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# **Hinds Community College District**

## **Independent Auditor's Report, Financial Statements, and Supplementary Information**

June 30, 2024



**Hinds Community College District**  
**Contents**  
**June 30, 2024**

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## Independent Auditor's Report

Board of Trustees  
Hinds Community College District  
Raymond, Mississippi

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Hinds Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit, as of June 30, 2024, 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.

We did not audit the financial statements of Hinds Community College Foundation (the Foundation), the discretely presented component unit. Those statements were audited by another auditor whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditor.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Prior-Year Comparative Information***

The financial statements include prior-year comparative information of the Foundation only. Such information does not include all of the information required or sufficient detail to constitute a presentation of the District in accordance with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which such information was derived.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis, pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Foundation's Schedule of Functional Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the Foundation's Schedule of Functional Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion based on our audit and the report of other auditors, 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 June 30, 2025, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Forvis Mazars, LLP***

**Jackson, Mississippi**

**June 30, 2025, except for the Schedule of Expenditures of Federal Awards as to which the date is July 8, 2025**

**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

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The following discussion and analysis of Hinds Community College District's (the District's) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with these financial statements and footnotes. A comparative analysis will be presented with figures from fiscal year ended June 30, 2023. The financial statements, notes, 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 (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The District implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, and has incorporated one nongovernmental component unit, Hinds Community College Foundation (the Foundation). The financial statements of the Foundation may be obtained by writing to the Hinds Community College Foundation, P. O. Box 1100, Raymond, Mississippi 39154-1100.

**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 position and the statement of cash flows. These statements present financial information in a form similar to that used by corporations. They 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 of resources, liabilities, and deferred inflows of resources, 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 nonfinancial facts such as enrollment levels and the condition of the facilities. A summary of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2024 and 2023 is as follows:



**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>
<b>ASSETS</b>				
<b>Current Assets</b>	\$ 39,745,466	16%	\$ 42,045,889	17%
<b>Noncurrent Assets</b>				
Endowment investments	50,317	0%	48,991	0%
Promissory note receivable	9,649,800	4%	9,649,800	4%
Capital assets, net of accumulated depreciation	199,950,810	78%	188,443,752	76%
Lease assets, net of accumulated amortization	663,348	0%	1,204,311	0%
Subscription assets, net of accumulated amortization	5,892,715	2%	7,449,481	3%
<b>Total Assets</b>	<b>255,952,456</b>	<b>100%</b>	<b>248,842,224</b>	<b>100%</b>
<b>Deferred Outflows of Resources</b>	<b>45,869,040</b>	<b>100%</b>	<b>29,586,991</b>	<b>100%</b>
<b>LIABILITIES</b>				
Current liabilities	13,043,190	5%	11,087,922	5%
Noncurrent liabilities, other	45,711,985	19%	49,439,726	22%
Net OPEB liability, net of current portion	4,836,810	2%	4,465,509	2%
Net pension liability	179,294,706	74%	161,896,290	71%
<b>Total Liabilities</b>	<b>242,886,691</b>	<b>100%</b>	<b>226,889,447</b>	<b>100%</b>
<b>Deferred Inflows of Resources</b>	<b>15,591,260</b>	<b>100%</b>	<b>9,041,911</b>	<b>100%</b>
<b>NET POSITION</b>				
Net investment in capital assets	159,033,504	367%	148,248,881	349%
Restricted				
Expendable				
Capital projects	4,806,387	11%	467,859	1%
Other restricted projects	1,125,271	3%	377,371	1%
Unrestricted	(121,621,617)	-281%	(106,596,254)	-251%
<b>Total Net Position</b>	<b>\$ 43,343,545</b>	<b>100%</b>	<b>\$ 42,497,857</b>	<b>100%</b>

## **Assets**

### **Current Assets**

The District has experienced a decrease in full-time academic student enrollment over the last few years, which resulted in less tuition revenues paid by each headcount. The District administration is working to adjust administration, staff and instructors to match our enrollment. Current assets decreased approximately \$2,300,000.

### **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 was \$12,888,866 at June 30, 2024 and \$17,413,193 June 30, 2023. This represents a \$4,524,327 decrease.

**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

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***Short-Term Investments***

The total amount of short-term investments reported as current assets on the District's financial statements was \$9,292,810 in 2024 and \$8,798,775 in 2023. This represents a \$494,035 increase in short-term investments.

***Accounts Receivable***

Accounts receivable relates to several transactions, including local 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 \$4,331,780 in fiscal year 2024 and \$3,374,110 in fiscal year 2023. The District's receivables totaled \$17,470,718 at June 30, 2024 and \$15,725,987 at June 30, 2023. This represents a \$1,744,731 increase in accounts receivable.

***Inventories***

The District maintains inventories of resale merchandise, as well as items for internal consumption. During 2021, the District outsourced its bookstore operations to a third party. Inventories totaled \$92,521 at June 30, 2024. That is a decrease of \$14,760 from the amount \$107,281 at June 30, 2023.

***Noncurrent Assets***

***Endowment Investments***

The District reflects the Holtzclaw Trust as \$50,317 at June 30, 2024. The amount increased slightly from \$48,991 in fiscal year 2023, with the interest and dividends earned on the investments. The Trust is separate from the investments included in the District's discretely presented component unit, Hinds Community College Foundation.

***Promissory Note Receivable***

The District entered into a Fund Promissory Note agreement (Leveraged Loan) with COCROF Investor 120, LLC (the borrower) in connection with the financing of a new facility at the Vicksburg-Warren campus under the New Market Tax Credit Program with the Foundation. The balance of the note was \$9,649,800 at both June 30, 2024 and 2023.

***Capital Assets, Net***

Capital assets consist of land, buildings and improvements, construction in progress, livestock, equipment, vehicles, and historical library holdings at June 30, 2024 and 2023. The total capital assets, net of accumulated depreciation at 2024 was \$199,950,810. The amount reported, net of accumulated depreciation at 2023 was \$188,443,752. This represents a \$11,507,058 increase in capital assets. 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.

**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

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**Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Percentage Change</u>
Land	\$ 7,609,053	\$ 7,609,053	0%
Construction in progress	25,168,005	8,577,074	193%
Livestock	93,500	91,300	2%
Buildings	95,417,131	98,142,605	-3%
Improvements	63,740,504	65,968,772	-3%
Library books	679,629	712,369	-5%
Furniture and equipment	7,166,705	7,342,579	-2%
Aircraft	76,283	-	N/A
	<u>\$ 199,950,810</u>	<u>\$ 188,443,752</u>	6%

***Lease Assets, Net of Accumulated Amortization***

Total lease assets net of accumulated amortization in 2024 was \$663,348. The amount reported, net of accumulated amortization, at 2023 was \$1,204,311. This represents a decrease of \$540,963.

***Subscription Assets, Net of Accumulated Amortization***

The District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, during 2023, which changes the accounting and financial reporting for subscription arrangements. Total subscription assets net of accumulated amortization at 2024 was \$5,892,715. The subscription asset amount reported, net of accumulated amortization, at 2023 was \$7,449,481. This represents a decrease of \$1,556,766.

***Deferred Outflows of Resources***

***Deferred Outflows Related to Pensions***

The District recognized deferred outflows of resources related to the net pension liability in the amount of \$41,795,702 and \$25,589,952 at June 30, 2024 and 2023, respectively.

***Deferred Outflows Related to OPEB***

The District recognized deferred outflows of resources related to the net OPEB liability in the amount of \$1,599,161 and \$1,139,176 at June 30, 2024 and 2023, respectively.

***Deferred Outflows Related to Costs of Refunding Debt***

The District recognized deferred outflows of resources related to costs of refunding debt in the amount of \$2,474,177 at June 30, 2024 and \$2,857,863 at June 30, 2023.

**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

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***Liabilities***

***Current Liabilities***

***Accounts Payable and Accrued Expenses***

Accounts payable and accrued expenses represent amounts due at June 30, 2024 for goods and services received before the end of the fiscal year. The accounts payable and accrued expenses totaled \$7,495,271 at June 30, 2024, an increase of \$3,093,917 over the balance of \$4,401,354 at June 30, 2023.

***Unearned Revenues***

Unearned revenues represent revenues that were received by the District during the fiscal year but not earned at the end of the fiscal year. For example, the District allows students to pre-register in the second summer session which starts after June 30. In addition, the eight-week summer session has not been earned in full. The unearned revenue totaled \$962,009 at June 30, 2024 and \$1,781,504 at June 30, 2023. The primary decrease is due to the decrease in student enrollment in the summer session.

***Other Current Liabilities***

Other current liabilities includes assets belonging to individuals or organizations for which the District acts as custodian. Examples includes various student clubs and organizations and agency scholarships. The total amount held for others at June 30, 2024 was \$63,292 and \$148,660 at June 30, 2023. This was a decrease of \$85,368.

***Compensated Absences - Current Portion***

This liability consists of accrued compensated absences that represent the amount payable to employees for earned but unpaid absences, such as vacation. The current portion of the accrued compensated absences was calculated to be \$326,325 at June 30, 2024, which was an increase of \$18,317 from 2023.

***Long-Term Liabilities – Current Portion***

Long-term liabilities – current portion represents balances that the District would expect to pay on notes and bonds, a portion of long-term debt within the next fiscal year. The amount of the current portion of long-term debt liabilities at June 30, 2024 was \$2,688,000 and \$2,468,000 at June 30, 2023, due to continued principal payments.

***Short-Term Lease Liability***

The District recorded a short-term lease liability of \$378,157 at June 30, 2024. The decrease from the June 30, 2023 balance of \$1,049,880 is due to the current payments required on the leases.

***Short-Term Subscription Liability***

The District recorded a short-term subscription liability of \$911,196 at June 30, 2024. The increase from the June 30, 2023 balance of \$708,832 is due to the expected payments required on the subscriptions.

***Noncurrent Liabilities***

***Compensated Absences***

This liability consists of accrued compensated absences that represent the amount payable to employees for earned but unpaid absences, such as vacation. The noncurrent portion of the accrued compensated absences was calculated to be \$2,023,271 at June 30, 2024. This was an increase of \$63,359 from the amount at June 30, 2023 of \$1,959,912.

**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

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***Long-Term Liabilities, Noncurrent Portion and Premium/Discount***

This represents the portion of notes and bonds payable that are due after June 30, 2024. The amount of the noncurrent portion, net of premium/discount at June 30, 2023 was \$41,890,327, as compared to \$39,084,207 at June 30, 2024. The noncurrent portion of long-term debt decreased by \$2,806,120 due primarily to the payment of principal during the year and the maturity of one bond in 2023. The total amount of the bond discount, net of amortization was \$52,315 at June 30, 2024. This was a decrease from the balance of \$57,834 reported at June 30, 2023. Bond premium, net of amortization was \$626,522 at June 30, 2024. This was a decrease from the balance of \$750,161 reported at June 30, 2023.

***Long-Term Lease Liability***

The District recorded a long-term lease liability of \$348,439 at June 30, 2024. This was an increase from the balance of \$257,393 on June 30, 2023.

***Long-Term Subscription Liability***

The District recorded a long-term subscription liability of \$4,256,068 at June 30, 2024. This was a decrease from the balance of \$5,332,094 at June 30, 2023.

***Net Pension Liability***

The net pension liability at June 30, 2024 is \$179,294,706 compared to \$161,896,290 at June 30, 2023 which represents the District's proportionate share of the collective net pension liability reported in the Public Employees' Retirement System of Mississippi for those years. See Note 7 to the financial statements for further information regarding the District's policies for recognizing liabilities, expenses, and deferred outflows and inflows of resources related to pensions.

***Net OPEB Liability***

The District recognized a net OPEB liability at June 30, 2024 in the amount of \$5,055,660, of which \$218,850 is reported in current liabilities. The amount of the net OPEB liability as of June 30, 2023 was \$4,687,193.

***Deferred Inflows of Resources***

***Deferred Inflows of Resources Related to Pensions***

The District reflects deferred inflows of resources related to the net pension liability in the amount of \$13,480,396 and \$6,458,459 at June 30, 2024 and 2023, respectively. These amounts are related to differences in projected and actual earnings, expected and actual experience, changes in proportion, and changes in assumption used in the pension calculation.

***Deferred Inflows of Resources Related to OPEB***

The District recognized deferred inflows of resources related to OPEB in the amount of \$2,110,864 at June 30, 2024, which is a decrease from \$2,583,452 reported at June 30, 2023.

***Net Position***

***Net Investment in Capital Assets***

In fiscal year 2024, net investment in capital assets portion of the District's net position increased by \$10,784,623 to \$159,033,504 at June 30, 2024.

**Hinds Community College District  
Management’s Discussion and Analysis  
June 30, 2024**

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***Restricted Net Position***

Restricted net position at June 30, 2024:

Capital projects	\$ 4,806,387
Other restricted projects	<u>1,125,271</u>
	<u><u>\$ 5,931,658</u></u>

Restricted capital project fund consists 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, 2024:

Unrestricted General Fund (deficit)	\$ (121,621,617)
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Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the District such as donors or grant agencies. This include funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities. However, the District also experienced a decrease in state appropriations.

