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Hinds County, Mississippi  
Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2015



HINDS COUNTY, MISSISSIPPI

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HINDS COUNTY, MISSISSIPPI

FINANCIAL SECTION

## Independent Auditor's Report

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

### Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Hinds County, Mississippi (the County) as of and for the year ended September 30, 2015, and the related notes to the basic financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Hinds County Economic Development Authority (the Authority), a discretely presented component unit, which represents 43%, 44% and 13%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units column. We also did not audit the financial statements of Hinds County Mental Health Commission (the Commission), a discretely presented component unit, which represents 57%, 56% and 87%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units column. The financial statements of these entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinions*

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Hinds County, Mississippi as of September 30, 2015, and the respective changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in *Note 1* to the financial statements, in 2015, the County adopted the new accounting guidance included in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the General Fund's budgetary comparison schedule, retiree health plan information and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by GASB, 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 County's basic financial statements. The accompanying supplementary information, including the 2007 Taxable Bonds Budgetary Comparison Schedule, the 2015 Refunding Bonds Budgetary Comparison Schedule and the Schedule of Expenditures of Federal Awards required by the OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Other Information***

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 County's internal control over financial reporting and compliance.

**BKD, LLP**

Jackson, Mississippi  
July 13, 2016

HINDS COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS SECTION

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2015

The Management's Discussion and Analysis by Hinds County, Mississippi (the County) is designed to do the following (a) give a summary of the County's financial activities for the year ended September 30, 2015, (b) indicate any major financial issues, (c) show changes in the County's financial position, and (d) identify any significant variations from the County's financial plan (the original budget). This discussion and analysis by management is structured to highlight the fiscal year being audited. The financial statements and the notes to these statements give a more precise understanding of the County's financial picture.

The Management's Discussion and Analysis is a requirement from the Governmental Accounting Standards Board (GASB), which issues the standards for accounting for state and local governments. As a part of the many changes brought about by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, management is required to write a discussion and analysis for the purposes of making county government financial statements more like business statements which outline economic gain and loss.

### Using the Annual Report

The following discussion is intended to describe the County's basic financial statements, which are comprised of 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

- **Government-wide Financial Statements.** The government-wide financial statements are designed to give you a business like overview of the County's financial activities.

The focus of the Statement of Net Position is intended to be similar to the bottom line for the County and its governmental activities. It presents financial information on all the County's assets, liabilities and deferred inflows and outflows of resources, with the difference being reported as net position. From year to year, you can use the increases and decreases in net position as a possible indicator of the financial health of the County. You will be able to tell if it is improving, staying the same or weakening.

Component units are other governmental units over which the County (the Board of Supervisors as a group) can exercise influence and/or be obligated to provide financial assistance. These units are presented as separate columns in the government-wide financial statements.

The Statement of Activities is based on the gross and net cost of various activities. These are comprised of activities of government and component units, which are provided by the government's general tax and other revenues. The intent of this statement is to provide a summary of the cost analysis of the various government services.

Governmental activities of the County are comprised of general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, and interest on long-term debt. General government includes the basic services for operating the government, collecting taxes, appraising property, building inspections, supervisors, chancery and circuit clerks, and operation of the courts. Public safety includes the Sheriff, emergency management, and fire services, while Public Works include the maintenance and construction of roads and bridges.

- **Fund Financial Statements.** The focus is on major funds rather than fund types. A fund is used to group related accounts for financial purposes or legal compliance. The funds of the County are divided into governmental and fiduciary funds.

Government funds account for basically the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2015

funds financial statements focus on current sources and uses. This is the manner in which the County's financial plan or budget is typically developed. Governmental funds include general, special revenue, debt service, and capital project funds.

- **Fiduciary Funds.** These funds are used to account for trust responsibilities of the government.
- **Agency Funds.** These funds account for various taxes, deposits, and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

Hinds County follows the *Mississippi County Financial Accounting Manual* to set up and maintain funds. The County adopts an annual operating budget for all governmental funds. As required supplementary information, this report includes a budgetary comparison statement for each major special revenue fund.

Effective October 1, 2014, the County adopted the new accounting and financial reporting guidance included in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This adoption required the County revise and establish new accounting and financial reporting requirements for governments that provide their employees with pension benefits. The County provides its employees with pension benefits through the Mississippi Public Employees' Retirement System (PERS), a multiple-employer, cost-sharing defined benefit retirement program administered by PERS. GASB 68 requires employers participating in multiple-employer, cost-sharing plans, such as PERS, to record their proportionate share, as defined in GASB 68, of PERS' unfunded pension liability. The County has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERS.

The County's 2014 summarized financial information presented below has not been restated to reflect the adoption of Statement No. 68 and No. 71.

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2015

**Government-wide Financial Analysis**

**Statements of Net Position**

The following statements reflect the condensed Statements of Net Position at September 30, 2015 and 2014.

**Statements of Net Position**

	<b><u>2014</u></b>	<b><u>2015</u></b>
Current assets	\$ 99,702,571	\$ 93,687,551
Noncurrent assets	<u>116,832,183</u>	<u>129,703,320</u>
Total assets	<u>216,534,754</u>	<u>223,390,871</u>
Deferred outflows of resources	<u>-</u>	<u>11,337,409</u>
Current liabilities	21,673,165	23,253,550
Long-term liabilities	<u>47,171,128</u>	<u>127,047,514</u>
Total liabilities	<u>68,844,293</u>	<u>150,301,064</u>
Deferred inflows of resources	<u>46,767,612</u>	<u>48,883,542</u>
Net position		
Net investment in capital assets	100,510,545	94,882,067
Restricted	4,531,873	8,844,091
Unrestricted	<u>(4,119,569)</u>	<u>(68,182,484)</u>
Total net position	<u>\$ 100,922,849</u>	<u>\$ 35,543,674</u>

There are normal financial transactions that affect the Statements of Net Position.

- Net Results of Activities - This will either increase/decrease current assets and unrestricted assets. During FY 2015, net position decreased by \$0.6 million from the FY 2015 restated beginning net position.
- Borrowing for Capital - This will increase financial assets and long-term liabilities. During FY 2015, the County paid down \$11.5 million for capital projects. Capital related long-term debt increased overall by \$3.6 million.
- Spending Borrowed Proceeds on New Capital - This will reduce financial assets and increase capital assets. This will also increase the net investment in capital assets, which will not change total net position. In 2015, the County spent approximately \$774,000 of debt proceeds on capital projects.
- Spending of Nonborrowed Current Assets on New Capital - This will reduce current assets, increase capital assets, reduce unrestricted assets, and increase net investment in capital assets. The County spent \$6.0 million of nonborrowed cash on new capital assets during 2015.
- Principal Payment on Debt - This will reduce current assets, reduce long-term debt, reduce unrestricted net position, and increase net investment in capital assets. The County reduced principal on long-term debt by \$11.5 million through scheduled repayments and a refunding bond issuance.

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2015

- Reduction of Capital Assets Through Depreciation - This will reduce capital assets and net investment in capital assets. This is a noncash expense. The County recorded depreciation of \$5.8 million in FY 2015.
- GASB Statement No. 68 and GASB Statement No. 71 were adopted during FY 2015. This change in accounting principle required the County to record a net pension liability of \$76.1 million at September 30, 2015, and pension expense of approximately \$7.69 million. The 2014 amounts included in the management's discussion and analysis have not been restated for the adoption of GASB 68.

**Changes in Net Position**

Hinds County's total revenue for the fiscal year ended September 30, 2015 was \$84.7 million, as compared to \$84.1 million for the fiscal year ended September 30, 2014. The total cost of services provided by the County was \$85.2 million for the fiscal year ended September 30, 2015, as compared to \$79.9 million for the fiscal year ended September 30, 2014. The County had a decrease in net position of \$0.6 million from the restated FY 2015 beginning net position related to a 6% decrease in revenue, while expenditures increased by 6.0%.

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2015

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2015 and 2014.

**Statement of Activities**

	<u>2014</u>	<u>2015</u>
Revenues:		
Program revenues		
Charges for services	\$ 9,680,183	\$ 9,148,411
Operating grants and contributions	5,244,126	5,767,332
Capital grants and contributions	3,565,288	1,787,579
General revenues		
Property taxes	55,498,033	56,553,998
Road and bridge privilege tax	2,658,591	2,687,846
Grants and contributions not restricted	2,917,460	2,931,379
Unrestricted interest income	133,399	110,864
Loss on disposal of assets	(133,069)	-
Gain related to derivative instrument	3,421,189	5,294,147
Miscellaneous	1,145,653	424,903
Total revenues	<u>84,130,853</u>	<u>84,706,459</u>
Expenses:		
General government	27,583,946	30,763,880
Public safety	33,033,885	33,164,410
Public works	10,271,678	12,317,695
Health and welfare	2,945,767	2,824,080
Culture and recreation	1,871,375	1,888,125
Conservation of natural resources	328,794	289,111
Economic development and assistance	1,912,034	2,143,152
Interest on long-term debt	1,951,773	1,847,037
Total expenses	<u>79,899,252</u>	<u>85,237,490</u>
Change in net position	<u>4,231,601</u>	<u>(531,031)</u>
Net position, beginning	96,691,248	100,922,849
Adjustment for adoption of new accounting standard	-	<u>(64,848,144)</u>
Net position, beginning as restated	<u>96,691,248</u>	<u>36,074,705</u>
Net position, ending	<u>\$ 100,922,849</u>	<u>\$ 35,543,674</u>

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2015

**Governmental Activities**

The following table presents the cost of eight major services provided by the County. These are general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, and interest on long-term debt.

