds Community College District

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 governmental activities, each major fund, and the aggregate remaining fund information of Hinds Community College District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Hinds Community College District's basic financial statements, and have issued our report thereon dated December 22, 2015.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hinds Community College District'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 determination of financial statement amounts. 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC Certified Public Accountants
December 22, 2015

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Hinds Community College District

Report on Compliance for Each Major Federal Program

We have audited Hinds Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hinds Community College District's major federal program for the year ended June 30, 2015. The Hinds Community College District's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hinds Community College District's major federal program based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the school district's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Hinds Community College District 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 program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Hinds Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hinds Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC   Certified Public Accountants
December 22, 2015

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Hinds Community College District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hinds Community College District as of and for the year ended June 30, 2015, which collectively comprise the Hinds Community College District's basic financial statements and have issued our report thereon dated December 22, 2015. 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.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC Certified Public Accountants
December 22, 2015

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HINDS COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:

    a. Material weakness(es) identified? No.
    b. Significant deficiency(ies) identified? None reported.

3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:

    a. Material weakness(es) identified? No.
    b. Significant deficiency(ies) identified? None reported.

5. Type of auditor's report issued on compliance for major programs: Unmodified.
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No.
7. Identification of major programs:

CFDA Numbers:	Name of Federal Program or Cluster
47.076	Education and Human Resources
84.007, 84.033, 84.063 and 84.268	Student Financial Assistance Programs Cluster
84.048	Career and Technical Education - Basic Grants to States

8. Dollar threshold used to distinguish between type A and type B programs: $300,000.
9. Auditee qualified as low-risk auditee? Yes.

Section II: Financial Statements Findings

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

Section III: Federal Awards Findings and Questioned Costs

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