In connection with the accounting and financial reporting for pensions and OPEB, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (121,621,617)
Unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB	<u>156,546,763</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u><u>\$ 34,925,146</u></u>

**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	<b>Fiscal Year Ended June 30, 2024</b>	<b>Fiscal Year Ended June 30, 2023</b>
<b>Operating Revenues</b>		
Tuition and fees, net of scholarship allowance	\$ 15,512,080	\$ 11,667,409
Grants and contracts	20,629,730	45,534,593
Auxiliary enterprises	13,994,272	13,329,764
Other operating revenues	1,359,864	1,299,983
<b>Total Operating Revenues</b>	<b>51,495,946</b>	<b>71,831,749</b>
<b>Operating Expenses</b>	<b>171,630,151</b>	<b>168,533,980</b>
<b>Operating Loss</b>	<b>(120,134,205)</b>	<b>(96,702,231)</b>
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations	38,240,686	47,415,429
County appropriations	14,083,014	13,036,291
Federal grants and contracts	35,112,731	19,612,398
Investment income	552,051	444,981
Interest expense and other related debt expenses	(1,730,848)	(1,844,753)
<b>Total Nonoperating Revenues, net</b>	<b>86,257,634</b>	<b>78,664,346</b>
<b>Loss Before Other Revenues, Expenses, Gains, or Losses</b>	<b>(33,876,571)</b>	<b>(18,037,885)</b>
<b>Other Revenues</b>		
Federal capital grants	19,927,952	18,915,966
State and county capital appropriations	14,735,957	11,663,863
Other nonoperating revenues, net	58,350	79,910
<b>Total Other Revenues</b>	<b>34,722,259</b>	<b>30,659,739</b>
<b>Changes in Net Position</b>	<b>845,688</b>	<b>12,621,854</b>
<b>Net Position, Beginning of Year</b>	<b>42,497,857</b>	<b>29,876,003</b>
<b>Net Position, End of Year</b>	<b>\$ 43,343,545</b>	<b>\$ 42,497,857</b>

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

Operating revenues decreased by \$20,335,803 and operating expenses increased by \$3,096,171. The operating loss for the fiscal year increased by \$23,431,974 to (\$120,134,205). The operating loss for fiscal year 2023 was (\$96,702,231). The District will continue to show a significant operating loss since two of the largest funding sources, state and local appropriations, are not included in operating revenues per GASB 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.

**Revenues**

**Operating Revenues**

*Tuition and Fees*

This category includes all tuition and fees assessed for educational purposes totaling \$15,512,080. The amount increased by \$3,844,671 from the amount in fiscal year 2023, which was \$11,667,409. Our gross tuition and fees collected decreased by \$2,452,695. The amount went from \$35,631,805 in fiscal year 2023 to \$33,179,110 in fiscal year 2024. 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 fiscal year 2024 was \$17,667,030, compared to fiscal year 2023 amount of \$23,964,396. These numbers attempt to estimate the amount of financial aid refunds that the District disburses to students.

*Grants and Contracts*

This includes all restricted revenues made available by government agencies as well as private agencies. Grant revenues are recorded only to the extent that the funds have been expended for exchange transactions. Nonexchange 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Federal	\$ 71,554,697	\$ 80,072,693
State	3,885,795	3,740,654
Nongovernmental	<u>229,921</u>	<u>249,610</u>
	<u>\$ 75,670,413</u>	<u>\$ 84,062,957</u>

The District had a \$8,517,996 decrease in federal source grants in fiscal year 2024 due to a reduction in the Higher Education Emergency Relief Fund. State grants increased by \$145,141 in fiscal year 2024.

*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 fiscal year 2024 was \$458,166 and was \$377,339 for fiscal year 2023. The revenues increased \$80,827 in fiscal year 2024.



**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

*Auxiliary Sales and Services*

Auxiliary sales and services consist of various auxiliary enterprise entities that exist predominantly to furnish goods and services to students, faculty, staff, or the general public. These enterprises 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 bookstore 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 increased by \$664,508 from \$13,329,764 in fiscal year 2023 to \$13,994,272 in fiscal year 2024.

*Operating Expenses*

The following table details the District's operating expenses by natural and functional classification for the fiscal years ended June 30, 2024 and 2023.

**Operating Expenses by Natural Classification**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
Salaries and wages	\$ 55,420,530	\$ 55,116,065	\$ 304,465
Fringe benefits	27,511,926	21,390,390	6,121,536
Travel	1,371,012	1,413,351	(42,339)
Contractual services	33,722,857	35,295,276	(1,572,419)
Utilities	4,815,239	4,222,744	592,495
Scholarships and fellowships	25,731,184	28,229,619	(2,498,435)
Commodities	5,907,869	6,681,480	(773,611)
Depreciation and amortization	11,879,094	11,346,253	532,841
Other	5,270,440	4,838,802	431,638
	<u>\$ 171,630,151</u>	<u>\$ 168,533,980</u>	<u>\$ 3,096,171</u>

**Operating Expenses by Function with Prior Year Figures and Changes**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
Instruction	\$ 37,971,788	\$ 37,485,810	\$ 485,978
Academic support	2,992,986	2,431,951	561,035
Student services	11,828,822	8,805,952	3,022,870
Institutional support	35,764,248	42,801,146	(7,036,898)
Operations and maintenance of plant	11,682,494	10,546,514	1,135,980
Student financial aid	25,731,184	28,229,619	(2,498,435)
Auxiliary enterprises	15,014,026	13,595,312	1,418,714
Bad debt	1,839,825	1,904,431	(64,606)
Pension	17,489,790	12,187,771	5,302,019
OPEB	(564,106)	(800,779)	236,673
Depreciation and amortization	11,879,094	11,346,253	532,841
	<u>\$ 171,630,151</u>	<u>\$ 168,533,980</u>	<u>\$ 3,096,171</u>

**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

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***Nonoperating Revenues (Expenses)***

***State Appropriations***

The District's largest source of nonoperating revenue is the appropriations from the State of Mississippi Legislature. The funds pass through the Mississippi Community College Board (MCCB) which calculates the District's share based on a funding formula. The District received \$38,240,686 for the fiscal year ended June 30, 2024 and \$47,415,429 for the fiscal year ended June 30, 2023, resulting in a decrease of \$9,174,743.

***County Appropriations***

The District receives strong financial support from all counties in the District where the District 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 \$14,083,014 for the fiscal year 2024 from the counties. The amount has increased \$1,046,723 from the fiscal year 2023 amount of \$13,036,291.

***Federal Pell Grants***

The District received \$21,012,839 in Pell grants for fiscal year 2024, which is an increase of \$1,400,441 from last year's amount of \$19,612,398. The amount of Pell grants the District receives is based on how many Pell eligible students come to the District. During our 2023-2024 award year, there were 4,720 students with Pell funds disbursed. During our 2022-2023 award year, there were 4,629 students with Pell funds disbursed.

***Net Investment Income***

Net investment income includes the interest income from the cash in the bank accounts, various investments in certificates of deposit, federal bond funds, and money market accounts. The investment income for fiscal year 2024 was \$552,051. This was an increase of \$107,070 from fiscal year 2023 amount of \$444,981. This increase is due to an increase in investment accounts.

***Other Revenues***

***Federal Capital Grants***

The federal capital grants increased in fiscal year 2024 by \$1,011,986 to \$19,927,952.

***State and County Capital Appropriations Restricted for Capital Purposes***

State and county capital appropriations increased by \$3,072,094 to \$14,735,957 in fiscal year 2024. 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 MCCB to each college based on an enrollment formula. The appropriations must be spent on renovations and repairs or construction of new facilities. The amount and the millage rates are set by the local county Board of Supervisors.

***Nonoperating Revenues and Expenses Other***

Other nonoperating revenues and expenses, net decreased \$21,560 to \$58,350 in fiscal year 2024.

***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.

**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

**Condensed Statement of Cash Flows (Direct Method)  
Years Ended June 30, 2024 and 2023**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
Cash and cash equivalents provided by (used in)			
Operating activities	\$ (96,705,335)	\$ (93,667,161)	\$ (3,038,174)
Noncapital financing activities	84,136,453	79,798,416	4,338,037
Capital and related financing activities	7,987,865	12,915,441	(4,927,576)
Investing activities	<u>56,690</u>	<u>3,325,669</u>	<u>(3,268,979)</u>
Net increase (decrease) in cash and cash equivalents	(4,524,327)	2,372,365	(6,896,692)
Cash and cash equivalents - beginning of year	<u>17,413,193</u>	<u>15,040,828</u>	<u>2,372,365</u>
Cash and cash equivalents - end of year	<u>\$ 12,888,866</u>	<u>\$ 17,413,193</u>	<u>\$ (4,524,327)</u>

The major sources of funds included in operating activities include cash received from customers, \$15,199,561; grants and contracts, \$20,629,730; and sales and services of auxiliary enterprises, \$14,452,438. The major uses of funds were payments made to employees, (\$75,200,283); to vendors (\$46,957,295); and other organizations (\$25,731,184).

***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. The District saw record setting growth in enrollment during 2008-2010; after that, the District has seen flat enrollment patterns. In particular, the summer sessions have seen decreases with the elimination of separate financial aid help for the summer and the increase in dual enrollment students.

Those enrollment trends are troubling because the 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 District 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 District must focus on its ability to recruit and retain high quality students.

Tuition revenue, excluding Coronavirus Relief Grants, continues to be our largest percentage of total revenue in fiscal year 2017 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 increases in receivables are due in large part to the reduction in the amount of federal student financial aid flowing through our District. We are dependent on federal financial aid which makes us very sensitive to any proposed changes to federal financial aid funding.

Following the impact of COVID-19, the District experienced decreased enrollment from fiscal year 2021 through fiscal year 2024 with enrollment leveling out in fiscal year 2025. With recruitment and retention in mind, the District continues a commitment to renovations and upgrading of our facilities. The District has upgraded the student union building on the Utica Campus and is currently constructing a new residence hall on the Utica campus and a new Rankin Health Sciences Complex.

**Hinds Community College District  
Management's Discussion and Analysis  
June 30, 2024**

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***Contact Information***

This report is designed to provide a general overview of the District's finances for all those with an interest. Questions regarding these financial statements and requests for additional information should be addressed to the Vice President of Finance and Administration, P. O. Box 1100, Raymond, Mississippi 39154-1100.

**Hinds Community College District**  
**Statement of Net Position**  
**June 30, 2024**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 8,080,039
Restricted cash and cash equivalents	4,808,827
Short-term investments	9,292,810
Accounts receivable, net of allowance for doubtful accounts	17,470,718
Inventories	92,521
Other current assets	551

**Total Current Assets** 39,745,466

**Noncurrent Assets**

Endowment investments	50,317
Promissory note receivable	9,649,800
Capital assets, net of accumulated depreciation	199,950,810
Lease assets, net of accumulated amortization	663,348
Subscription assets, net of accumulated amortization	5,892,715

**Total Noncurrent Assets** 216,206,990

**Total Assets** 255,952,456

**Deferred Outflows of Resources**

Deferred outflows related to pensions	41,795,702
Deferred outflows related to OPEB	1,599,161
Deferred outflows related to loss on refunding bonds	2,474,177

**Total Deferred Outflows of Resources** 45,869,040

**Total Assets and Deferred Outflows of Resources** \$ 301,821,496

**Hinds Community College District**  
**Statement of Net Position**  
**June 30, 2024**

**(Continued)**

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts payable and accrued expenses	\$ 7,495,271
Unearned revenues	962,099
Other current liabilities	63,292
Compensated absences, current portion	326,325
Short-term lease liability	378,157
Short-term subscription liability	911,196
Long-term liabilities, current portion	2,688,000
OPEB liability, current portion	218,850

**Total Current Liabilities** 13,043,190

**Noncurrent Liabilities**

Compensated absences, net of current portion	2,023,271
Long-term debt, net of current portion and premium/discount	39,084,207
Long-term lease liability	348,439
Long-term subscription liability	4,256,068
Net pension liability	179,294,706
Net OPEB liability, net of current portion	4,836,810

**Total Noncurrent Liabilities** 229,843,501

**Total Liabilities** 242,886,691

**Deferred Inflows of Resources**

Deferred inflows related to pensions	13,480,396
Deferred inflows related to OPEB	2,110,864

**Total Deferred Inflows of Resources** 15,591,260

**Total Liabilities and Deferred Inflows of Resources** 258,477,951

**Net Position**

Net investment in capital assets	159,033,504
Restricted	
Expendable	
Capital projects	4,806,387
Other restricted projects	1,125,271
Unrestricted	(121,621,617)