**Cost of Major Services for the Taxpayers**

<u>Program</u>	<b>2015</b>		
	<u>Total Costs</u>	<u>Revenues</u>	<u>Net Costs</u>
General government	\$ 30,763,880	\$ 5,512,431	\$ 25,251,449
Public safety	33,164,410	6,658,705	26,505,705
Public works	12,317,695	3,881,185	8,436,510
Health and welfare	2,824,080	589,219	2,234,861
Culture and recreation	1,888,125	61,782	1,826,343
Conservation of natural resources	289,111	-	289,111
Economic development and assistance	2,143,152	-	2,143,152
Interest on long-term debt	1,847,037	-	1,847,037

<u>Program</u>	<b>2014</b>		
	<u>Total Costs</u>	<u>Revenues</u>	<u>Net Costs</u>
General government	\$ 27,583,946	\$ 4,768,612	\$ 22,815,334
Public safety	33,033,885	7,645,090	25,388,795
Public works	10,271,678	5,456,332	4,815,346
Health and welfare	2,945,767	545,382	2,400,385
Culture and recreation	1,871,375	64,181	1,807,194
Conservation of natural resources	328,794	-	328,794
Economic development and assistance	1,912,034	10,000	1,902,034
Interest on long-term debt	1,951,773	-	1,951,773

**Financial Analysis of the County's Funds**

As of year-end, the governmental funds reported, as audited, a fund balance of \$36.0 million. This is an increase of \$0.9 million from the prior year's fund balance of \$35.1 million, which is due to the increase in general government revenue.

The General Fund, the County's primary operating fund, had an ending fund balance of \$11.9 million, an increase of \$0.5 million from the prior year. The Series 2007B Taxable Bonds Fund decreased \$1.1 million to a fund balance of \$10.3 million. The Series 2015 Refunding Bonds Fund reflected no change in fund balance, as the revenues matched the expenses.

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2015

**Capital Assets and Debt Administration**

**Capital Assets**

As of September 30, 2015, the County had a total of \$203 million invested in a variety of depreciable capital assets. The largest investments in depreciable capital assets are in roads and bridges (infrastructure) with a total of \$91.3 million (45%). Roads and bridges and other infrastructure are included, as required by GASB 34, in the County's financial records. GASB also requires depreciation, a noncash expense, to now be recorded. Accumulated depreciation was \$108 million at September 30, 2015.

The County's total capital assets, net of depreciation, total \$117.0 million, compared to a prior year net balance of \$116.8 million.

**Debt**

At September 30, 2015, the County had \$44.8 million in outstanding long-term debt, exclusive of premiums. This includes general obligation bonds, limited obligation bonds, grant obligations, capital leases and other loans. This is \$3.2 million more than the prior year of \$41.6 million.

The State of Mississippi limits the amount of debt counties can issue to 20% of total assessed value. During FY 2015, Hinds County was at 1.9%, well below its current limit.

**Long-term Debt  
As of September 30, 2015**

	Balance 10/01/14	Additions	Reductions	Balance 09/30/15
Governmental Activities:				
General obligation bonds	\$ 36,845,000	\$ 9,995,000	\$ (10,655,000)	\$ 36,185,000
Limited obligation bonds	410,000	-	(105,000)	305,000
Capital leases	1,476,866	774,468	(543,811)	1,707,523
Other loans	2,874,085	4,000,000	(231,115)	6,642,970
Total	<u>\$ 41,605,951</u>	<u>\$ 14,769,468</u>	<u>\$ (11,534,926)</u>	<u>\$ 44,840,493</u>

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2015

**Budget - Original vs. Final**

The following is a review of the significant changes from the original budget to the final for the major governmental funds. The County's budget is a financial plan for the various departments and their management to follow during the year. This plan is made in the summer before the fiscal year starts in October. These estimates and projections change as the year progresses. Some changes to the budget are made by budget amendment, and the remainder is amended at the end of the year to reflect actual revenue received and expenditures made.

**Budget Analysis Summary**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Between Original and Final Budgets</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Between Final Budget and Actual</u>
<b><u>General Fund</u></b>					
Revenues	\$ 54,400,574	\$ 55,242,493	\$ 841,919	\$ 58,057,288	\$ (2,814,795)
Expenditures	58,128,587	61,652,562	3,523,975	58,265,674	(3,386,888)
Other financing sources (uses)	(262,788)	879,763	1,142,551	1,010,213	(130,450)
<b><u>Fund 377</u></b>					
Revenues	200,000	200,000	-	17,824	182,176
Expenditures	-	909,109	909,109	734,109	(175,000)
Other financing sources (uses)	-	(520,050)	(520,050)	(520,050)	-
<b><u>Fund 311</u></b>					
Revenues	-	-	-	-	-
Expenditures	-	302,893	302,893	302,893	-
Other financing sources (uses)	-	302,893	302,893	302,893	-

The general fund revenue was running about 5.0% ahead of budget. This was primarily due to increased collections in taxes, the County's major source of revenue, and an increase in fines and forfeitures. On the expenditure side, the County was able to hold expenditures below budget by approximately 5.0%. Restructuring in various departments resulted in the savings.

**Financial Contact**

The County's financial statements are designed to present users with a general overview of the County's finances and to demonstrate the County's accountability and fiduciary responsibilities for the funds it receives and the services it provides. If you have any questions or need any additional information, please contact County Administrator Carmen Y. Davis, 316 South President Street, Jackson, MS 39201, (601) 968-6501.

HINDS COUNTY, MISSISSIPPI

FINANCIAL STATEMENTS

HINDS COUNTY, MISSISSIPPI  
Statement of Net Position  
September 30, 2015

Exhibit 1

	Primary Government	Component Units		
	Governmental Activities	Economic Development Authority	Mental Health Commission	Total
<b>ASSETS</b>				
Cash	\$ 28,625,353	\$ 1,950,521	\$ 2,816,790	\$ 4,767,311
Property tax receivable	46,840,867	-	-	-
Fines receivable (net of allowance for uncollectibles of \$14,439,314)	524,080	-	-	-
Intergovernmental receivables	2,997,636	233,732	803,356	1,037,088
Other receivables	14,118,394	103,949	99,804	203,753
Prepaid items	581,221	1,555	137,045	138,600
Other assets	-	-	277,030	277,030
Restricted Cash	12,725,996	-	-	-
Capital assets, net	116,977,324	5,302,328	6,077,166	11,379,494
Total Assets	<u>223,390,871</u>	<u>7,592,085</u>	<u>10,211,191</u>	<u>17,803,276</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	10,506,445	-	-	-
Deferred charge - bond refunding	830,964	-	-	-
Total Deferred Outflows of Resources	<u>11,337,409</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Claims payable	2,914,788	264,057	517,330	781,387
Amounts held in custody for others	3,185,913	-	-	-
Intergovernmental payables	16,840,787	5,214,723	-	5,214,723
Matured bonds and interest payable	18,459	-	-	-
Accrued interest payable	91,413	-	60,668	60,668
Unearned revenue	202,190	-	-	-
Long-term liabilities				
Due within one year:				
Capital debt	2,854,441	-	241,905	241,905
Noncapital debt	1,278,486	-	195,521	195,521
Claims and judgments payable	955,000	-	-	-
Due in more than one year:				
Capital debt	31,890,745	-	5,593,317	5,593,317
Postemployment benefit obligation	1,849,045	-	-	-
Noncapital debt	12,166,294	-	867,018	867,018
Net pension liability	76,053,503	-	-	-
Total Liabilities	<u>150,301,064</u>	<u>5,478,780</u>	<u>7,475,759</u>	<u>12,954,539</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	2,042,675	-	-	-
Property taxes	46,840,867	-	-	-
Total Deferred Inflows of Resources	<u>48,883,542</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	94,882,067	1,023,342	241,944	1,265,286
Restricted:				
Expendable:				
General government	1,338	-	-	-
Public safety	5,757,122	-	-	-
Public works	1,739,258	-	-	-
Health and welfare	88,912	-	576,268	576,268
Culture and recreation	458,986	-	-	-
Economic development	232,397	-	-	-
Debt service	566,078	-	-	-
Unrestricted	(68,182,484)	1,089,963	1,917,220	3,007,183
Total Net Position	<u>\$ 35,543,674</u>	<u>\$ 2,113,305</u>	<u>\$ 2,735,432</u>	<u>\$ 4,848,737</u>

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

HINDS COUNTY, MISSISSIPPI  
Statement of Activities  
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
					Governmental Activities	Economic Development Authority	Mental Health Commission	Total
Governmental activities:								
General government	\$ 30,763,880	\$ 4,836,165	\$ 676,266	\$ -	\$ (25,251,449)			
Public safety	33,164,410	4,250,268	2,335,855	72,582	(26,505,705)			
Public works	12,317,695	196	2,165,992	1,714,997	(8,436,510)			
Health and welfare	2,824,080	-	589,219	-	(2,234,861)			
Culture and recreation	1,888,125	61,782	-	-	(1,826,343)			
Conservation of natural resources	289,111	-	-	-	(289,111)			
Economic development and assistance	2,143,152	-	-	-	(2,143,152)			
Interest on long-term debt	1,847,037	-	-	-	(1,847,037)			
Total Governmental Activities	<u>85,237,490</u>	<u>9,148,411</u>	<u>5,767,332</u>	<u>1,787,579</u>	<u>(68,534,168)</u>			
Total Primary Government	<u>\$ 85,237,490</u>	<u>\$ 9,148,411</u>	<u>\$ 5,767,332</u>	<u>\$ 1,787,579</u>	<u>(68,534,168)</u>			
Component unit:								
Hinds County Economic Development Authority	\$ 774,831	\$ -	\$ 1,270,010	\$ -		\$ 495,179	\$ -	\$ 495,179
Hinds County Mental Health Commission	9,890,968	9,772,618	7,572	-		-	(110,778)	(110,778)
Total Component Units	<u>\$ 10,665,799</u>	<u>\$ 9,772,618</u>	<u>\$ 1,277,582</u>	<u>\$ -</u>		<u>495,179</u>	<u>(110,778)</u>	<u>384,401</u>
General revenues:								
Property taxes					56,553,998	-	1,324,224	1,324,224
Road and bridge privilege taxes					2,687,846	-	-	-
Grants and contributions not restricted to specific programs					2,931,379	-	-	-
Unrestricted interest income					110,864	2,605	1,363	3,968
Income from and gain on termination of derivative instrument					5,294,147	-	-	-
Miscellaneous					424,903	105,182	-	105,182
Total General Revenues					<u>68,003,137</u>	<u>107,787</u>	<u>1,325,587</u>	<u>1,433,374</u>
Change in Net Position					<u>(531,031)</u>	<u>602,966</u>	<u>1,214,809</u>	<u>1,817,775</u>
Net position - beginning of year, as previously reported					100,922,849	1,510,339	1,520,623	3,030,962
Adjustment for adoption of new accounting standard (Note 1T)					<u>(64,848,144)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - beginning of year, as restated					<u>36,074,705</u>	<u>1,510,339</u>	<u>1,520,623</u>	<u>3,030,962</u>
Net position - end of year					<u>\$ 35,543,674</u>	<u>\$ 2,113,305</u>	<u>\$ 2,735,432</u>	<u>\$ 4,848,737</u>

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

HINDS COUNTY, MISSISSIPPI  
Balance Sheet - Governmental Funds  
September 30, 2015

Exhibit 3

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Series 2007B Taxable Bonds Fund	Series 2015 Refunding Bonds Fund		
<b>ASSETS</b>					
Cash	\$ 17,055,681	\$ 8,151,813	\$ -	\$ 16,143,855	\$ 41,351,349
Property tax receivable	36,335,356	-	-	10,505,511	46,840,867
Fines receivable (net of allowance for uncollectibles of \$14,439,314)	524,080	-	-	-	524,080
Intergovernmental receivables	1,367,525	-	-	1,630,111	2,997,636
Other receivables	11,810,218	-	-	2,308,176	14,118,394
Due from other funds	-	-	-	537,224	537,224
Advances to other funds	698,000	2,140,000	-	-	2,838,000
Prepaid items	581,221	-	-	-	581,221
Total Assets	<u>\$ 68,372,081</u>	<u>\$ 10,291,813</u>	<u>\$ -</u>	<u>\$ 31,124,877</u>	<u>\$ 109,788,771</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Claims payable	\$ 1,448,593	\$ -	\$ -	\$ 1,466,194	\$ 2,914,787
Amounts held in custody for others	3,185,913	-	-	-	3,185,913
Intergovernmental payables	14,536,495	-	-	2,304,292	16,840,787
Due to other funds	537,224	-	-	-	537,224
Advances from other funds	-	-	-	2,838,000	2,838,000
Matured bonds and interest payable	-	-	-	18,459	18,459
Unearned revenue	-	-	-	202,190	202,190
Total Liabilities	<u>19,708,225</u>	<u>-</u>	<u>-</u>	<u>6,829,135</u>	<u>26,537,360</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue - property taxes	36,335,356	-	-	10,505,511	46,840,867
Unavailable revenue - fines	445,138	-	-	-	445,138
Total Deferred Inflows of Resources	<u>36,780,494</u>	<u>-</u>	<u>-</u>	<u>10,505,511</u>	<u>47,286,005</u>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Advances to other funds	698,000	2,140,000	-	-	2,838,000
Prepaid items	581,221	-	-	-	581,221
<b>Restricted for:</b>					
General government	20,649	-	-	44,612	65,261
Public safety	-	-	-	2,592,075	2,592,075
Public works	-	-	-	1,739,258	1,739,258
Health and welfare	-	-	-	88,912	88,912
Culture and recreation	-	-	-	458,986	458,986
Economic development	-	-	-	232,397	232,397
Capital projects	-	7,390,289	-	2,295,721	9,686,010
Debt service	-	-	-	657,491	657,491
<b>Committed to:</b>					
General government	-	-	-	3,557,728	3,557,728
Public safety	-	-	-	222,443	222,443
Economic development	-	-	-	64,879	64,879
Capital projects	-	761,524	-	1,835,729	2,597,253
Unassigned	10,583,492	-	-	-	10,583,492
Total Fund Balances	<u>11,883,362</u>	<u>10,291,813</u>	<u>-</u>	<u>13,790,231</u>	<u>35,965,406</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 68,372,081</u>	<u>\$ 10,291,813</u>	<u>\$ -</u>	<u>\$ 31,124,877</u>	<u>\$ 109,788,771</u>

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

HINDS COUNTY, MISSISSIPPI  
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
 September 30, 2015

Exhibit 3-1

	<u>Amount</u>
Total Fund Balances - Governmental Funds	\$ 35,965,406
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$108,678,049.	116,977,324
Other long-term assets, such as fines receivable, are not available to pay for current period expenditures and, therefore, are unearned in the funds.	445,137
Deferred outflows of resources related to pension reported in governmental activities are not a financial resource and, therefore, are not reported in the funds.	10,506,445
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(125,198,469)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(91,413)
Postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(1,849,045)
Deferred inflows of resources related to pension are not due and payable in the current period and, therefore, are not reported in the funds.	(2,042,675)
Deferred charges on bond refinancing are not recognized in the funds and amortized in government-wide statements.	<u>830,964</u>
Total Net Position - Governmental Activities	<u>\$ 35,543,674</u>

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

HINDS COUNTY, MISSISSIPPI

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2015

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Series 2007B Taxable Bonds Fund	Series 2015 Refunding Bonds Fund		
<b>REVENUES</b>					
Property taxes	\$ 44,010,078	\$ -	\$ -	\$ 12,546,129	\$ 56,556,207
Road and bridge privilege taxes	-	-	-	2,687,846	2,687,846
Licenses, commissions and other	3,116,304	-	-	81,270	3,197,574
Fines and forfeitures	1,893,910	-	-	150,355	2,044,265
Intergovernmental	5,138,096	-	-	5,348,144	10,486,240
Charges for services	1,057,992	-	-	2,904,120	3,962,112
Interest income	62,751	17,824	-	30,289	110,864
Miscellaneous	385,865	-	-	294,220	680,085
Total Revenues	<u>55,664,996</u>	<u>17,824</u>	<u>-</u>	<u>24,042,373</u>	<u>79,725,193</u>
<b>EXPENDITURES</b>					
Current:					
General government	31,958,398	638,047	-	2,357,264	34,953,709
Public safety	27,721,353	-	-	3,953,873	31,675,226
Public works	249,999	-	-	11,681,151	11,931,150
Health and welfare	1,007,243	-	-	1,701,842	2,709,085
Culture and recreation	86,885	-	-	1,767,876	1,854,761
Conservation of natural resources	288,459	-	-	-	288,459
Economic development and assistance	171,588	-	-	2,236,349	2,407,937
Debt service:					
Principal	202,141	-	-	1,947,785	2,149,926
Interest	20,806	-	-	1,594,920	1,615,726
Bond issuance costs	-	-	302,893	-	302,893
Total Expenditures	<u>61,706,872</u>	<u>638,047</u>	<u>302,893</u>	<u>27,241,060</u>	<u>89,888,872</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,041,876)</u>	<u>(620,223)</u>	<u>(302,893)</u>	<u>(3,198,687)</u>	<u>(10,163,679)</u>

HINDS COUNTY, MISSISSIPPI

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Continued)