**Total Net Position** 43,343,545

**Total Liabilities, Deferred Inflows of Resources, and Net Position** \$ 301,821,496

**Hinds Community College Foundation**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents		
Designated for long-term use	\$ 5,650,920	\$ 4,875,137
Contribution receivables	158,106	-
	<u>5,809,026</u>	<u>4,875,137</u>
<b>Current Assets</b>		
<b>Investments in Marketable Securities</b>	<u>19,262,644</u>	<u>15,846,559</u>
<b>Property, Equipment, and Other Assets</b>		
Real estate, at donated value	210,762	210,762
Property held for sale, net of valuation allowance	17,000	17,000
Building and equipment, net of accumulated depreciation	9,695,770	10,311,958
Loan costs, net of accumulated amortization	871,645	905,939
	<u>10,795,177</u>	<u>11,445,659</u>
<b>Net Property, Equipment, and Other Assets</b>		
	<u>10,795,177</u>	<u>11,445,659</u>
<b>Total Assets</b>	<u><u>\$ 35,866,847</u></u>	<u><u>\$ 32,167,355</u></u>
<b>Liabilities and Net Assets</b>		
<b>Long-Term Liabilities</b>		
Notes payable	<u>\$ 13,880,000</u>	<u>\$ 13,880,000</u>
<b>Net Assets</b>		
Without donor restrictions	971,337	722,769
With donor restrictions	21,015,510	17,564,586
	<u>21,986,847</u>	<u>18,287,355</u>
<b>Total Net Assets</b>		
	<u>21,986,847</u>	<u>18,287,355</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 35,866,847</u></u>	<u><u>\$ 32,167,355</u></u>

**Hinds Community College District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2024**

	<b>2024</b>
<b>Operating Revenues</b>	
Tuition and fees, net of scholarship allowance of (\$17,667,030)	\$ 15,512,080
Federal grants and contracts	16,514,014
State grants and contracts	3,885,795
Nongovernmental grants and contracts	229,921
Sales and services of educational departments	458,166
Auxiliary enterprises	
Student housing	3,110,894
Food services	3,440,056
Bookstore	4,608,626
Other auxiliary revenues	2,834,696
Other operating revenues	901,698
<b>Total Operating Revenues</b>	<b>51,495,946</b>
<b>Operating Expenses</b>	
Salaries and wages	55,420,530
Fringe benefits	27,511,926
Travel	1,371,012
Contractual services	33,722,857
Utilities	4,815,239
Scholarships and fellowships	25,731,184
Commodities	5,907,869
Depreciation and amortization	11,879,094
Other operating expense	5,270,440
<b>Total Operating Expenses</b>	<b>171,630,151</b>
<b>Operating Loss</b>	<b>(120,134,205)</b>
<b>Nonoperating Revenues (Expense)</b>	
State appropriations	38,240,686
County appropriations	14,083,014
Federal grants and contracts	35,112,731
Investment income	552,051
Interest expense and other related debt expenses	(1,730,848)
<b>Total Nonoperating Revenues (Expense)</b>	<b>86,257,634</b>
<b>Loss Before Other Revenues, Expenses, Gains or Losses</b>	<b>(33,876,571)</b>
<b>Other Revenues</b>	
Federal capital grants	19,927,952
Other nonoperating revenues, net	58,350
State and county capital appropriations	14,735,957
<b>Total Other Revenues</b>	<b>34,722,259</b>
<b>Change in Net Position</b>	<b>845,688</b>
<b>Net Position, Beginning of Year</b>	<b>42,497,857</b>
<b>Net Position, End of Year</b>	<b>\$ 43,343,545</b>



**Hinds Community College Foundation**  
**Statements of Activities**  
**Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Net Assets Without Donor Restrictions</b>		
Support:		
Gift pledges	\$ 44,861	\$ 40,580
Interest and investment income	47,270	36,097
Special events	78,812	76,431
Realized gain (loss) on investments	(5,096)	26,744
Other income	323	253
<b>Total without Donor Restrictions Support</b>	166,170	180,105
<b>Net Assets Released from Restrictions</b>	3,896,217	4,640,884
<b>Total without Donor Restrictions Support and Reclassifications</b>	4,062,387	4,820,989
<b>Expenses</b>		
Program services		
Scholarships	2,671,946	3,384,459
Faculty and staff development	32,151	46,903
College departments and organizations	56,850	45,116
Alumni groups	14,388	7,930
Athletics	163,329	162,491
Grants	12,312	27,485
Depreciation expense	719,055	705,583
Amortization expense	34,294	34,294
Other	197,312	197,000
<b>Total program services</b>	3,901,637	4,611,261
Supporting services		
General administration	125,784	116,962
Fundraising	46,326	79,349
<b>Total supporting services</b>	172,110	196,311
<b>Total Expenses</b>	4,073,747	4,807,572
<b>Unrealized Gain (Loss) on Investments</b>	259,928	(369,534)
<b>Increase (Decrease) in Net Assets without Donor Restrictions</b>	248,568	(356,117)

**Hinds Community College Foundation**  
**Statements of Activities**  
**Years Ended December 31, 2023 and 2022**

**(Continued)**

	<b>2023</b>	<b>2022</b>
<b>Net Assets With Donor Restrictions</b>		
Support		
Gift pledges	\$ 4,029,419	\$ 3,931,034
Interest and investment income	442,805	375,395
Special events	1,000	1,000
Realized gain (loss) on investments	(103,911)	262,397
Centennial income	5,298	30,346
Lease income	918,225	818,225
<b>Total with Donor Restrictions Support</b>	5,292,836	5,418,397
<b>Net Assets Released from reRtrictions</b>	(3,896,217)	(4,640,884)
<b>Total with Donor Restrictions Support and Reclassifications</b>	1,396,619	777,513
<b>Unrealized Gain (Loss) on Investments</b>	2,054,305	(3,050,022)
<b>Increase (Decrease) in Net Assets with Donor Restrictions</b>	3,450,924	(2,272,509)
<b>Increase (Decrease) in Net Assets</b>	\$ 3,699,492	\$ (2,628,626)

**Hinds Community College Foundation**  
**Statements of Changes in Net Assets**  
**Years Ended December 31, 2023 and 2022**

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	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Balance, December 31, 2021</b>	\$ 1,078,886	\$ 19,837,095	\$ 20,915,981
Decrease in net assets	<u>(356,117)</u>	<u>(2,272,509)</u>	<u>(2,628,626)</u>
<b>Balance, December, 31, 2022</b>	722,769	17,564,586	18,287,355
Increase in net assets	<u>248,568</u>	<u>3,450,924</u>	<u>3,699,492</u>
<b>Balance December 31, 2023</b>	<u><u>\$ 971,337</u></u>	<u><u>\$ 21,015,510</u></u>	<u><u>\$ 21,986,847</u></u>

**Hinds Community College District**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**

**Operating Activities**

Cash received from customers	\$ 16,306,272
Tuition and fees	43,397,953
Institutional payments for scholarships and fellowships	(43,397,953)
Grants and contracts	20,629,730
Sales and services of auxiliary enterprises	14,452,438
Payments to employees	(75,200,283)
Payments to suppliers for goods and services	(48,064,006)
Cash payments to other organizations	(25,731,184)
Other receipts	901,698

**Net Cash Used in Operating Activities** (96,705,335)

**Noncapital Financing Activities**

Appropriations	51,586,912
Grants received	32,491,191
Other	58,350

**Net Cash Provided by Noncapital Financing Activities** 84,136,453

**Capital and Related Financing Activities**

Principal and interest paid on long-term debt	(3,933,282)
Acquisition of capital assets	(20,760,781)
Capital grants received	19,927,952
Capital appropriations	14,735,957
Principal paid on lease liability	(1,108,319)
Principal paid on subscription liability	(873,662)

**Net Cash Provided by Capital and Related Financing Activities** 7,987,865

**Investing Activities**

Purchases of investments	(3,000,000)
Sale of investments	2,795,653
Interest	261,037

**Net Cash Provided by Investing Activities** 56,690

**Decrease in Cash and Cash Equivalents** (4,524,327)

**Cash and Cash Equivalents, Beginning of Year** 17,413,193

**Cash and Cash Equivalents, End of Year** \$ 12,888,866

**Hinds Community College District**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**

**(Continued)**

**Reconciliation of Cash and Cash Equivalents to the  
Statement of Net Position**

Cash and cash equivalents	\$ 8,080,039
Restricted cash and cash equivalents-current	<u>4,808,827</u>

<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 12,888,866</u></b>
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**Reconciliation of Operating Loss to Net Cash  
Used in Operating Activities**

Operating loss	<u>\$ (120,134,205)</u>
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	11,879,094
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable, net	1,613,597
Inventories and other assets	14,862
Accounts payable and accrued expenses	3,093,917
Unearned revenues	(819,405)
Other current liabilities	(85,368)
Net change in pension related accounts	8,214,603
Net change in OPEB related accounts	(564,106)
Compensated absences	<u>81,676</u>
	<u>23,428,870</u>

<b>Net Cash Used in Operating Activities</b>	<b><u>\$ (96,705,335)</u></b>
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**Noncash Investing, Capital and Financing Activities**

Capital assets acquired through noncash capital grants and gifts	\$ 2,070,448
Lease and subscription assets obtained through lease and subscription liabilities	<u>\$ 527,642</u>

**Hinds Community College Foundation**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Increase (decrease) in net assets	\$ 3,699,492	\$ (2,628,626)
Adjustment to reconcile increase in net assets to net cash provided by operating activities		
Depreciation expense	719,055	705,583
Amortization expense	34,294	34,294
Unrealized gain (loss) on investments	(2,314,233)	3,419,556
Realized gain (loss) on investments	109,007	(289,141)
(Increase) Decrease in Contribution receivables	<u>(158,106)</u>	<u>-</u>
<b>Net Cash Provided by Operating Activities</b>	<u>2,089,509</u>	<u>1,241,666</u>
<b>Investing Activities</b>		
Capitalized construction and loan costs	(102,867)	(241,133)
Purchase of investments	(9,340,973)	(5,504,875)
Proceeds from sale of investments	<u>8,130,114</u>	<u>5,372,589</u>
<b>Net Cash Used in Investing Activities</b>	<u>(1,313,726)</u>	<u>(373,419)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	775,783	868,247
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>4,875,137</u>	<u>4,006,890</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 5,650,920</u></u>	<u><u>\$ 4,875,137</u></u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for Interest	\$ 181,508	\$ 181,508

***Hinds Community College District  
Notes to the Financial Statements  
Year Ended June 30, 2024***

## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

### ***Nature of Operations and Reporting Entity***

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 13-member Board of Trustees, selected by the Board of Supervisors of Hinds, Rankin, Warren, Copiah and Claiborne Counties who support the District through locally assessed ad valorem tax millage. One of the trustees from each of the supporting counties must be the 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.

Hinds Community College Foundation (the Foundation) is a legally separate, tax-exempt organization chartered in the State of Mississippi in 1979 to enhance the educational mission of the District by providing a vehicle for private sector support and by increasing community awareness of the programs and services offered by the District. The Foundation has a December 31 year end. The Foundation's support is primarily provided by contributions from alumni and other individuals and businesses. The Foundation is being included as a discretely presented component unit in the District's basic financial statements, in accordance with the criteria outlined by the Governmental Accounting Standards Board (GASB).

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

A separate financial statement of the Foundation can be obtained by contacting Hinds Community College Foundation, P. O. Box 1100, Raymond, MS 39154-1100.

### ***Basis of Accounting and Presentation***

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by GASB, including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*. The District follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive look at the District's financial activities.

The basic financial statements of the District have been prepared using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned, and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay, which is in accordance with GAAP.

### ***Cash Equivalents***

For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents consist primarily of money market mutual funds and certificates of deposit.



### ***Restricted Cash and Cash Equivalents***

Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as restricted cash and cash equivalents on the statement of net position.

### ***Accounts Receivable***

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

### ***Inventories***

Inventories consist of the bookstore, 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 method.

### ***Short-Term Investments***

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

The District has investments in certificates of deposit and U.S. Treasury Securities which are short-term in nature and for which the fair value approximates cost. The fair value of all the District's investments in marketable securities are based upon quoted prices for these securities in active markets (Level 1 measurements). Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value, and the net change for the year in the fair value of investments carried at fair value.

### ***Endowment 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.

### ***Fair Value Measurements***

GASB requires entities to group assets and liabilities that are carried at fair value in their financial statements into three levels based on the markets in which these assets and liabilities are traded, and the reliability of assumptions used to determine their fair value. These levels are as follows:

- Level 1** Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2** Valuation is based upon quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active.
- Level 3** Valuation is based on significant valuation assumptions that are not readily observable in the market.

GAAP requires disclosures of an estimate of fair value of certain financial instruments. The District's significant financial instruments are cash, accounts receivable, marketable securities, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

**Capital Assets (Including Intangible Assets)**

Capital assets are recorded at cost at the date of acquisition, or if donated, at acquisition 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 expense categories. Expenses for construction in progress are capitalized as incurred.

The following is used to compute depreciation:

	<u>Useful Lives</u>	<u>Salvage Values</u>	<u>Capitalization</u>
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 materials	10 years	-	\$ -

**Lease Assets**

Lease assets are initially recorded at the initial measurement period of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentive received from the lessor at or before commencement of the lease, plus initial direct costs that are ancillary to place the asset into service using a threshold of \$30,000. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

**Subscription Assets**

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

**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 net 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 and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net 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 and so will not be recognized as an inflow of resources (revenue) until that time.

**Hinds Community College District**  
**Notes to Financial Statements**  
**June 30, 2024**

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Deferred outflows of resources and deferred inflows of resources presented in the financial statements pertain to the pension plan, other post-employment benefits (OPEB) and cost of refunding debt as further described in *Notes 6, 7 and 8*.