For the Year Ended September 30, 2015

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Series 2007B Taxable Bonds Fund	Series 2015 Refunding Bonds Fund		
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	\$ 5,523,728	\$ -	\$ -	\$ 4,039,547	\$ 9,563,275
Refunding bonds issued	-	-	9,995,000	-	9,995,000
Proceeds from sale of capital assets	29,531	-	-	14,724	44,255
Premium on bond issuance	-	-	737,196	-	737,196
Proceeds of insurance recoveries	108,665	-	-	1,867	110,532
Investment income from derivative instrument	798,000	-	-	214,000	1,012,000
Transfers in	509,603	-	-	1,354,399	1,864,002
Transfers out	(432,027)	(520,050)	(682)	(911,243)	(1,864,002)
Payment to bond refunding escrow agent	-	-	(10,428,621)	-	(10,428,621)
Total Other Financing Sources (Uses)	<u>6,537,500</u>	<u>(520,050)</u>	<u>302,893</u>	<u>4,713,294</u>	<u>11,033,637</u>
Net Change in Fund Balances	495,624	(1,140,273)	-	1,514,607	869,958
Fund Balances - Beginning	<u>11,387,738</u>	<u>11,432,086</u>	<u>-</u>	<u>12,275,624</u>	<u>35,095,448</u>
Fund Balances - Ending	<u>\$ 11,883,362</u>	<u>\$ 10,291,813</u>	<u>\$ -</u>	<u>\$ 13,790,231</u>	<u>\$ 35,965,406</u>

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

HINDS COUNTY, MISSISSIPPI

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2015

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 869,958
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$6,853,442 exceeded depreciation of \$5,775,528 and adjustments/transfers of \$522,854 in the current period.	555,060
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of proceeds from sale of assets of \$44,255 and the net loss from the sale of capital assets in the amount of \$365,664 in the current period.	(409,919)
Fines revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition was required on the Statement of Activities using the full accrual basis of accounting.	(55,827)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that short and long-term debt proceeds of \$14,769,468 exceeded repayments of \$11,534,926.	(3,234,542)
Governmental Funds do not report the change in fair value of the derivative instrument. However, in the Statement of Activities, the change in fair value is recorded in the Statement of Activities as an item of general revenues.	4,282,147
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of current year pension expense	(2,741,589)
The amount of decrease in claims and judgments payable	392,000
The amount of increase in compensated absences	30,803
The deferred charge on bond refunding	852,199
The amortization of deferred charge on bond refunding	(21,235)
The deferred bond premium	(737,196)
The amortization of deferred bond premium	18,369
The amount of increase in postemployment benefit obligation	(292,317)
The amount of decrease in accrued interest payable	(38,942)
Change in Net Position of Governmental Activities	<u>\$ (531,031)</u>

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

HINDS COUNTY, MISSISSIPPI  
Statement of Fiduciary Assets and Liabilities  
September 30, 2015

Exhibit 5

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 1,424,968
Other receivables	148,740
Total Assets	<u>\$ 1,573,708</u>
<b>LIABILITIES</b>	
Other liabilities	\$ 1,288,342
Intergovernmental payables	285,366
Total Liabilities	<u>\$ 1,573,708</u>

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

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Hinds County (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Hinds County to present these financial statements on the primary government and its two component units which have significant operational or financial relationships with the County.

Discretely Presented Component Units

The component unit columns in the financial statements include the financial data of the following component units of the County. They are reported in separate columns to emphasize that they are legally separate from the County.

Hinds County Economic Development Authority - In accordance with House Bill No. 1687 of the laws of the State of Mississippi, the Hinds County Board of Supervisors established the Hinds County Economic Development Authority (the Authority). The Board of Supervisors appoints board members to the Authority and provides the Authority with operating funds. The Board of Supervisors set the tax millage rates for the Authority, which creates a fiscal accountability relationship. The County provided \$970,019 of funds to the Authority for operations during the fiscal year ended September 30, 2015, pursuant to the related property tax millage assessed and collected. Complete financial statements for the Authority can be obtained from 909 North President Street, Jackson, Mississippi 39202.

Hinds County Mental Health Commission - Pursuant to Miss. Code Sections 41-19-31 and 41-19-33 and a resolution adopted by the Hinds County Board of Supervisors, the Hinds County Mental Health Commission (the Commission) was formed. The Commission is governed by a seven-member Board appointed by the Hinds County Board of Supervisors. The Board of Supervisors set the tax millage rates for the Commission, which creates a fiscal accountability relationship. The County provided \$1,758,254 of funds to the Commission for operations during the County's fiscal year ended September 30, 2015, pursuant to the related property tax millage assessed and collected. The Commission operates on a calendar year reporting cycle, and the financial statements as of and for the year ended December 31, 2014, are included in the government-wide financial statements. Financial statements for the Commission can be obtained from 3450 Highway 80 West, Jackson, Mississippi 39209.

State law pertaining to county governments provides for the independent election of county officials. The following elected and appointed officials are all part of the County's legal entity and, therefore, are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Court Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor
- Tax Collector
- Sheriff

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements, which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. The primary government is reported separately from its legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities of the County and its component units at year-end. The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and its component units. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. Internal service charges have been eliminated against the expenses and program revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary types. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency Funds have no measurement focus, but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year-end to liquidate liabilities existing at the end of the year. Measurable

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues and deferred inflows of resources, where applicable, in the current fiscal period.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.

Series 2007B Taxable Bonds Fund - This capital projects fund is used to account for proceeds from the \$14,000,000 Mississippi Development Bank Special Obligation Taxable Bonds, Series 2007B (Hinds County, Mississippi General Obligation Public Parking Project).

Series 2015 Refunding Bonds Fund - This debt service fund is used to account for proceeds from the \$9,995,000 Mississippi Development Bank General Obligation Nontaxable Bonds, Series 2015 (Hinds County, Mississippi General Obligation Refunding bonds for the 2007A bond issue).

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Its revenues are primarily derived from property and other local taxes, charges for services and interest income. Its expenditures primarily relate to the operation and maintenance of the County.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are restricted or committed to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

#### FIDUCIARY FUND TYPES

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

#### D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting*, as issued in 2012 by the Government Finance Officers Association.

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

E. Use of Estimates.

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

F. Deposits and Investments.

State law authorizes the County to invest in interest-bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements. The County did not make any investments during the fiscal year.

Cash includes cash on hand, demand deposits, certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. The County did not invest in any governmental securities during the fiscal year.

G. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are reported as nonspendable fund balance. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in governmental fund statements, and the related assets are reported as capital assets in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital asset, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets for governmental activities.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Hinds County meets these criteria and has so elected. General infrastructure assets acquired after September 30, 1980, are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide financial statements. Depreciation is calculated on the straight-line basis for all assets, except land. Depreciation expense includes amortization of capital leases. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ -	N/A
Infrastructure	-	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\*Capitalization thresholds and estimated useful lives of leased property will correspond with the amounts for the asset classification, as listed above.

K. Deferred Outflows/Inflows of Resources.

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

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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources relate to unearned revenues and pensions.

L. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

HINDS COUNTY, MISSISSIPPI  
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In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities within the Statement of Net Position. Bond premiums and discounts are recognized as a component of long-term liabilities and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as debt issuance costs incurred during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 of Mississippi (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, 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.

M. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position for the primary government and its discretely presented component units and is displayed in the following components:

Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors or laws and regulations of other governments; or law through constitutional provisions or enabling legislation. The County first applies restricted net position when an expenditure or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Unrestricted net position - All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as one of the five components below:

Nonspendable - Amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

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Committed - Amounts that can be used only for the specific purposes determined by resolution of the Board of Supervisors. Commitments may be changed or lifted only by issuance of a resolution by the Board of Supervisors.

Assigned - Amounts intended to be used by the County for specific purposes as determined by management. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. The County has no fund balance classified as assigned at September 30, 2015.

Unassigned - The residual classification for the General Fund and includes all amounts not contained in the other classifications.

The County considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available. The County applies committed amounts first, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

N. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year, which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes receivable to be recognized at the levy date. Because property taxes are levied in a period other than in the period for which they are to be used in accordance with state law, they are deferred and recorded as deferred inflows of resources and recognized as revenue in the year after the levy. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition, because the lien and due date cannot be established until the date of original purchase occurs.

O. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made, because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

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P. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured; for example, an employee resigns or retires.

Q. Unearned Revenue.

Unearned revenue represents deferred real property tax revenues levied or collected for the ensuing fiscal year and advances on grants and contract awards for which the County has not met all of the applicable eligibility requirements.

R. Future Effective Accounting Pronouncements.

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, is effective for periods beginning after June 15, 2015. This statement requires certain measurement of assets and liabilities and fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is effective for periods beginning after June 15, 2015. This statement reduces the existing accounting principles generally accepted in the United States of America (GAAP) hierarchy to two categories of authoritative literature and provides guidance for applying the hierarchy and the use of nonauthoritative literature.

GASB Statement No. 77, *Tax Abatement Disclosures*, is effective for periods beginning after December 15, 2015. This statement requires governments granting tax abatements to individuals and businesses to disclose program information in the financial statements' notes through the agreement's duration. In addition, it requires disclosures about tax abatements initiated by other governments on reducing the reporting government's tax revenue.

S. Operating Leases.

The County is party to a number of immaterial operating leases for real estate.

T. Change in Accounting Principles.

In 2015, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68) and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (GASB 71), which revise and establish new accounting and financial reporting requirements for governments that provide their employees with pension benefits. The County provides its employees with pension benefits through PERS. GASB 68 requires employers participating in multiple-employer, cost-sharing plans, such as PERS, to record their proportionate share, as defined in GASB 68, of PERS' unfunded pension liability. The County has no legal obligation to fund this shortfall, nor does it have any ability to affect funding, benefit or annual required contribution decisions made by PERS. The cumulative effect of adopting GASB 68 and GASB 71 resulted in a \$64,848,144 restatement of net position as of October 1, 2014. This restatement decreased previously reported net position. Information regarding PERS'

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current funding status can be found in their Comprehensive Annual Financial Report (CAFR) located at [www.pers.ms.gov](http://www.pers.ms.gov).

(2) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$42,757,112 (including Agency Funds and excluding petty cash of \$19,205), and the bank balance was \$49,195,518, of which all was insured or collateralized. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

At September 30, 2015, the County held cash restricted for debt service of \$693,843 and restricted for capital projects of \$12,032,153.

The carrying amount of the discretely presented component unit's, Hinds County Economic Development Authority, total deposits with financial institutions at September 30, 2015, was \$1,755,866, and the bank balance was \$1,766,883, of which all was insured or collateralized. These funds are collateralized under the same program as the County's funds above.

The carrying amount of the other discretely presented component unit's, Hinds County Mental Health Commission, total deposits with financial institutions at December 31, 2014, was \$3,093,780, and the bank balance was \$3,414,059, of which all was insured or collateralized. These funds are collateralized under the same program as the County's funds above.

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk, because the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

The County nor its discretely presented component units had no investments at the fiscal year-end.

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2015.

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 537,224

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The receivables represent the tax revenue collected but not settled until October 2015. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Series 2007B Taxable Bonds Fund	Other Governmental Funds	\$ 2,140,000
General Fund	Other Governmental Funds	<u>698,000</u>
Total		<u>\$ 2,838,000</u>

The principal purpose of advances to Other Governmental Funds was to provide operating capital for federal, state and local grants in order to pay for operations of the funds until reimbursed.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 509,603
Other Governmental Funds	Series 2007B Taxable Bonds Fund	520,050
Other Governmental Funds	General Fund	432,027
Other Governmental Funds	Other Governmental Funds	401,640
Other Governmental Funds	Series 2015 Taxable Bonds Fund	<u>682</u>
Total		<u>\$ 1,864,002</u>

The principal purposes of interfund transfers were to provide funds for grant matches, to provide funds as budgeted for operations, to provide funds to pay for capital outlays or to provide funds to pay for debt service. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2015, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 1,210,246
Public safety grants	274,257
Public works grants	1,204,404
Other	<u>308,729</u>
Total governmental activities	<u>\$ 2,997,636</u>

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(5) Loan Receivable.

The County's loan receivable balance at September 30, 2015, is as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
King Edward Revitalization Company - CDBG Loan (A)	05/05/09	1.00%	11/01/30	\$ 2,304,292
Westin Hotel (B)	04/21/14	3.25%	08/01/33	<u>11,562,858</u>
				<u>\$ 13,867,150</u>

- (A) This loan originated as a grant from the Mississippi Development Authority (MDA). The County loaned the grant funds to the King Edward Revitalization Company (KERC). The County is responsible for monitoring the loan, collecting principal and interest payments from KERC and remitting all principal and interest received to MDA. The related payable to MDA is recorded as an intergovernmental payable.
- (B) This loan originated as a loan from MDA pursuant to HB No. 1049. The County loaned the funds to Capital Hotel Associates (CHA) to develop a 200-bed Westin Hotel. The County is responsible for monitoring the loan, approving interim payments, collecting principal and interest payments from CHA, and remitting all principal and interest to MDA. The related payable to MDA is recorded as an intergovernmental payable. The receivable is backed by a personal guarantee of CHA's investors.

(6) Development of Industrial Parks.

Component Unit - Hinds County Economic Development Authority:

J. C. "Sonny" McDonald Industrial Center

In 1994, the County issued general obligation bonds in the amount of \$6,100,000 to provide funds principally for the purchase of land and the payment of development costs associated with two industrial parks (\$5,539,000), with the remaining funds to be used for improvements to existing parks located in the County.

The Hinds County Board of Supervisors granted ownership of the new industrial park properties to the Hinds County Economic Development Authority (the Authority) with the right and responsibility of developing and marketing such properties. All proceeds received by the Authority from the sale of the properties are to be immediately disbursed to the County for use in retiring the bond indebtedness.

The Authority has been in the process of developing the J. C. "Sonny" McDonald Industrial Center, and the following expenditures, net of cost of sales, impairments and nonsalable portion, have been incurred for the purchase of land and development costs as of September 30, 2015.

Land	\$ 792,015
Land development costs	<u>3,486,971</u>
	<u>\$ 4,278,986</u>

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Hinds County AeroTech Park (formerly West Hinds County Industrial Park)

In June 2007, the Hinds County Board of Supervisors donated 343.81 acres of the John Bell Williams Airport land to the Authority so that it could be developed into an Industrial Park. The land was recorded at the book value recorded by the County. The Authority has begun to develop this property as Hinds County AeroTech Park. The land and development costs to date on this park are as follows:

Land, transferred from Hinds County	\$ 223,532
Land development costs	<u>286,973</u>
	<u>\$ 510,505</u>

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(7) Capital Assets.

Primary Government:

The following is a summary of capital assets activity for the year ended September 30, 2015.

	Balance 10/01/14	Additions	Deletions	Transfers/ Adjustments*	Balance 09/30/15
<u>Nondepreciable capital assets:</u>					
Land	\$ 950,402	\$ 95,600	\$ (114,720)	\$ -	\$ 931,282
Construction in progress	21,403,556	3,959,976	-	(3,366,722)	21,996,810
Total nondepreciable capital assets	<u>22,353,958</u>	<u>4,055,576</u>	<u>(114,720)</u>	<u>(3,366,722)</u>	<u>22,928,092</u>
<u>Depreciable capital assets:</u>					
Infrastructure	88,572,862	325,784	(101,392)	2,519,918	91,317,172
Buildings	55,250,179	581,175	(348,991)	323,950	55,806,313
Improvements other than buildings	13,805,142	-	-	-	13,805,142
Mobile equipment	20,970,464	957,267	(811,151)	201,393	21,317,973
Furniture and equipment	17,448,004	148,533	(147,086)	(201,393)	17,248,058
Leased property under capital leases	2,445,364	785,107	(18,993)	60	3,211,538
Total depreciable capital assets	<u>198,492,015</u>	<u>2,797,866</u>	<u>(1,427,613)</u>	<u>2,843,928</u>	<u>202,706,196</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	(50,386,417)	(1,416,713)	72,930	-	(51,730,200)
Buildings	(19,872,576)	(1,075,323)	279,192	-	(20,668,707)
Improvements other than buildings	(6,277,065)	(454,238)	-	-	(6,731,303)
Mobile equipment	(15,590,061)	(1,064,479)	640,769	(127,909)	(16,141,680)
Furniture and equipment	(10,687,019)	(1,301,507)	139,463	127,909	(11,721,154)
Leased property under capital leases	(1,200,652)	(463,268)	-	-	(1,663,920)
Total accumulated depreciation	<u>(104,013,790)</u>	<u>(5,775,528)</u>	<u>1,132,354</u>	<u>-</u>	<u>(108,656,964)</u>
Total depreciable capital assets, net	<u>94,478,225</u>	<u>(2,977,662)</u>	<u>(295,259)</u>	<u>2,843,928</u>	<u>94,049,232</u>
Governmental activities capital assets, net	<u>\$ 116,832,183</u>	<u>\$ 1,077,914</u>	<u>\$ (409,979)</u>	<u>\$ (522,794)</u>	<u>\$ 116,977,324</u>

\* Transfers represent construction-in-progress costs of \$522,854 transferred to other governments or private industries and \$2,843,868 placed in service due to project completion during the year ended September 30, 2015. Adjustments totaled \$60 during the year ended September 30, 2015.