***Lease Liability***

The District is a lessee for noncancellable leases. The District recognizes a lease liability and an intangible right-to-use asset (lease asset) in the financial statements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

***Subscription Liability***

The District has entered into noncancelable contracts for subscription based intangible assets. The District recognizes a subscription liability and a SBITA asset in the financial statements. At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made.

The District monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

***Compensated Absences***

Full-time employees earn annual leave after 6 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; and 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 up to 240 hours of accumulated annual leave.

***Pensions***

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

***Other Postemployment Benefits (OPEB) Other than Pensions***

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

### ***Net Position***

Net position is classified into three components. Net investment in capital assets consists of capital assets, leases, and subscription assets, net of accumulated depreciation and amortization and is reduced by the outstanding balances of borrowing used to finance the purchase or construction of those assets. Nonexpendable restricted net position is gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position is 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 borrowing. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted expendable or nonexpendable net position.

The District reported a deficit for unrestricted net position of (\$120,621,617). This deficit can be attributed to the full recognition of net pension and net OPEB liabilities.

### ***Classification of Revenues***

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

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

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state and local appropriations and investment income.

### ***State Appropriations***

The District receives funds for general operations from the State of Mississippi through the Mississippi Community College Board (MCCB). 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 the remaining 85% of the appropriations are allocated based on the District'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, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash.

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

***Change in Accounting Standard***

During fiscal year 2024, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this standard improve the clarify of the account and financial reporting requirements for accounting changes and error corrections, which result in greater consistency in application in practice. The District adopted the requirements of the guidance effective July 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption.

**Note 2. Deposits and Investments**

***Cash, Cash Equivalents, and 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 credit risk is the risk that, in the event of a depository failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk. Deposits above Federal Deposit Insurance Corporation (FDIC) coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the District 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 FDIC.

The carrying amount of deposits with financial institutions reported in the statement of net position as unrestricted cash and cash equivalents was \$8,080,039 for the District.

***Investments***

Credit Risk - Investment policies are set forth by state statute. Investments are reported at fair value. 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; and (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration.

***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. Treasury securities are presented as investments with maturities of less than one year because they are redeemable in full immediately.

**Hinds Community College District**  
**Notes to Financial Statements**  
**June 30, 2024**

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***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, 2024, there is no custodial credit risk associated with any investments.

***Concentration of Credit Risk***

Disclosure of investments by amounts and issuer for any issuer that represents 5% or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds and external investments pools, and other pooled investments. As of June 30, 2024, the District did not have any investments to which this would apply.

<u>Investment Type</u>	<u>Fair Value</u>
Short-term investments	\$ 9,292,810
Marketable securities	<u>50,317</u>
	<u><u>\$ 9,343,127</u></u>

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

The District has the following recurring fair value measurements as of June 30, 2024:

- Short-term investments of \$9,292,810 are valued using quoted market prices (Level 1 inputs) and include \$8,560,486 of U.S. Treasury Bonds and \$732,324 of certificates of deposit.
- Marketable securities of \$50,317 are valued using quoted market prices (Level 1 inputs)

**Note 3. Accounts Receivable**

The District's accounts receivable at June 30, 2024 consisted of the following:

Student tuition	\$ 10,816,825
Federal, state, and private grants and contracts	7,901,238
State appropriations	2,633,313
Other	<u>451,122</u>
	21,802,498
Allowance for doubtful accounts	<u>(4,331,780)</u>
	<u><u>\$ 17,470,718</u></u>

**Note 4. Promissory Note Receivable**

The District entered into a Fund Promissory Note agreement (Leveraged Loan) with COCRF Investor 120, LLC (the borrower). The note commenced on December 18, 2017. The note is secured by a security agreement with the borrower. Interest is due to the District quarterly on March 15, June 15, September 15, and December 15 of each year. Interest will be earned at an annual rate of 1%. The balance of the promissory note at June 30, 2024 was \$9,649,800. Payments will be made for interest only through December 15, 2024; commencing on March 15, 2025 payments of principal and interest will be made. The note matures on December 17, 2047. See Note 17.

**Hinds Community College District**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 5. Capital, Lease, and Subscription Assets**

A summary of changes in capital assets for the year ended June 30, 2024 is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Construction Completed</u>	<u>Ending Balance</u>
Nondepreciable capital assets					
Land	\$ 7,609,053	\$ -	\$ -	\$ -	\$ 7,609,053
Construction in progress	8,577,074	18,541,665	-	(1,950,734)	25,168,005
Livestock	91,300	2,200	-	-	93,500
	<u>16,277,427</u>	<u>18,543,865</u>	<u>-</u>	<u>(1,950,734)</u>	<u>32,870,558</u>
Depreciable capital assets					
Buildings	176,204,082	146,453	-	-	176,350,535
Improvements - buildings and other	109,513,028		-	1,950,734	111,463,762
Library materials	2,604,482	62,044	(36,937)	-	2,629,589
Furniture and equipment	24,262,013	2,045,736	(1,019,931)	-	25,287,818
Aircraft	-	79,600	-	-	79,600
	<u>312,583,605</u>	<u>2,333,833</u>	<u>(1,056,868)</u>	<u>1,950,734</u>	<u>315,811,304</u>
Accumulated depreciation					
Buildings	78,061,477	2,871,927	-	-	80,933,404
Improvements - buildings and other	43,544,256	4,179,002	-	-	47,723,258
Library materials	1,892,113	91,090	(33,243)	-	1,949,960
Furniture and equipment	16,919,434	2,206,924	(1,005,245)	-	18,121,113
Aircraft	-	3,317	-	-	3,317
	<u>140,417,280</u>	<u>9,352,260</u>	<u>(1,038,488)</u>	<u>-</u>	<u>148,731,052</u>
Total depreciable capital assets, net	<u>172,166,325</u>	<u>(7,018,427)</u>	<u>(18,380)</u>	<u>1,950,734</u>	<u>167,080,252</u>
Capital assets, net	<u>\$ 188,443,752</u>	<u>\$ 11,525,438</u>	<u>\$ (18,380)</u>	<u>\$ -</u>	<u>\$ 199,950,810</u>

Depreciation is computed on a straight-line basis with the exception of the library books category, which is computed using a composite method.



**Hinds Community College District**  
**Notes to Financial Statements**  
**June 30, 2024**

The details of construction in progress are as follows:

<b>Governmental Activities</b>	<b>Spent to June 30, 2024</b>	<b>Remaining Commitments</b>
Williams Dorm Replacement	\$ 615,859	\$ -
Maritime Building Purchase & Renovation	4,279,250	680,000
Pedestrian Sidewalk-Raymond-MDOT	1,311,406	369,000
Rankin Health Sciences Complex	4,205,240	46,100,000
BB.205-082: Career-Technical Improvements	3,027,152	1,080,812
FY23 Reconstruct Taxiway/Runway 12/30 Lighting	1,377,066	293,764
HEERF Utica Residence Hall	10,328,602	13,000,000
FY24 Boyd Gym Fire Alarm Renovation MCCB	3,030	-
FY24 Indoor Track/Practice Facility	20,400	-
	<u>\$ 25,168,005</u>	<u>\$ 61,523,576</u>

Construction projects included above are funded through federal sources \$13,000,000, state sources \$22,144,535, local sources \$26,305,240, and institutional sources \$73,800.

A summary of changes in lease assets for the year ended June 30, 2024 is presented as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Lease assets				
Equipment	\$ 1,708,214	\$ 53,911	\$ -	\$ 1,762,125
Building	1,265,492	-	-	1,265,492
Vehicle	-	473,731	-	473,731
	<u>2,973,706</u>	<u>527,642</u>	<u>-</u>	<u>3,501,348</u>
Less accumulated amortization				
Equipment	1,028,619	535,598		1,564,217
Building	740,776	424,974		1,165,750
Vehicle	-	108,033	-	108,033
	<u>1,769,395</u>	<u>1,068,605</u>	<u>-</u>	<u>2,838,000</u>
Lease assets, net	<u>\$ 1,204,311</u>	<u>\$ (540,963)</u>	<u>\$ -</u>	<u>\$ 663,348</u>

**Hinds Community College District**  
**Notes to Financial Statements**  
**June 30, 2024**

A summary of changes in subscription assets for the year ended June 30, 2024, is presented as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Subscription IT asset	\$ 8,971,133	\$ -	\$ -	\$ 8,971,133
Less accumulated amortization				
Subscription IT asset	<u>1,521,652</u>	<u>1,556,766</u>	<u>-</u>	<u>3,078,418</u>
Subscription assets, net	<u>\$ 7,449,481</u>	<u>\$ (1,556,766)</u>	<u>\$ -</u>	<u>\$ 5,892,715</u>

**Note 6. 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, 2024.

Information regarding original issue amounts, interest rates, and maturity dates for bonds and notes included in the long-term liabilities balance at June 30, 2024 is listed in the following schedule:

<b>Description and Purpose</b>	<b>Original Issue</b>	<b>Annual Interest Rate</b>	<b>Maturity</b>	<b>Beginning Balance June 30, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2024</b>	<b>Due Within One Year</b>
2016 MS Development Bank, Refunding Bond Rankin	\$ 26,060,000	2.00-4.00%	October 1, 2033	\$ 21,805,000	\$ -	\$ 1,305,000	\$ 20,500,000	\$ 1,485,000
2017 HCCD General Taxable Obligation Note	\$ 8,000,000	3.99%	August 1, 2032	5,866,000	-	483,000	5,383,000	700,000
2017 MS Dev Bank - Special Obligation Refunding Bonds	\$ 17,770,000	3.00-3.22%	April 1, 2041	<u>15,995,000</u>	<u>-</u>	<u>680,000</u>	<u>15,315,000</u>	<u>503,000</u>
				<u>\$ 43,666,000</u>	<u>\$ -</u>	<u>\$ 2,468,000</u>	<u>\$ 41,198,000</u>	<u>\$ 2,688,000</u>
Bond Discount/Premium								
Bond discount, net				\$ (57,834)	\$ -	\$ (5,519)	\$ (52,315)	
Bond premium, net				<u>750,161</u>	<u>-</u>	<u>123,639</u>	<u>626,522</u>	
Total Bond Discount/Premium				<u>692,327</u>	<u>-</u>	<u>118,120</u>	<u>574,207</u>	
Compensated Absences				<u>\$ 2,267,920</u>	<u>\$ 81,676</u>	<u>\$ -</u>	<u>\$ 2,349,596</u>	<u>\$ 326,325</u>

**Hinds Community College District**  
**Notes to Financial Statements**  
**June 30, 2024**

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

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 2,688,000	\$ 1,399,041	\$ 4,087,041
2026	2,845,000	1,295,832	4,140,832
2027	2,997,000	1,186,745	4,183,745
2028	3,170,000	1,071,311	4,241,311
2029	3,350,000	949,120	4,299,120
2030-2034	18,873,000	2,782,580	21,655,580
2035-2039	5,030,000	861,694	5,891,694
2040-2043	2,245,000	110,013	2,355,013
	<u>\$ 41,198,000</u>	<u>\$ 9,656,336</u>	<u>\$ 50,854,336</u>

**Note 7. Defined Benefit Pension Plan**

***General Information about the Pension Plan***

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

**Benefits Provided.** Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment, and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% 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% 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 4 highest compensated years of creditable service. Benefits vest upon completion of 8 years of membership service (4 years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A COLA payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0% 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% compounded for each fiscal year thereafter.

**Contributions.** PERS members are required to contribute 9.00% of their annual covered salary, and the institution is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2023 was 17.40% of annual covered payroll. Plan provisions and the PERS' Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by

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the Mississippi Legislature. The District's contributions to PERS for the fiscal years ended June 30, 2024, 2023 and 2022 were \$9,239,039, \$9,194,660 and \$9,421,595, respectively, which equaled the required contributions for each year.

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

At June 30, 2024, the District reported a liability of \$179,294,706 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability was 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. The District's proportionate share used to calculate the June 30, 2024 net pension liability was 0.712864%, which was based on a measurement date of June 30, 2023. This was a decrease of 0.073665% from its proportionate share used to calculate the June 30, 2023 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$17,489,790. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,014,824	\$ -
Net difference between projected and actual earnings on pension plan investments	4,489,276	-
Changes of assumptions	21,052,563	-
Changes in proportion and difference between contributions and proportionate share of contributions	-	13,480,396
Contributions subsequent to the measurement date	9,239,039	-
	<u>\$ 41,795,702</u>	<u>\$ 13,480,396</u>

\$9,239,039 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	
2025	\$ 5,497,496
2026	2,706,946
2027	10,818,474
2028	53,351
	<u>\$ 19,076,267</u>

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**Actuarial Assumptions**

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

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

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	27.00%	4.75%
International Equity	22.00	4.75
Global Equity	12.00	4.95
Debt Securities	20.00	1.75
Real Estate	10.00	3.25
Private Equity	8.00	6.00
Cash Equivalents	1.00	0.25
	<u>100%</u>	

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be phased in to 22.40% over three fiscal years

(17.40% for fiscal year end 2024, 19.40% for fiscal year end 2025, 21.40% for fiscal year end 2026, and 22.40% for fiscal year end 2027). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of net pension liability	\$ 231,205,070	\$ 179,294,706	\$ 136,696,484

**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. Other Postemployment Benefit (OPEB) Plan**

**General Information about the OPEB Plan**

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

**Benefits Provided**

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

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age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

**Contributions**

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees, while employees' premiums are funded primarily by their employer. Contributions to the OPEB Plan from the District were \$218,850 for the year ended June 30, 2024.

***OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2024, the District reported a liability of \$5,055,660 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2023, the District's proportion was 0.91360461%. This was a decrease of 0.03775420% from the proportionate share as of the measurement date of June 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$345,253). On June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 828,722	\$ 1,427,343
Changes of assumptions	451,650	380,334
Net difference between projected and actual earnings on OPEB Plan investments	311	-
Contribution subsequent to the measurement date	218,850	-
Changes in proportion and difference between contributions and proportionate share of contributions	99,628	303,187
	<u>\$ 1,599,161</u>	<u>\$ 2,110,864</u>

\$218,850 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2025.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30</b>	
2025	\$ (231,877)
2026	(289,204)
2027	(224,847)
2028	(56,170)
2029	33,928
Thereafter	37,617
	<u>\$ (730,553)</u>

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

Inflation	2.40%
Salary increases	2.65%-17.90%, including wage inflation
Municipal Bond Index Rate	
Measurement date	3.66%
Prior measurement date	3.37%
Year Fiduciary Net Position is projected to be depleted	
Measurement date	2023
Prior measurement date	2022
Single Equivalent Interest Rate, net of OPEB Plan investment expense, including inflation	
Measurement date	3.66%
Prior measurement date	3.37%
Healthcare Cost Trends	
Medicare supplement claims	
Pre-Medicare	6.5% for 2024 decreasing to an ultimate rate of 4.50% by 2029 FYE

Mortality rates for service retirees for the June 30, 2023 measurement date were based on the PubS.H-2010(B) Retiree Table with the following adjustments – for males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Additionally, the PubG.H-2010 Disabled Table was used for disabled retirees with the following adjustments - 134% of male rates at all ages and 121% of female rates at all ages. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.



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

**Discount Rate.** The discount rate used to measure the total OPEB liability at June 30, 2023 was 3.66%. Since the prior measurement date, the discount rate has changed from 3.37% to 3.66%. The trust was established on June 28, 2018, with an initial contribution of \$1,000,000. As of June 30, 2023, the trust has \$1,067,750. The fiduciary net position is projected to be depleted immediately; therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2023 and the June 30, 2022 total OPEB liability. The discount rate was based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.66%) or 1-percentage point higher (4.66%) than the current discount rate:

	<u>1% Decrease (2.66%)</u>	<u>Current Discount (3.66%)</u>	<u>1% Increase (4.66%)</u>
Net OPEB liability	\$ 5,537,696	\$ 5,055,660	\$ 4,637,731

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 4,710,774	\$ 5,055,660	\$ 5,441,932

**OPEB Plan Fiduciary Net Position.** Detailed information about the OPEB Plan's fiduciary netposition is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

**Note 9. Lease Liabilities**

In 2021, a 60-month van lease was executed as a result of a cost benefit analysis.

As further discussed in Note 17, the District and the Foundation constructed a new facility at the Vicksburg-Warren campus under the New Market Tax Credit Program (NMTC Program). In connection with this project, the District and the Foundation executed leases considered necessary to complete the transaction. The District leases to the Foundation the land at the Vicksburg-Warren campus where the building is constructed. This lease has a term of 50 years from December 18, 2017, and consideration paid to the District under the lease was \$10. Upon expiration of the ground lease agreement described above, the Foundation will surrender to the District the land and all improvements constructed on the land. This ground lease is outside of the scope of GASB 87 and is not recorded as a lease asset or lease liability.

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Secondary to the ground lease, the District and the Foundation entered into a lease, whereby the District leases the completed building from the Foundation. This lease commenced on June 1, 2019 and has a term of 29 years. This lease will be paid in quarterly installments of \$25,000 ranging to \$125,000 over a period of 28 years and 7 months. In addition to the quarterly payments, the District pays all operating costs relating to the building, including utilities, taxes, insurance, and any operating maintenance costs. The underlying building lease is also subject to the NMTC Program discussed above and in *Note 17*. The Investment Fund Put/Call Agreement within the NMTC Program establishes the ability for the parties to terminate the program following the end of the tax credit investment period in accordance with the statutes governing NMTC transactions. Upon termination of the NMTC Program, the ownership of the building transfers to the District. As the parties expect to terminate the NMTC Program at the end of the tax credit investment period, the related lease asset and lease liability were calculated through 2025.

Finally, the District and the Foundation entered into an equipment lease, whereby the District leases from the Foundation certain furniture, fixtures, and equipment installed in the completed building. This equipment lease commenced on June 1, 2019 and has a term of 5 years. The lease requires quarterly installments of \$129,556 for the term of the lease. In addition to the quarterly payments, the District pays all operating and maintenance costs associated with the leased items. At the expiration of the lease, all leased items will revert to the Foundation.

All rental lease payments are different than the amounts presented in the Foundation's report. However, the District believes the figures presented below are accurate.

The following table provides a roll forward of lease liabilities.

<b>Description and Purpose</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2024</b>	<b>Due Within One Year</b>
Lease liabilities	\$ 1,307,273	\$ 527,642	\$ (1,108,319)	\$ 726,596	\$ 378,157

The following is a schedule by year of payments under the leases as of June 30, 2024:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payments</b>
2025	\$ 378,157	\$ 15,634	\$ 393,791
2026	128,647	10,499	139,146
2027	118,198	6,328	124,526
2028	94,287	2,143	96,430
2029	7,307	34	7,341
	<u>\$ 726,596</u>	<u>\$ 34,638</u>	<u>\$ 761,234</u>

## **Note 10. Subscription Liabilities**

The District has various SBITAs for accounting and educational software, the terms of which expire in various years through 2029. The subscriptions were measured based upon the index at commencement of the SBITA term.

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The following table provides a roll forward of SBITA liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
SBITA liabilities	\$ 6,040,926	\$ -	\$ (873,662)	\$ 5,167,264	\$ 911,196

The following is a schedule by year of payments under the SBITAs as of June 30, 2024:

<u>Year Ending June 30</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,115,659	\$ 911,196	\$ 204,463
2026	1,202,982	1,151,568	51,414
2027	1,114,982	1,010,825	104,157
2028	1,104,482	1,034,295	70,187
2029	1,094,982	1,059,380	35,602
Total future payments	<u>\$ 5,633,087</u>	<u>\$ 5,167,264</u>	<u>\$ 465,823</u>

## **Note 11. Contingencies**

**Federal Grants** - The District has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expense or disbursement of resources for allowable purposes. Any disallowance resulting from the grantor audit may become a liability of the District.

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

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**Note 12. Natural Classifications with Functional Classifications**

	Salaries and Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships and Fellowships	Commodities	Depreciation and Amortization	Other	Total
Instruction	\$ 27,968,546	\$ 4,876,417	\$ 469,419	\$ 2,659,777	\$ 28,128	\$ -	\$ 1,744,996	\$ -	\$ 224,505	\$ 37,971,788
Academic support	2,404,296	319,229	12,030	128,867	561	-	66,602	-	61,401	2,992,986
Student services	8,002,483	1,489,078	660,934	632,485	24,428	-	968,024	-	51,390	11,828,822
Institutional support	9,539,443	2,045,738	211,009	19,815,917	255,279	-	920,083	-	2,976,779	35,764,248
Operation of plant	5,187,125	1,352,584	6,758	739,725	3,122,648	-	1,195,960	-	77,694	11,682,494
Student aid	-	-	-	-	-	25,731,184	-	-	-	25,731,184
Auxiliary enterprises	2,318,637	503,196	10,862	9,746,086	1,384,195	-	1,012,204	-	38,846	15,014,026
Bad debt expense	-	-	-	-	-	-	-	-	1,839,825	1,839,825
Pension expense	-	17,489,790	-	-	-	-	-	-	-	17,489,790
OPEB expense	-	(564,106)	-	-	-	-	-	-	-	(564,106)
Depreciation and amortization	-	-	-	-	-	-	-	11,879,094	-	11,879,094
	<u>\$ 55,420,530</u>	<u>\$ 27,511,926</u>	<u>\$ 1,371,012</u>	<u>\$ 33,722,857</u>	<u>\$ 4,815,239</u>	<u>\$ 25,731,184</u>	<u>\$ 5,907,869</u>	<u>\$ 11,879,094</u>	<u>\$ 5,270,440</u>	<u>\$ 171,630,151</u>

**Note 13. Related-Party Transactions**

The District 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 owes the District for payroll related expenses of the Donor Relations/Specialist Projects Coordinator as of June 30, 2024.

Other transactions between the Foundation and the District for the year ended June 30, 2024 are as follows:

Scholarships to the District	\$	251,586
Grants to the District		9,844
Reimburse to the District		
for salaries and miscellaneous		<u>125,478</u>
	\$	<u><u>386,908</u></u>

See Note 17 regarding lease between the Foundation and the District.

**Note 14. 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, 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 15. 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 of investment values and allowances for accounts receivable that could negatively impact the District's ability to maintain sufficient liquidity.

## **Note 16. Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$121,621,617) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$9,239,039 resulting from the District contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The \$32,556,663 balance of deferred outflow of resources related to pensions at June 30, 2024 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$121,621,617) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$218,850 resulting from the District contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. The \$1,380,311 balance of deferred outflows of resources related to OPEB at June 30, 2024 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The net investment in capital assets amount of \$159,033,504 includes the effect of deferring the recognition of expenses resulting from costs of refunding debt. The \$2,474,177 balance of deferred outflow of resources related to costs of refunding debt at June 30, 2024 will be recognized as expense and will decrease the net investment in capital assets net position.

The unrestricted net position amount of (\$121,621,617) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$13,480,396 of deferred inflow of resources related to pensions at June 30, 2024 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$121,621,617) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$2,110,864 balance of deferred inflow of resources related to OPEB at June 30, 2024 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

## **Note 17. New Market Tax Credit Program**

During fiscal year ended June 30, 2018, the District, along with the Foundation, entered into a New Market Tax Credit Program, which is administered by the Community Development Financial Institution (CDFI) of the U.S. Department of the Treasury. This program is designed to encourage capital investment in low-income communities that have inadequate access to capital. Investment vehicles known as Community Development Entities (CDEs) are certified by the CDFI Fund to apply for allocation credits. These credits allow investors a credit against federal and state income taxes for making a qualified investment in the CDE. These credits are extended over a seven-year period to generate private investment. The purpose of the program is to construct a new facility at the Vicksburg-Warren Campus of the District.

**Hinds Community College District**  
**Notes to Financial Statements**  
**June 30, 2024**

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The transaction was structured with the Foundation establishing a separate operating segment as the qualified active low-income community business for the purpose of administering the loan proceeds, constructing the facility, renting the facility to the District, and making payments on the loans (See *Note 9* for lease information). The \$13,880,000 loans carry an interest rate of 1.307692% and are collateralized by the building. Payments on these loans will be interest only through the year 2025, and principal and interest will begin in 2025 through December 17, 2047.

The District is involved with certain financing of the program. The District received donations from the Enhanced Capital Mississippi NMTC Investment Fund III, LLC and Hinds Mississippi Credit Fund, LLC totaling \$1,847,526 in prior years. The District also issued its Taxable General Obligations Notes, Series 2017 in the original principal amount of \$8,000,000 in 2018. The proceeds from these transactions were used to provide a loan to COCRF Investor 120, LLC (borrower). See *Note 4* for details on the promissory note to the borrower.

**Note 18. Hinds County Schools Vocational Technical Center**

On June 30, 2018, Hinds Community College District entered into an agreement with the Hinds County School District for the operation of the Hinds County School District Career and Technical Center. This was to serve the needs of Hinds County School District in the areas of secondary career and technical education in providing training opportunities to secondary students during the normal school day. The District was designated as the operating agent to provide staffing, scheduling, and support of career and technical course offerings.

**Note 19. 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 District evaluated the activity of the District through the date the financial statements were available to be issued and determined that the following subsequent event has occurred that require disclosure in the notes to the financial statements.

The District entered into a new bond indenture on August 24, 2024 for \$42,500,000 for capital project purposes. The bonds mature through 5/31/2027 and bear interest at rates ranging from 3% to 4.70%.

***Hinds Community College Foundation  
Component Unit  
Notes to the Financial Statements  
Year Ended December 31, 2023***



**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

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 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 net assets with donor restrictions — depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Foundation uses the allowance method to determine uncollectible, unconditional promises to give. The allowance is based on experience from prior years and management's analysis of the 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 that are due in subsequent years are recorded at the amount pledged. 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, 2023 and 2022, the value of the 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.

**HINDS COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED**

Basis of Accounting

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

Investments, Property and Other Real Estate

All investment income, gains, and losses, with or without donor restrictions, are accounted for in the fund where the investment is allocated. Investments in marketable debt and equity securities are reported at fair market value. 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 donated property at fair market value as of the dates the investments were donated to the Foundation.

Investment income has been reduced by investment fees of \$84,176 and \$78,532 for the years ended December 31, 2023 and 2022, respectively.

Functional Classification

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

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.

**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED**

Net Assets with Donor Restrictions

Net assets with donor restrictions 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.

Investment Policy

Restricted assets for the Foundation at December 31, 2023 and 2022 include an endowment fund. Contributions to the fund are subject to donor restrictions that stipulate the original principal amount of the gift is to be held and invested by the Foundation indefinitely.

The endowment's purpose is to enhance the educational mission of Hinds Community College by providing a vehicle for private sector support and increasing community awareness of the programs and services offered by the College. All endowed accounts and accounts with donors actively working toward endowment status will be invested in the Hinds Community College Foundation endowment fund. The total in each account will receive a proportional amount of income or loss generated on a monthly basis.

Endowed scholarships will be established with a minimum cash gift of \$15,000. The gift will constitute the initial principal of the endowment, which is maintained indefinitely, and only the income earned is awarded through scholarships.

Endowed scholarship accounts may be established with less than \$15,000 with a designation of "endowment pending." While any account is in the endowment pending status, all gifts and income will be held until the account reaches the minimum required endowment level.

The Board of Directors has delegated investment policy management to the Finance Committee. It is their duty to develop policies that will state the manner and extent to which the funds of the Foundation shall be invested from time to time. No funds shall be invested without the Finance Committee's approval. It is their responsibility to monitor performance, including that of approved investment managers. These policies will be evaluated and updated annually.

Endowed funds are to be invested in a moderate growth strategy portfolio. Investment managers may invest up to 85% of funds in a combination of equities and alternative investments; however, no more than 15% of the maximum 85% allocation shall be invested in alternative investments.

**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED**

Interpretations of Relevant Law

The Foundation's Board has interpreted the State of Mississippi Code of 1972, cited as the Uniform Management of Institutional Funds Act as requiring the Board to use reasonable care, skill, and caution, as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds.

Spending Policy

The Foundation's spending policy is to allocate funds available for scholarships based on the three-year rolling average percentage return on endowments when scholarships are to be awarded. The rolling average is applied to the endowment fund's balance to determine the number of scholarships available. The Foundation believes this method is appropriate to apply the most recent investment earnings and to maintain its long-term goals.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets for financial statement purposes — ranging from seven to 40 years. This method closely reflects the true usage of property, plant, and equipment.

The Foundation capitalizes construction and equipment costs related to the new facilities at the Vicksburg-Warren Campus of Hinds Community College.

Revenue Recognition

Revenue is recognized on the accrual basis of accounting for financial statement purposes. The main source of revenue for the Foundation is contributions and investments, consisting of interest, dividends, and gains on the sale of investments. Investment income is recorded when earned by the Foundation. All contributions are considered available for unrestricted use unless specifically restricted by the donor. The Foundation does not currently have any long-term pledge contracts.

**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE B. INVESTMENTS**

At December 31, 2023 and 2022, the Foundation's investments were valued at a fair market value of \$19,262,644 and \$15,846,559, respectively, resulting in unrealized gain (loss) on investments of \$2,314,233 and \$(3,419,556).

At December 31, 2023, investments were composed of the following:

<u>Description</u>	<u>Cost</u>	<u>Market</u>
Mutual funds (Level 1)	\$ 7,846,795	\$ 8,365,199
Common stock (Level 1)	6,311,615	8,026,320
Fixed income (Level 1)	2,923,048	2,871,125
	<u>\$ 17,081,458</u>	<u>\$ 19,262,644</u>

At December 31, 2022, investments were composed of the following:

<u>Description</u>	<u>Cost</u>	<u>Market</u>
Mutual funds (Level 1)	\$ 6,423,230	\$ 5,799,561
Common stock (Level 1)	6,841,670	7,427,210
Fixed income (Level 1)	2,714,706	2,619,788
	<u>\$ 15,979,606</u>	<u>\$ 15,846,559</u>

A summary of other data for marketable securities is as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Proceeds from sales	<u>\$ 8,130,114</u>	<u>\$ 5,372,589</u>
Realized gain (loss) from sales	<u>\$ (109,007)</u>	<u>\$ 289,141</u>

**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE C. FAIR VALUE MEASUREMENTS**

The Foundation's investments are reported at fair value in the accompanying statements of financial position. The method used to measure fair value may produce an amount that might not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. FASB ASC 820, Fair Value Measurements and Disclosures, 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 quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets or liabilities; and Level 3 inputs consist of unobservable inputs and 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 or Level 3 inputs were available to the Foundation during 2023 and 2022. There have been no changes in the methodologies used at December 31, 2023 and 2022.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE C. FAIR VALUE MEASUREMENTS – CONTINUED**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Level 1 Fair Value Measurements*

The fair value of mutual funds is based on the quoted net asset values of the shares held by the Foundation at year-end. The fair values of common stock and corporate bonds are based on quoted market prices in an active market.

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 an accrual basis. Dividends are recorded on the ex-dividend date.

The Board of Directors annually reviews and approves the Foundation's fair value measurement policies and procedures. At least annually, the finance committee and the Board determine whether the valuation techniques used in fair value measurements are still appropriate.

**NOTE D. DONATED PROPERTY AND REAL ESTATE**

At December 31, 2023 and 2022, donated property and other real estate consisted of the following:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Land and buildings	\$ 187,000	\$ 187,000
Artwork	<u>23,762</u>	<u>23,762</u>
	<u>\$ 210,762</u>	<u>\$ 210,762</u>

The Foundation has additional real estate assets that they are actively marketing for sale. At both December 31, 2023 and 2022, these assets were valued at \$17,000.

**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE E. 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 or the Executive Director as of December 31, 2023 and 2022. All staff of the Foundation are employees of Hinds Community College.

**NOTE F. 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 (PERS) 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 only be amended 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 the Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005, or by calling (601) 359-3589 or (800) 444-PERS. The Foundation reimburses HCCD for these costs. Employer contributions were \$0 and \$1,849 for 2023 and 2022, respectively.

**NOTE G. SUBSEQUENT EVENTS**

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

**NOTE H. RESTRICTED ASSETS — CASH AND INVESTMENTS**

The Foundation had \$5,650,920 and \$4,875,137 of cash and cash equivalents and \$18,314,527 and \$15,238,372 of investments restricted by donors at December 31, 2023 and 2022, respectively. The restricted assets can only be used in accordance with donor restrictions and are not available to the Foundation for general expenditures.



**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE H. RESTRICTED ASSETS — CASH AND INVESTMENTS**

The Foundation had \$5,650,920 and \$4,875,137 of cash and cash equivalents and \$18,314,527 and \$15,238,372 of investments restricted by donors at December 31, 2023 and 2022, respectively. The restricted assets can only be used in accordance with donor restrictions and are not available to the Foundation for general expenditures.

**NOTE I. RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions are available for the following purposes:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Provide scholarship assistance	\$ 18,412,057	\$ 15,342,216
Provide for college departments and foundations	151,202	422,523
Provide for faculty and staff development	938,946	803,940
Provide for alumni chapters	59,098	-
Provide for athletic chapters	298,771	-
Grants	676,458	643,070
Other	<u>478,978</u>	<u>352,837</u>
	<u>\$ 21,015,510</u>	<u>\$ 17,564,586</u>

**NOTE J. INCOME TAXES**

The Foundation is a nonprofit foundation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 its 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 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 paid

**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

by the Foundation, they expense these monies a second time. The intra-fund revenues line in the donor restricted section of the statement of activities represents those monies that have been recognized as revenues twice and reduces the donor restricted support to the actual support received by the Foundation. Consequently, the intra-fund expenses line, in the program services expense section, represents those monies recognized as expenses in lieu of an intra-fund reclassification of monies, providing accurate totals for donor 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. ENDOWMENT FUND**

Net assets with donor restrictions at December 31, 2023 and 2022 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 to be expended for scholarships.

The composition of endowment net assets for this fund and the changes in endowment net assets as of December 31, 2023 and 2022 are as follows:

Endowment net assets, December 31, 2021	\$ 10,483,519
Contributions	233,968
Scholarship transfers	<u>15,888</u>
Endowment net assets, December 31, 2022	10,733,375
Contributions	854,758
Scholarship transfers	<u>121,913</u>
Endowment net assets, December 31, 2023	<u>\$ 11,710,046</u>

**NOTE M. NON-MONETARY DONATIONS**

During 2023 and 2022, the Foundation received non-monetary donations of \$53,547 and \$55,745, respectively.

**NOTE N. 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 into several banks with high credit standings. Accounts with these institutions were insured by the FDIC. The Foundation has not experienced any losses from such funds, and management believes the Foundation is not exposed to any significant credit risk for cash and equivalents. At December 31, 2023 and 2022, the Foundation had uninsured cash deposits at Merchants & Planters Bank of \$116,170 and \$229,978, respectively; Trustmark Bank of \$3,014,202 and \$2,291,665, respectively; and Capital One of \$0

**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

and \$0, respectively. Cash held in investment accounts was \$2,050,657 and \$1,840,937 at December 31, 2023 and 2022, respectively.

**NOTE O. NEW MARKET TAX CREDIT PROGRAM**

During the year ended December 31, 2017, the Foundation, along with Hinds Community College, entered into a New Market Tax Credit Program, which is administered by the Community Development Financial Institution (CDFI) of the U.S. Department of the Treasury. The program is designed to encourage capital investment in low-income communities with inadequate access to capital. Investment vehicles, known as Community Development Entities (CDEs) are certified by the CDFI Fund to apply for allocation credits. These credits permit investors a credit against federal and state income taxes for making a qualified equity investment in the CDE. These credits are extended over a seven-year period to generate private investment. The purpose of the program is to construct new facilities at the Vicksburg-Warren Campus of Hinds Community College.

The Foundation has established a separate operating segment for the purpose of administering the loan proceeds, making interest payments, and renting facilities to Hinds Community College. During the construction phase of the new facility, a separate operating segment will make interest-only payments on the loan.

The activity of the program substantially began in December 2017, with the receipt of \$13,896,926 in loan proceeds that were used to pay \$1,028,827 in closing costs. In April 2019, the construction of the new facility was completed. Closing costs have been capitalized and will be amortized over the life of the loan. For each of the years ended December 31, 2023 and 2022, the amortization expense was \$34,294.

Additionally, the loan proceeds were used to make initial payments on construction costs and equipment. Through December 31, 2023, total construction costs and equipment costs in the amount of \$12,818,054 have been capitalized due to the completion of the construction.

Additionally, the Foundation maintains multiple bank accounts in the administration of the program. At December 31, 2023, there were six bank accounts totaling \$3,346,479. At December 31, 2022, there were five bank accounts totaling \$2,708,943.

The Foundation received no contribution income from the program in the years ended December 31, 2023 and 2022.

**HINDS COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE O. NEW MARKET TAX CREDIT PROGRAM — CONTINUED**

After the completion of the new facility in 2019, the Foundation began leasing the building and equipment to Hinds Community College. Lease income was \$918,225 and \$818,225 for the years ended December 31, 2023 and 2022, respectively. Lease payments for the next five years are as follows:

2024	\$	715,927
2025	\$	720,584
2026	\$	720,584
2027	\$	720,584
2028	\$	720,584

**NOTE P. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Foundation monitors its liquidity so that it can meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Foundation has the following financial assets that can readily be made available within one year of the balance sheet date to fund expenses without limitations:

	<u>2023</u>	<u>2022</u>
Investments	\$ 8,243,099	\$ 5,732,325
Cash and Cash Equivalents	<u>5,617,382</u>	<u>4,771,520</u>
	<u>\$ 13,860,481</u>	<u>\$ 10,503,845</u>

**NOTE Q. PROPERTY AND EQUIPMENT**

Property and equipment stated at cost are summarized as follows:

	<u>2023</u>	<u>2022</u>
Building	\$ 9,663,195	\$ 9,663,195
Equipment	<u>3,154,859</u>	<u>3,051,992</u>
	12,818,054	12,715,187
Less accumulated depreciation	<u>(3,122,284)</u>	<u>(2,403,229)</u>
Total property and equipment	<u>\$ 9,695,770</u>	<u>\$ 10,311,958</u>

**HINDS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE R. OTHER ASSETS**

Other assets are summarized as follows:

	<u>2023</u>	<u>2022</u>
Loan costs	\$ 1,028,826	\$ 1,028,826
Less accumulated amortization	<u>(157,181)</u>	<u>(122,888)</u>
Total other assets	<u>\$ 871,645</u>	<u>\$ 905,939</u>

**NOTE S. LONG-TERM DEBT**

In both years ended December 31, 2023 and 2022, the Foundation had a 30–year note with Enhanced Capital New Market Development Fund in the amount of \$10,000,000 to finance the construction of the new facility related to the New Market Tax Credit Program. The note is an interest only note until January 2025. The note bears interest at 1.31% and matures in December 2047.

Additionally, in both years ended December 31, 2023 and 2022, the Foundation had a 30–year note with Southern Community Capital in the amount of \$3,880,000 to finance the construction of the new facility related to the New Market Tax Credit Program. The note is an interest only note until January 2025. The note bears interest at 1.31% and matures in December 2047.

At December 31, 2023 and 2022, the outstanding balance on these notes was \$13,880,000.