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Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 748,110
Public safety	2,962,214
Public works	1,909,441
Health and welfare	112,804
Culture and recreation	42,959
 Total governmental activities depreciation expense	 \$ 5,775,528

Commitments with respect to unfinished capital projects at September 30, 2015, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Byram-Clinton Corridor (Wastewater)	\$ 114,267	05/31/2017
Byram-Clinton Corridor (ROW)	567,957	12/31/2016
Byram-Clinton Corridor (Design Engineering)	188,306	09/30/2017
Byram-Clinton Corridor (Construction Engineering)	1,064	10/01/2015
Byram Swinging Bridge	5,739	12/31/2016
John Bell Williams Airport	89,425	09/30/2016
Kimbell Road Bridge	112,746	09/30/2016
Tank Road	130,306	09/30/2016
McGuffee Road Bridge	19,502	09/30/2016
Farr Road Bridge	85,431	09/30/2016
Sonny McDonald Pond (Waggoner Engineers, Inc.)	68,850	12/31/2017
Sonny McDonald Wastewater (IMS)	21,812	12/31/2017
Hinds County Courthouse Elevator Modernization (Waggoner Engineers, Inc.)	22,900	09/30/2016
Courthouse Restoration	6,200	11/01/2015
MPO Road Resurfacing	389,000	02/18/2017
	 \$ 1,823,505	

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Component Units:

The component units' capital asset balances are as follows:

	12/31/14	09/30/15	
	Mental Health Commission	Economic Development Authority	Total
Property and equipment:			
Building	\$ 5,803,500	\$ 398,158	\$ 6,201,658
Land	1,019,322	65,000	1,084,322
Construction in progress	-	4,789,491	4,789,491
Automobiles	194,378	38,577	232,955
Furniture and equipment	901,173	194,224	1,095,397
Leasehold improvements	147,909	-	147,909
Software	40,000	-	40,000
	<u>8,106,282</u>	<u>5,485,450</u>	<u>13,591,732</u>
Less accumulated depreciation and amortization	<u>(2,029,116)</u>	<u>(183,122)</u>	<u>(2,212,238)</u>
Component unit capital assets, net	<u>\$ 6,077,166</u>	<u>\$ 5,302,328</u>	<u>\$ 11,379,494</u>

(8) Claims and Judgments.

Risk Financing:

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention provided by Safety National Casualty Corporation, effective January 1, 2015 through January 1, 2016. The pool may make an overall supplemental assessment or declare a refund, depending on the loss experience of all the entities it insures.

The County is exposed to risk of loss relating to public official liability, law enforcement liability, automobile liability, personal property damage and employment practices. The County protects itself against loss in these areas with commercial insurance coverage of \$500,000 to \$2,000,000 and retention deductibles ranging from \$0 to \$100,000.

Settled claims did not exceed insurance coverage for the fiscal years ended September 30, 2013, September 30, 2014 or September 30, 2015. The Government-wide Statement of Net Position as of September 30, 2015, presents a liability of \$955,000, representing unpaid judgments and estimated future settlements. Several legal suits are outstanding against the County at any given time during a fiscal year. While the County believes it has meritorious defenses against each suit, the ultimate resolution of each matter, each of which is expected to occur within one year, could result in losses of up to approximately \$1,584,000 in excess of the amount accrued.

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(9) Capital Leases.

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2015.

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 2,448,436
Nonmobile equipment	763,102
	3,211,538
Less accumulated depreciation	(1,663,920)
Leased property under capital leases	\$ 1,547,618

The following is a schedule by years of the total payments due as of September 30, 2015.

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 601,671	\$ 31,555
2017	497,487	20,775
2018	416,732	10,628
2019	191,633	3,801
Total	\$ 1,707,523	\$ 66,759

(10) Postemployment Benefits Other Than Pensions.

A. Plan Description.

The County administers a single-employer defined benefit health care plan (the Plan). The Plan provides lifetime health care insurance for eligible retirees and their spouses through the County's group health insurance plan, which covers both active and retired members. Benefits are established by the Board of Supervisors. The Plan does not issue a public available financial report.

B. Funding Policy.

Benefits of the Plan are provided through a fully-insured program with Aetna. Contributions by participating retired employees at rates determined by the Board of Supervisors are required for continued participation. The employer has not contributed any amounts to finance future benefits under the Plan to either current or future retirees.

C. Annual OPEB Cost and Net OPEB Obligation.

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a 30-year period. The following table

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shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the County's net OPEB obligation to the Plan:

Annual required contribution	\$ 333,076
Interest on net OPEB obligation	70,053
Adjustment to annual requirement contribution	<u>(77,741)</u>
Annual OPEB cost	325,388
Contributions made	<u>33,071</u>
Increase in net OPEB obligation	292,317
Net OPEB obligation - beginning of year	<u>1,556,728</u>
Net OPEB obligation - end of year	<u><u>\$ 1,849,045</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for fiscal years 2013, 2014 and 2015 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/13	\$ 380,131	6.5%	\$1,171,922
09/30/14	411,802	6.6%	1,556,728
09/30/15	325,388	10.2%	1,849,045

D. Funded Status and Funding Progress.

As of September 30, 2015, the actuarial accrued liability for benefits was \$1,667,934, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$28,668,006, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5.8%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the ARCs of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as required supplementary information following the notes to financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Methods and Assumptions.

Projections of benefits for financial reporting purposes are based on the substantive Plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The RP 2014 Total Dataset Mortality Table was used.

Turnover - Nongroup-specific, age-based turnover data from GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions*, was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Health care cost trend rate - The expected rate of increase in health care insurance premiums was based on projections from health economists. A rate of 9% initially, reduced to an ultimate rate of 5% over 10 years, was used.

Health insurance premiums - 2014 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation assumption used was 2%.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of 4.5% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2015 was 23 years.

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

(11) Long-term Debt.

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Mississippi Development Bank Special Obligation Bonds, Series 2005 (Hinds County, Mississippi General Obligation Public Improvements Bond Project)	\$ 215,000	3.00% to 5.25%	10/01/35
Mississippi Development Bank Special Obligation Bonds, Series 2007A (Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond Project)	12,010,000	4.00% to 5.00%	10/01/36
Mississippi Development Bank Special Obligation Taxable Bonds, Series 2007B (Hinds County, Mississippi General Obligation Public Parking Project)	12,005,000	5.46%	10/01/36
Mississippi Development Special Obligation Bonds, Series 2010	2,020,000	3.00% to 4.25%	06/01/30
Mississippi Development General Obligation Refunding Bonds, Series 2015, net of unamortized premium of \$718,827	<u>9,935,000</u>	2.00% to 4.00%	10/01/36
Total General Obligation Bonds	<u><u>\$ 36,185,000</u></u>		
B. Limited Obligation Bonds:			
Tax Increment Limited Obligation Bonds, Series 1997 (Wal-Mart)	\$ 90,000	5.68%	09/01/17
Tax Increment Financing Revenue Bond, Series 2005 (Byram Parkway Project)	136,000	5.34%	04/01/18
Tax Increment Financing Revenue Bond, Series 2008 (Byram Parkway Project)	<u>79,000</u>	4.96%	04/01/18
Total Limited Obligation Bonds	<u><u>\$ 305,000</u></u>		
C. Capital Leases:			
Road Equipment 2014	\$ 759,695	1.94%	12/13/18
Road Equipment 2011	99,529	2.89%	11/01/16
Self-contained Breathing Apparatus Equipment	63,669	0.00%	09/15/16
2013 BancorpSouth Video Arraignment Equipment	25,188	2.04%	04/23/16
2013 BancorpSouth Vehicles	21,877	1.78%	05/24/16
2015 Vehicles	162,426	1.95%	03/24/18
2015 Volunteer Fire Department Vehicle	34,192	1.96%	04/23/18
2015 Sheriff Office Vehicles	264,460	2.07%	08/26/18
2015 Vehicles	<u>276,487</u>	1.95%	09/30/18
Total Capital Leases	<u><u>\$ 1,707,523</u></u>		

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
D. Other Loans:			
MDA Energy Loan	\$ 47,405	3.50%	10/01/15
Unisys Computer Loan	462,230	1.63%	05/01/17
2013 General Obligation Note	2,133,335	1.90%	10/01/18
2015 General Obligation Note	<u>4,000,000</u>	2.12%	03/15/20
Total Other Loans	<u>\$ 6,642,970</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 1,545,000	\$ 1,609,334	\$ 113,000	\$ 14,589
2017	1,605,000	1,534,460	117,000	8,362
2018	1,670,000	1,456,819	75,000	1,951
2019	1,725,000	1,382,797	-	-
2020	1,290,000	1,305,995	-	-
2021-2025	7,290,000	5,700,846	-	-
2026-2030	8,990,000	4,007,674	-	-
2031-2035	10,220,000	1,936,833	-	-
2036-2037	<u>1,850,000</u>	<u>89,353</u>	-	-
Total	<u>\$ 36,185,000</u>	<u>\$ 19,024,111</u>	<u>\$ 305,000</u>	<u>\$ 24,902</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2016	\$ 1,611,853	\$ 128,155
2017	1,564,449	82,653
2018	1,333,334	53,241
2019	1,333,334	25,723
2020	<u>800,000</u>	<u>8,574</u>
Total	<u>\$ 6,642,970</u>	<u>\$ 298,346</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to 1.93% of the latest property assessments.