Annual maturities of long-term debt are as follows:

2024	\$ -
2025	520,793
2026	527,598
2027	534,532
2028	551,556
Thereafter	<u>11,745,521</u>
Total	<u>\$ 13,880,000</u>

***Required Supplementary Information***

**Hinds Community College District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**PERS**  
**Last Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.712864%	0.786529%	0.812699%	0.848415%	0.844557%	0.837254%	0.831257%	0.825900%	0.827972%	0.846377%
District's proportionate share of the net pension liability	\$ 179,294,706	\$ 161,896,290	\$ 120,120,464	\$ 164,243,285	\$ 148,574,240	\$ 139,260,215	\$ 138,183,126	\$ 147,526,363	\$ 127,988,144	\$ 102,734,671
District's covered payroll	\$ 52,842,874	\$ 54,147,098	\$ 54,036,236	\$ 56,493,885	\$ 55,003,810	\$ 53,466,698	\$ 53,325,613	\$ 52,834,806	\$ 51,726,959	\$ 51,718,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	339.30%	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

\* The amounts presented for each fiscal year 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. GASB 68 was implemented in FY 6/30/2015, and the District has compiled a full 10-year trend.

**Hinds Community College District**  
**Schedule of the District's Pension Contributions**  
**PERS**  
**Last Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 9,239,039	\$ 9,194,660	\$ 9,421,595	\$ 9,402,305	\$ 9,829,936	\$ 8,663,100	\$ 8,421,005	\$ 8,398,784	\$ 8,321,482	\$ 8,146,996
Contributions in relation to the contractually required contribution	<u>9,239,039</u>	<u>9,194,660</u>	<u>9,421,595</u>	<u>9,402,305</u>	<u>9,829,936</u>	<u>8,663,100</u>	<u>8,421,005</u>	<u>8,398,784</u>	<u>8,321,482</u>	<u>8,146,996</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 53,097,925	\$ 52,842,874	\$ 54,147,098	\$ 54,036,236	\$ 56,493,885	\$ 55,003,810	\$ 53,466,698	\$ 53,325,613	\$ 52,834,806	\$ 51,726,959
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. GASB 68 was implemented in FY 6/30/2015, and the District has compiled a full 10-year trend.



**Hinds Community College District**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**OPEB**  
**Last Ten Fiscal Years\***

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District's proportion of the net OPEB liability		0.91360461%	0.95135881%	0.94464344%	0.96643552%	0.95511931%	0.94213820%	0.92410000%
District's proportionate share of the net OPEB liability	\$	5,055,660	\$ 4,687,193	\$ 6,080,500	\$ 7,520,879	\$ 8,104,579	\$ 7,287,910	\$ 7,250,572
District's covered-employee payroll	\$	52,842,874	\$ 54,147,098	\$ 54,036,236	\$ 56,493,885	\$ 55,003,810	\$ 53,466,698	\$ 53,325,613
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		9.57%	8.66%	11.25%	13.31%	14.73%	13.63%	13.60%
Plan fiduciary net position as a percentage of the total OPEB liability		0.19%	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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 June 30 of the year prior to the fiscal year presented.

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in FYE 6/30/2018, 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 the District's Contribution**  
**OPEB**  
**Last Ten Fiscal Years\***

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Actuarially determined contribution	\$	218,850	\$	221,684	\$	191,013	\$	244,321	\$	299,931	\$	324,856	\$	309,112
Contributions in relation to the actuarially determined contribution		<u>218,850</u>		<u>221,684</u>		<u>191,013</u>		<u>244,321</u>		<u>299,931</u>		<u>324,856</u>		<u>309,112</u>
Contribution deficiency	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>
District's covered-employee payroll	\$	53,097,925	\$	52,842,874	\$	54,147,098	\$	54,036,236	\$	56,493,885	\$	55,003,810		53,466,698
Contributions as a percentage of covered-employee payroll		0.41%		0.42%		0.35%		0.45%		0.53%		0.59%		0.58%

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 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

## **A. Changes of Assumptions**

### **2015**

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

### **2016**

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

### **2017**

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives. The wage inflation assumptions was reduced from 3.75% to 3.25%. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

### **2019**

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

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

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

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

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

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

**Hinds Community College District**  
**Notes to the Required Supplementary Information – Pension Schedules**  
**Year Ended June 30, 2024**

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**2021**

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

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

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

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

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent

Annuitant Table with the following adjustments:

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

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

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

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

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

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

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

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

**2023**

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

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

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

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

**Hinds Community College District**  
**Notes to the Required Supplementary Information – Pension Schedules**  
**Year Ended June 30, 2024**

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

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

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

**B. Changes in Benefit Provisions**

**2016**

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by *The Wall Street Journal* on December 31 of each preceding year with a minimum rate of 1% and a maximum rate of 5%.

**C. Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2021 valuation for the June 30, 2023 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	26.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.40%
Salary increase	2.65% to 17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

**Hinds Community College District**  
**Notes to the Required Supplementary Information – OPEB Schedules**  
**Year Ended June 30, 2024**

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**A. Changes of Assumptions**

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

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

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

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

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

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

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

**B. Changes in Benefit Provisions**

2017: None

2018: None

2019: None

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

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

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

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

**C. Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions (Schedule A) are calculated as of

**Hinds Community College District**  
**Notes to the Required Supplementary Information – OPEB Schedules**  
**Year Ended June 30, 2024**

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the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2022 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2023:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market value of assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial healthcare costs trend rates	
Medicare supplement claims	
Pre-Medicare	7.00%
Ultimate healthcare cost trend rates	
Medicare supplement claims	
Pre-Medicare	4.50%
Year of ultimate trend rates	
Medicare supplement claims	
Pre-Medicare	2029
Long-term investment rate of return, Net of OPEB plan investment expense, including price inflation	3.37%

## ***Supplementary Information***



**Hinds Community College Foundation**  
**Schedule of Functional Expenses**  
**Year Ended December 31, 2023**

Description	Program Services						Supporting Services			Total
	Scholarships	Faculty and Staff Development	College Departments and Organizations	Alumni Groups	Athletics	Grants	Other Programs	General Administration	Fundraising	
Special events	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,159	\$ 4,159
Hospitality	-	-	-	-	-	-	-	-	11,540	11,540
Scholarships	2,671,946	-	-	-	-	-	-	-	-	2,671,946
Faculty and staff development	-	32,151	-	-	-	-	-	-	-	32,151
College departments and organizations	-	-	31,718	-	-	-	-	-	-	31,718
Alumni groups	-	-	-	13,915	-	-	-	-	-	13,915
Athletics	-	-	-	-	163,329	-	-	-	-	163,329
Grants	-	-	-	-	-	12,312	-	-	-	12,312
Other restricted funds	-	-	-	-	-	-	950,661	-	-	950,661
Accounting fees	-	-	-	-	-	-	-	13,136	-	13,136
Consulting fees	-	-	-	-	-	-	-	100,749	-	100,749
Bank service fees	-	-	-	-	-	-	-	188	1,667	1,855
Miscellaneous	-	-	-	-	-	-	-	11,711	1,018	12,729
Non-monetary gifts	-	-	25,132	473	-	-	-	-	27,942	53,547
Sub-total	\$ 2,671,946	\$ 32,151	\$ 56,850	\$ 14,388	\$ 163,329	\$ 12,312	\$ 950,661	\$ 125,784	\$ 46,326	4,073,747
Less Intra-fund expenses										-
										<u>\$ 4,073,747</u>
Percentage of total program and supporting services	67%	1%	1%	0%	4%	0%	23%	3%	1%	100%

# Hinds Community College District

## Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through				
Alcorn State University				
1890 Institution Capacity Building Grants	10.216	20203882131088	\$ -	\$ 27,300
Mississippi Department of Education				
Child and Adult Care Food Program	10.558	5MS300326	-	26,532
Mississippi Department of Human Services				
Food Distribution Cluster				
Emergency Food Assistance Program				
(Administrative Costs)	10.568	6026028/6026927/6028443/6028444	-	705,657
<b>Total U.S. Department of Agriculture</b>			-	759,489
U.S. Department of Commerce				
Passed through				
Mississippi Department of Finance & Administration				
State Digital Equity Planning and Capacity Grant	11.032	28-30-DP300	-	15,000
<b>Total U.S. Department of Commerce</b>			-	15,000
U.S. Department of Labor				
Direct				
WIOA National Dislocated Workers Grant	17.277		-	225,051
Passed through				
Central Mississippi Planning and Development District, Inc.				
Workforce Innovation and Opportunity Act Cluster				
WIOA Adult Program	17.258	23-87-02	-	18,552
WIOA Youth Activities	17.259	23-87-01	-	586,334
WIOA Dislocated Worker Formula Grants	17.278	23-87-01/23-87-02	-	1,976,079
<b>Total Workforce Innovation and Opportunity Act Cluster</b>			-	2,580,965
Mississippi Department of Employment Security				
Registered Apprenticeship	17.285	20-S90-057-6060-1	-	98,607
<b>Total passed through Mississippi Department of Employment Security</b>			-	98,607
<b>Total U.S. Department of Labor</b>			-	2,904,623
U.S. Department of Transportation				
Passed through				
Mississippi Department of Transportation				
Highway Planning and Construction	20.205	STP-0211-00(015)LPA/107143-701000	-	108,260
<b>Total passed through Mississippi Department of Transportation</b>			-	108,260
Direct				
Airport Improvement Program	20.106	3-28-0064-032-2023	-	16,650
Airport Improvement Program	20.106	3-28-0064-030-2022	-	412,476
Airport Improvement Program	20.106	3-28-0064-031-2022	-	340,965
<b>Total U.S. Department of Transportation</b>			-	770,091
National Aeronautics and Space Administration				
Passed through				
University of Mississippi				
Office of Stem Engagement (OSTEM)	43.008	80NSSC20M0101	-	11,206
<b>Total National Aeronautics and Space Administration</b>			-	11,206
Institute of Museum and Library Services				
Direct				
Museum Grants for African American History and Culture	45.309	MH-245345-OMS-20	-	13,466
<b>Total Institute of Museum and Library Services</b>			-	13,466

# Hinds Community College District

## Schedule of Expenditures of Federal Awards (Continued)

### Year Ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass through to Subrecipients	Total Federal Expenditures
National Science Foundation				
Research and Development Cluster				
Direct				
STEM Education	47.076	2107520	\$ -	\$ 108,559
STEM Education	47.076	1623282	-	25,137
STEM Education	47.076	2306489	-	80,598
Passed through				
Jackson State University				
STEM Education	47.076	1826699	-	29,690
Total Research and Development Cluster			-	243,984
Passed through				
Mississippi State University				
Integrative Activities	47.083	440900.362142.05	-	4,485
Total Passed Through Mississippi State University			-	4,485
<b>Total National Science Foundation</b>			-	248,469
Small Business Administration				
Passed through				
University of Mississippi				
Small Business Development Centers	59.037	SBAOEDSB230006-01-00	-	50,899
Small Business Development Centers	59.037	SBAOEDSB240078-01-00	-	48,321
<b>Total Small Business Administration</b>			-	99,220
U.S. Department of Education				
Direct				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007		-	405,923
Federal Work-Study Program	84.033		-	169,350
Federal Pell Grant Program	84.063		-	21,012,839
Federal Direct Student Loans	84.268		-	13,524,619
Total Student Financial Assistance Cluster			-	35,112,731
Fund for the Improvement of Postsecondary Education	84.116		-	136,181
TRIO Cluster				
TRIO Student Support Services	84.042		-	351,148
TRIO Talent Search	84.044		-	341,650
TRIO Upward Bound	84.047A		-	1,285,473
TRIO Upward Bound	84.047M		-	923,945
Total TRIO Cluster			-	2,902,216
Higher Education - Institutional Aid (Title III)				
Higher Education Institutional Aid	84.031		-	1,652,334
Higher Education Institutional Aid - Historically Black Colleges and Universities Program	84.031B		-	2,028,502
Higher Education Institutional Aid - Historically Black Colleges and Universities Program (Future Act)	84.031E		-	599,222
Total Higher Educational Institutional Aid			-	4,280,058

# Hinds Community College District

## Schedule of Expenditures of Federal Awards (Continued)

### June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass through to Subrecipients	Total Federal Expenditures
U.S. Department of Education (Continued)				
Education Stabilization Fund				
COVID-19 - Higher Education Emergency Relief Fund - Institutional Portion	84.425F		\$ -	\$ 1,293,804
COVID-19 - Higher Education Emergency Relief Fund - Historically Black Colleges and Universities	84.425J		-	17,836,166
COVID-19 - Higher Education Emergency Relief Fund - Minority Serving Institutions	84.425L		-	1,489,909
			-	20,619,879
Total Education Stabilization Fund			-	20,619,879
Passed through				
Mississippi Community College Board				
Adult Education - Basic Grants to States	84.002	V002A190025	-	771,028
Mississippi State Department of Education				
Career and Technical Education - Basic Grants to States	84.048	V048A20024	-	1,084,221
			-	64,906,314
Total U.S. Department of Education			-	64,906,314
National Endowment for the Humanities				
Direct				
Promotion of the Humanities: Teaching and Learning Resources	45.162		-	134,050
Passed through Mississippi Humanities Council				
COVID-19 - Promotion of the Humanities: Federal/State Partnership	45.129	ARP21-21-0374	-	461
			-	134,511
Total National Endowment for Humanities			-	134,511
U.S. Department of Treasury				
Passed through Accelerate Mississippi				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0003	-	90,621
			-	90,621
Total U.S. Department of Treasury			-	90,621
Total Expenditures of Federal Awards			\$ -	70,061,270

# **Hinds Community College District**

## **Notes to Schedule of Expenditures of Federal Awards**

### **Year Ended June 30, 2024**

#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hinds Community College District (the District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

#### **Note 2. Summary of Significant Accounting Policies**

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

#### **Note 3. Indirect Cost Rate**

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

#### **Note 4. Federal Direct Student Loans**

For purposes of the Schedule, loans made to students under the Federal Direct Loan Program are presented as federal expenditures. Neither the funds advanced to students nor the outstanding loan balances are included in the financial statements, since the loans are made and subsequently collected by the federal government.