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

Advance Refunding of Debt - On March 10, 2015, the County issued \$9,995,000 in General Obligation Bonds, with an average interest rate of 2.93%. The proceeds were used to advance refund the following outstanding debt issues with an average interest rate of 4.51%:

Issue	Outstanding Amount Refunded
Mississippi Development Bank Special Obligation Bonds, Series 2007A (Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond Project)	<u>\$ 9,385,000</u>

The net proceeds of \$10,429,303 (with a par of \$9,995,000 and including premium of \$737,196 and payment of \$302,893 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt services payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The Mississippi Development Bank Special Obligation Bonds, Series 2007A (Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond Project) had an outstanding balance of \$22,030,000 at the time of refunding, but only \$9,385,000 of the bonds were refunded, leaving a remaining principal balance of \$12,645,000.

The County refunded these bonds to reduce its total debt service payments over the next 20 years by \$861,178 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$610,000.

Prior Year Defeasance of Debt - In prior years, the County defeased portions of certain bonds by placing the proceeds of refunding issues in an irrevocable trust to provide for future debt service on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the County's financial statements. On September 30, 2015, \$5,715,000 of bonds outstanding were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015.

	Balance 10/01/14	Additions	Reductions	Balance 09/30/15	Amount Due Within One Year
Governmental Activities:					
Compensated absences	\$ 2,661,449	\$ -	\$ (30,803)	\$ 2,630,646	\$ 261,403
Other post employment benefits	1,556,728	292,317	-	1,849,045	-
Claims and judgments payable	1,347,000	709,764	(1,101,764)	955,000	955,000
General obligation bonds	36,845,000	9,995,000	(10,655,000)	36,185,000	1,545,000
Premium	-	737,196	(18,369)	718,827	-
Limited obligation bonds	410,000	-	(105,000)	305,000	113,000
Capital leases	1,476,866	774,468	(543,811)	1,707,523	601,671
Other loans	2,874,085	4,000,000	(231,115)	6,642,970	1,611,853
Net pension liability	61,001,949	19,537,158	(4,485,604)	76,053,503	-
Total	<u>\$ 108,173,077</u>	<u>\$ 36,045,903</u>	<u>\$ (17,171,466)</u>	<u>\$ 127,047,514</u>	<u>\$ 5,087,927</u>

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

Compensated absences and claims and judgments payable typically are liquidated through the General Fund.

Component Unit:

The debt outstanding at December 31, 2014 for the Hinds County Mental Health Commission (the Commission) is as follows:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. Revenue Bonds:			
Mississippi Hospital Equipment and Facilities Authority, Series 2006	<u>\$ 5,765,000</u>	5.75 to 6.10%	05/01/31
B. Other Loans:			
Loan payable	<u>\$ 799,252</u>	2.30%	08/01/32

The Commission has pledged future county tax revenues, less any applicable permitted encumbrances, and project revenues for the clinical division, if necessary, to repay \$7,000,000 in Mississippi Hospital Equipment and Facilities Authority Revenue Bonds issued in 2006. Proceeds from the bonds provided financing for the capital improvements of the building that houses the clinical division. The bonds are payable through 2031. Annual principal and interest payments on the bonds are expected to require less than 50% of tax revenues.

Annual debt service requirements to maturity at December 31, 2014 for the following debt reported in the Commission's Statement of Net Position are as follows:

<u>Year Ending</u>	<u>Revenue Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 205,000	\$ 345,628	\$ 36,905	\$ 18,066
2016	220,000	333,840	37,761	17,210
2017	230,000	321,190	38,637	16,334
2018	245,000	307,965	39,533	15,437
2019	260,000	293,877	40,451	14,520
2020-2024	1,540,000	1,224,328	216,772	58,082
2025-2029	2,055,000	698,755	243,111	31,744
2030-2032	<u>1,010,000</u>	<u>93,330</u>	<u>146,082</u>	<u>5,088</u>
Total	<u>\$ 5,765,000</u>	<u>\$ 3,618,913</u>	<u>\$ 799,252</u>	<u>\$ 176,481</u>

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

The following is a summary of changes in long-term liabilities and obligations for the year ended December 31, 2014 for the Commission.

	Balance 01/01/14	Additions	Reductions	Balance 12/31/14	Amount Due Within One Year
Revenue bonds	\$ 5,960,000	\$ -	\$ (195,000)	\$ 5,765,000	\$ 205,000
Other loans	835,320	-	(36,068)	799,252	36,905
Compensated absences	289,184	68,275	(23,950)	333,509	195,521
<b>Total</b>	<b>\$ 7,084,504</b>	<b>\$ 68,275</b>	<b>\$ (255,018)</b>	<b>\$ 6,897,761</b>	<b>\$ 437,426</b>

(12) Derivative Instruments.

The County and the Mississippi Development Bank (collectively the County) previously entered into two interest rate swap agreements with RFPC Capital Services, LLC (a subsidiary of Rice Financial Products Company) referred to as the 2006 Interest Rate Swap and the 2007 Interest Rate Swap. The 2006 Interest Rate Swap was done in conjunction with the Mississippi Development Bank Special Obligation Bonds, Series 2005 [Hinds County, Mississippi General Obligation Public Improvements Bond Project]. The 2007 Interest Rate Swap was done in conjunction with the Mississippi Development Bank Special Obligation Bonds, Series 2007A [Hinds County, Mississippi General Obligation Public Improvement and Refunding Bond Project] and Mississippi Development Bank Taxable Special Obligation Bonds, Series 2007B [Hinds County, Mississippi General Obligation Public Parking Bond Project]. Both interest rate swaps were done in an attempt to reduce the debt service costs associated with certain outstanding obligations of the County.

During the year ended 2015, the County terminated the aforementioned interest rate swaps. As a result of this termination, the County recorded a gain on derivative instruments in the government-wide Statement of Activities of \$4,282,147. During the year ended September 30, 2015, the County also received cash payments totaling \$1,012,000 for investment income on the swaps.

(13) Contingencies.

Federal Grants - The County 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 grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not exceed the County's estimate of claims and judgments payable as reflected in Note 8.

(14) Related Organization.

The Hinds County Board of Supervisors is responsible for appointing a voting majority of the members of the Board of the Hinds County Livestock Commission, but the County's accountability for this organization does not extend beyond making the appointments. During the year, the County appropriated \$25,000 to this organization.

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

(15) Joint Ventures.

The County participates in the following joint venture:

The County is a participant with the City of Jackson in a joint venture authorized by Section 39-3-8, Miss. Code Ann. (1972) to operate the Jackson-Hinds Library System. The joint venture was created to provide a library system for city and county residents and is governed by 14 members, with each entity appointing 7 members. By contractual agreement, the County's appropriation to the joint venture was \$1,965,047 in 2015. Complete financial statements for the Jackson-Hinds Library System can be obtained from 400 North State Street, Jackson, Mississippi 39201.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Central Mississippi Planning and Development District, Inc. (CMPDD) operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Hinds County Board of Supervisors appoints 3 of the 33 members of the board of directors. The County contributes a small percentage of CMPDD's total revenues. The County appropriated \$45,088 for support of CMPDD in fiscal year 2015.

Hinds Community College District (the College) operates in a district composed of the counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Hinds County Board of Supervisors appoints 5 of the 15 members of the College's board of trustees. The County levies an annual tax pursuant to Section 37-29-141, Miss. Code Ann. (1972) to support the College. The tax provided \$9,796,548 for maintenance and support of the College in fiscal year 2015.

Hinds County Human Resource Agency, Inc. (the Agency) operates in a district composed of Hinds County, private citizens and local organizations. The Hinds County Board of Supervisors appoints 5 of the 15 members of the Agency. The County appropriated \$81,225 for support of the Agency in fiscal year 2015.

(17) Defined Benefit Pension Plan.

Plan Description - The County is a member of PERS, a cost-sharing multiple-employer defined benefit pension. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the County. Code Section 25-11-15, Miss. Code Ann. (1972) grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available CAFR that can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

Benefits Provided - 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 become 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 2.00% 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 2.50% for each additional year of credited service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

interest are paid to the designated beneficiary. Benefit provisions are established by Section 25-11-1 et seq., Miss. Code Ann. (1972) and may be amended only by the State Legislature.

A Cost-of-Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3% 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% compounded for each fiscal year thereafter.

Contributions - Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2015, member employees were required to contribute 9.00% of their annual pay, while the County's required contribution rate was 15.75% of annual covered payroll. The County's employer contributions to PERS for the years ended September 30, 2015, 2014 and 2013 were \$4,922,141, \$4,744,612, and \$4,362,962, respectively. The contributions for each year met the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the County reported a liability of \$76,053,503 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's employer contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2015, the County's proportion was 0.49%, which was essentially the same percentage as its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$7,687,623. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,766,924	\$ -
Changes of assumptions	6,551,747	-
Net difference between projected and actual earnings on pension plan investments	-	2,042,675
Changes in the County's proportion	926,492	-
County contributions subsequent to the measurement date	<u>1,261,282</u>	<u>-</u>
	<u>\$ 10,506,445</u>	<u>\$ 2,042,675</u>

The amount of \$1,261,282 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

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

Year ending September 30:	
2016	\$ 2,626,464
2017	2,448,715
2018	1,014,822
2019	<u>1,112,487</u>
	<u>\$ 7,202,488</u>

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00%
Salary increases	3.75% - 19.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016 with male rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	<u>1.00</u>	(0.50)
Total	<u>100.00 %</u>	

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2015

Discount Rate - The discount rate used to measure the total pension liability was 7.75%. 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 made at the current employer contribution rate (15.75%). 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 County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75%) or one-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 100,245,477	\$ 76,053,501	\$ 55,978,668

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS CAFR, publicly available at [www.pers.ms.gov](http://www.pers.ms.gov).