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* – Independent Auditor’s Report**

Board of Trustees  
Hinds Community College District  
Raymond, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Hinds Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 30, 2025.

Our report includes a reference to other auditors who audited the financial statements of the Hinds Community College Foundation (the Foundation), as described in our report on the District’s financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Forvis Mazars, LLP**

**Jackson, Mississippi  
June 30, 2025**

## **Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor’s Report**

Board of Trustees  
Hinds Community College District  
Raymond, Mississippi

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Hinds Community College District’s (the District’s) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District’s major federal program for the year ended June 30, 2024. The District’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

#### ***Basis for Opinion on the Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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



### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003. Our opinion on the major federal program is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses. The District is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### ***Report on Internal Control Over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003 to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

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

*Government Auditing Standards* require the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses. The District is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

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

**Forvis Mazars, LLP**

**Jackson, Mississippi  
July 8, 2025**

**Hinds Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024**

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**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? ☐ Yes      ☒ None reported

Material weakness(es) identified? ☐ Yes      ☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes      ☒ No

*Federal Awards*

4. Internal control over major federal award programs:

Significant deficiency(ies) identified? ☒ Yes      ☐ None reported

Material weakness(es) identified? ☒ Yes      ☐ No

5. Type of auditor’s report issued on compliance for major federal program(s):

☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☒ Yes      ☐ No

7. Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007	Student Financial Assistance Cluster
84.033	Federal Supplemental Educational Opportunity Grants
84.063	Federal Work-Study Program
84.268	Federal Pell Grant Program
	Federal Direct Student Loans

8. Dollar threshold used to distinguish between Type A and Type B programs: \$2,101,838

9. Auditee qualified as a low-risk auditee? ☐ Yes      ☒ No

**Section II – Financial Statement Findings**

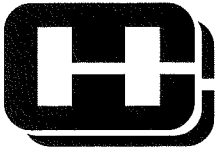
No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
2024-001	<p>Student Financial Assistance Cluster</p> <p>Federal Supplemental Education Opportunity Grants, ALN 84.007; Federal Work-Student Program, ALN 84.033; Federal Pell Grant Program, ALN 84.063; Federal Direct Student Loans, ALN 84.268</p> <p>U. S. Department of Education, Program Year 2023-2024</p> <p>Type of Finding – Significant Deficiency in Internal Control Over Compliance</p> <p>Criteria or Specific Requirement – Special Tests and Provisions – Using a Servicer or Financial Institution to Deliver Title IV Credit Balances to a Card or Other Access Device [34 CFR 688.164(e) and (f)].</p> <p>Condition – The District did not provide a URL for the contract to the Department of Education for publication in the Cash Management Contracts Database, and the District did not disclose conspicuously on its website the contract establishing the Tier One arrangement.</p> <p>Cause – The District's internal controls related to compliance with Title IV requirements on use of a servicer did not ensure the required information was reported to the Department of Education and did not disclose contract on its website.</p> <p>Effect or Potential Effect – The District was not in compliance with the requirements noted above, and information required to be published or disclosed was not.</p> <p>Questioned Costs – None.</p> <p>Context – The District did not provide the URL or the contract for publication in the cash management contracts database, nor the link to the disclosure of contract on its website.</p> <p>Identification as a Repeat Finding, if Applicable – N/A</p> <p>Recommendation – The District should update internal controls to ensure requirements noted above for using a servicer are followed and the servicers are properly monitored. Additionally, the District should routinely review the related compliance requirements to ensure future compliance.</p> <p>Views of Responsible Officials and Planned Corrective Actions – There is no disagreement with the audit finding. See corrective action plan.</p>

Reference Number	Finding
2024-002	<p data-bbox="482 331 914 359">Student Financial Assistance Cluster</p> <p data-bbox="482 394 1456 485">Federal Supplemental Education Opportunity Grants, ALN 84.007; Federal Work-Student Program, ALN 84.033; Federal Pell Grant Program, ALN 84.063; Federal Direct Student Loans, ALN 84.268</p> <p data-bbox="482 520 1154 548">U. S. Department of Education, Program Year 2023-2024</p> <p data-bbox="482 583 1349 611">Type of Finding – Material Weakness in Internal Control Over Compliance</p> <p data-bbox="482 646 1456 737">Criteria or Specific Requirement – Special Tests and Provisions – Enrollment Reporting (34 CFR 690.93(b)(2); 34 CFR 682.610; 34 CFR 685.309. Institutions are required to report enrollment information.</p> <p data-bbox="482 772 1456 827">Condition – The District did not report timely and accurate student status information to the National Student Loan Data System (NSLDS).</p> <p data-bbox="482 863 1456 917">Cause – The District’s internal controls related to NSLDS reporting did not ensure status changes were reported timely and accurately.</p> <p data-bbox="482 953 1456 1008">Effect or Potential Effect – Incorrect enrollment information was reported to NSLDS, and some of the information was not reported timely.</p> <p data-bbox="482 1043 792 1071">Questioned Costs – None.</p> <p data-bbox="482 1106 1456 1289">Context – Out of a population of 3,106 students who received Pell Grants or Federal Direct Loans during the 2023-2024 award year and also had an increase or decrease in enrollment, graduated, or withdrew, a sample of 40 students was selected for testing. Our sample was not, and was not intended to be, statistically valid. Of the 40 students tested, 37 students’ enrollment information was incorrectly reported to NSLDS or not reported timely.</p> <p data-bbox="482 1325 1105 1352">Identification as a Repeat Finding, if Applicable – N/A</p> <p data-bbox="482 1388 1456 1478">Recommendation – The District should update internal controls related to NSLDS reporting to ensure changes in students’ enrollment status are reported in a timely and accurate manner on a recurring basis.</p> <p data-bbox="482 1514 1456 1568">Views of Responsible Officials and Planned Corrective Actions – There is no disagreement with the audit finding. See corrective action plan.</p>

Reference Number	Finding
2024-003	<p data-bbox="482 331 914 359">Student Financial Assistance Cluster</p> <p data-bbox="482 394 1458 485">Federal Supplemental Education Opportunity Grants, ALN 84.007; Federal Work-Student Program, ALN 84.033; Federal Pell Grant Program, ALN 84.063; Federal Direct Student Loans, ALN 84.268</p> <p data-bbox="482 520 1154 548">U. S. Department of Education, Program Year 2023-2024</p> <p data-bbox="482 583 1349 611">Type of Finding – Material Weakness in Internal Control Over Compliance</p> <p data-bbox="482 646 1458 705">Criteria or Specific Requirement – Special Tests and Provisions – Return of Title IV Funds [34 CFR 668.22(a)(1) through (a)(5)].</p> <p data-bbox="482 741 1458 831">Condition – The District did not properly calculate the total amount disbursed or to be disbursed, which led to incorrect calculations of funds to be returned. Additionally, the District did not provide evidence of date of determination used in calculation.</p> <p data-bbox="482 867 1458 957">Cause – The District’s internal controls did not ensure accurate information was inputted into the calculation of returns. Additionally, no detective controls for supervisory review and approval of the calculations were performed to detect errors.</p> <p data-bbox="482 993 1458 1047">Effect or Potential Effect – Incorrect amounts were returned to the Department of Education or disbursed to student.</p> <p data-bbox="482 1083 1458 1138">Questioned Costs – \$5,946 – ALN 84.063; \$3,557 – ALN 84.268. Total projected questioned costs were \$36,916.</p> <p data-bbox="482 1173 1458 1325">Context – Out of a population of 491 students who withdrew during the 2023-2024 award year, a sample of 40 students was selected for testing. Our sample was not, and was not intended to be, statistically valid. Of the 40 students tested, 14 students’ calculations were incorrect. Additionally, \$9,503 calculated to be returned to the Department of Education was not returned.</p> <p data-bbox="482 1360 1105 1388">Identification as a Repeat Finding, if Applicable – N/A</p> <p data-bbox="482 1423 1458 1541">Recommendation – The District should ensure its process and internal controls are updated to ensure total days in the semester are calculated correctly and disbursements are made timely. Additionally, the related calculations should be subject to review and approval as a best practice.</p> <p data-bbox="482 1577 1458 1631">Views of Responsible Officials and Planned Corrective Actions – There is no disagreement with the audit finding. See corrective action plan.</p>



# HINDS COMMUNITY COLLEGE

Dr. Victor Parker, Vice President of Finance • Raymond Campus

P.O. Box 1100 • Raymond, MS 39154-1100

Office: 601-857-3961 Fax: 601-857-3566

## SUMMARY OF PRIOR AUDIT FINDINGS

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Hinds Community College District has prepared and hereby submits the following summary of prior year audit findings follow up as of June 30, 2024:

<u>Finding</u>	<u>Status</u>
2023-001	Corrected Management of the District implemented additional controls related to the allowance for doubtful accounts.
2023-002	Corrected Management of the District implemented additional controls related to the accounting for subscription based information technology arrangements.

## **Report on Compliance with State Laws and Regulations - Independent Auditor's Report**

Board of Trustees  
Hinds Community College District  
Raymond, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Hinds Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 30, 2025.

Our report includes a reference to other auditors who audited the financial statements of the Hinds Community College Foundation (the Foundation), as described in our report on the District's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on compliance with state laws and regulations associated with the Foundation.

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.

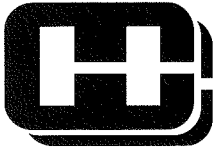
The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the District and management, members of the Legislature, entities with accreditation overview, 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.

**Forvis Mazars, LLP**

**Jackson, Mississippi  
June 30, 2025**





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Hinds Community College District

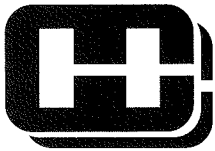
Response to Schedule of Findings and Questioned Costs

Year Ending June 30, 2024

## AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Hinds Community College District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2024:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2024-001	<p>a. Administrator: V.P. Finance / CFO..... Victor Parker 601-857-3961 b. Administrator: V.P. Student Services.....Jennifer Scott-Gilmore 601-857-3250</p> <p>The District using a Servicer to Deliver Title IV Credit Balances to a card did not provide a URL for the contract to the Department of Education in the Cash Management Contracts Database and disclose the contract on the District's website.</p> <p>b. Corrective Action Planned: The Management has reviewed the District process of delivering Title IV credit balances to students. Management will disclose the third-party contractual agreement to its Servicer as well and provide the URL to the Department of Education via the Cash Management Contracts Database.</p> <p>The anticipated completion date is August 2025.</p>
2024-002	<p>a. Administrator: V.P. Finance / CFO..... Victor Parker 601-857-3961 b. Administrator: V.P. Student Services.... Jennifer Scott-Gilmore 601-857-3250</p> <p>The District did not report timely and accurate student status information to the National Student Loan Data System (NSLDS). The District did not ensure internal controls were in place to ensure timely and accurate reporting.</p>



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b. Corrective Action Planned: The Management has implemented additional organizational and internal controls to ensure students' enrollment statuses are reported timely and accurately. In reviewing the causation of the finding, it was determined that it was a personnel error and as of June 2024, there is a new Registrar for Hinds Community College charged with compliance of this requirement. During the AY2024-25, the Registrar worked within the new student information system (SIS) to generate the required student data on a monthly cycle to be submitted to the National Clearinghouse which is then transmitted to NSLDS. This update in internal controls should satisfy future reviews.

The correction date was July 2024.

2024-003

a. Administrator: V.P. Finance / CFO..... Victor Parker 601-857-3961

b. Administrator: V.P. Student Services.....Jennifer Scott-Gilmore 601-857-3250

The District did not properly calculate the total amount disbursed or to be disbursed which lead to incorrect calculation of funds to be returned to Title IV. Additionally, the District did not provide evidence of date of determination used in calculation.

b. Corrective Action Plan: The District is an attendance taking institutional and has reviewed its internal controls on how total days in the semester are calculated correctly and timely disbursements are made. The District understands that it should be using the Last Day of Attendance in the calculation of earned aid and made that modification Spring 2025 in collaboration with the U.S. Department of Education and outlined the calculation variables to align with that calculation change. Management has revised its Policy and Procedures accordingly and will submit to the Hinds Board of Trustees for final approval December of 2025.

The correction implementation date was June 2025 to be finalized December 2025.

Victor Parker, V.P. Finance / CFO

Date