Payable to the Pension Plan - At September 30, 2015, the County has no amounts payable for outstanding contributions to the pension plan required for the year then ended.

(18) Subsequent Event.

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 County evaluated the activity of the County through the date the financial statements were available to be issued and determined that several subsequent events have occurred that require disclosure in the notes to the financial statements.

The County issued the following debt after year-end:

- Bonds totaling \$8,190,000 on April 28, 2016, at an initial interest rate of 2.0% for a term of 20 years to refund a portion of the outstanding General Obligation 2007A bonds, a portion of the Special Obligation 2005 bonds, the balance of the 2013 General Obligation note and the balance of the 2015 General Obligation note
- A negotiable note on December 23, 2015 in the amount of \$645,000 at a rate of 2.53% for 5 years to purchase three tankers for volunteer fire departments
- A lease purchase for an asphalt distributor in the amount of \$151,900 on December 18, 2015 at 2.29% interest rate for 5 years
- Capital lease totaling \$9,000,000 on October 5, 2015 at a rate of 3.592% for 10 years for radio and tower equipment for the MSWIN system

HINDS COUNTY, MISSISSIPPI  
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For the Year Ended September 30, 2015

Additionally, the County's component unit, Hinds County Mental Health Commission, refinanced the balance of their Mississippi Hospital Facilities and Equipment, Series 2006 Revenue Bonds on November 9, 2015 for 12 years at 4.25% interest.

HINDS COUNTY, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

HINDS COUNTY, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 43,729,079	\$ 43,795,651	\$ 45,508,884	\$ (1,713,233)
Licenses, commissions and other	2,214,220	2,835,365	3,129,634	(294,269)
Fines and forfeitures	1,093,000	1,093,000	1,882,965	(789,965)
Intergovernmental	3,446,909	3,467,679	5,151,684	(1,684,005)
Charges for services	3,560,566	3,693,172	1,816,098	1,877,074
Interest income	58,300	59,126	65,493	(6,367)
Miscellaneous	298,500	298,500	502,530	(204,030)
Total Revenues	<u>54,400,574</u>	<u>55,242,493</u>	<u>58,057,288</u>	<u>(2,814,795)</u>
<b>EXPENDITURES</b>				
Current:				
General government	27,334,903	29,745,628	28,172,122	(1,573,506)
Public safety	28,591,524	29,604,185	27,907,145	(1,697,040)
Public works	425,000	324,360	424,360	100,000
Health and welfare	955,679	1,044,745	999,828	(44,917)
Culture and recreation	92,215	92,215	86,772	(5,443)
Conservation of natural resources	320,167	320,167	281,348	(38,819)
Economic development and assistance	66,588	171,588	171,588	-
Debt service:				
Principal	319,152	326,315	202,076	(124,239)
Interest	23,359	23,359	20,435	(2,924)
Total Expenditures	<u>58,128,587</u>	<u>61,652,562</u>	<u>58,265,674</u>	<u>(3,386,888)</u>
Excess of Expenditures Over Revenues	<u>(3,728,013)</u>	<u>(6,410,069)</u>	<u>(208,386)</u>	<u>(6,201,683)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	25,000	30,679	-	30,679
Premiums on bonds issued	-	-	25,972	(25,972)
Compensation for loss of capital assets	50,000	63,025	108,665	(45,640)
Transfers in	2,121,805	2,958,909	2,731,965	226,944
Transfers out	(2,459,593)	(2,970,850)	(2,654,389)	(316,461)
Other financing sources	-	798,000	798,000	-
Total Other Financing Sources (Uses)	<u>(262,788)</u>	<u>879,763</u>	<u>1,010,213</u>	<u>(130,450)</u>
Excess of Expenditures and Other Financing Sources (Uses) Over Revenue and Other Financing Sources	<u>\$ (3,990,801)</u>	<u>\$ (5,530,306)</u>	801,827	<u>\$ (6,332,133)</u>
<b>FUND BALANCES</b>				
Beginning of year			11,387,738	
End of year			<u>\$ 12,189,565</u>	

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

HINDS COUNTY, MISSISSIPPI  
Notes to the Budgetary Comparison Schedule  
For the Year Ended September 30, 2015

Note A - Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, Tax Assessor and Tax Collector for his or her respective department, prepares an original budget for the general fund (a Governmental Fund) for said fiscal year. The completed budget for the fiscal year includes for the General Fund every source of revenue, each general item of expenditure and the unencumbered cash and investment balances. When, during the fiscal year, it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require funds be available when goods or services are ordered, only when payment is made.

Note B - Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

Note C - Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary), as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary), as opposed to when susceptible to accrual (GAAP).

HINDS COUNTY, MISSISSIPPI  
Notes to the Budgetary Comparison Schedule (Continued)  
For the Year Ended September 30, 2015

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

	<u>Governmental Fund Type</u>
	<u>General Fund</u>
Budget (Cash Basis)	\$ 801,827
Increase (Decrease)	
Net adjustments for revenue accruals	(2,392,292)
Net adjustments for expenditure accruals	(3,441,198)
Net Adjustment for other financing sources and uses accruals	<u>5,527,287</u>
GAAP Basis	<u><u>\$ 495,624</u></u>

HINDS COUNTY, MISSISSIPPI  
 Schedule of Funding Progress for the Retiree Health Plan  
 For the Year Ended September 30, 2015

Plan Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Simplified Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012-2013	-	\$ 1,974,971	\$ 1,974,971	0%	\$ 27,377,968	7.21%
2013-2014	-	2,327,420	2,327,420	0%	27,925,527	8.33%
2014-2015	-	1,667,934	1,667,934	0%	28,668,006	5.82%

HINDS COUNTY, MISSISSIPPI  
Schedule of the County's Proportionate Share of the Net Pension Liability

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.49%	0.49%
County's proportionate share of the net pension liability	\$ 76,053,502	\$ 59,622,689
County's covered-employee payroll	\$ 30,228,877	\$ 29,669,707
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.59%	200.95%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

**Notes to Schedule:**

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The information presented in this schedule has been determined as of the measurement date in accordance with GASB 68.

HINDS COUNTY, MISSISSIPPI  
Schedule of the County's Contributions

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,922,141	\$ 4,744,612
Contributions in relation to the contractually required contribution	<u>4,922,141</u>	<u>4,744,612</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 31,251,689	\$ 30,124,521
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

**Notes to Schedule:**

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The information presented in this schedule has been determined as of the Employer's fiscal year-end in accordance with GASB 68.

**Changes of Assumptions:**

In 2015 and later, 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. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate-of-return assumptions were changed from 3.5% to 3.00% and 8.00% to 7.75%, respectively.

HINDS COUNTY, MISSISSIPPI

SUPPLEMENTARY INFORMATION

HINDS COUNTY, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Series 2007B Taxable Bonds  
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest income	\$ 200,000	\$ 200,000	\$ 17,824	\$ 182,176
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>17,824</u>	<u>182,176</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	734,109	734,109	-
Culture and recreation	-	175,000	-	(175,000)
Total Expenditures	<u>-</u>	<u>909,109</u>	<u>734,109</u>	<u>(175,000)</u>
Excess of Expenditures Over Revenues	<u>200,000</u>	<u>(709,109)</u>	<u>(716,285)</u>	<u>7,176</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	(520,050)	(520,050)	-
Total Other Financing Sources	<u>-</u>	<u>(520,050)</u>	<u>(520,050)</u>	<u>-</u>
Excess of Expenditures Over Revenue and Other Financing Sources	<u>\$ 200,000</u>	<u>\$ (1,229,159)</u>	<u>(1,236,335)</u>	<u>\$ 7,176</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>11,432,086</u>	
End of year			<u>\$ 10,195,751</u>	

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

HINDS COUNTY, MISSISSIPPI  
Notes to the Budgetary Comparison Schedule  
For the Year Ended September 30, 2015

Note A - Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, Tax Assessor and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds, including the major capital projects fund, for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure and the unencumbered cash and investment balances. When, during the fiscal year, it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require funds be available when goods or services are ordered, only when payment is made.

Note B - Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is not a part of required supplementary information, but it is presented as supplemental information.

Note C - Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary), as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary), as opposed to when susceptible to accrual (GAAP).

HINDS COUNTY, MISSISSIPPI  
Notes to the Budgetary Comparison Schedule (Continued)  
For the Year Ended September 30, 2015

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the major capital projects fund:

	Governmental Fund Type
	Series 2007B Taxable Bonds Fund
Budget (Cash Basis)	\$ (1,236,335)
Increase (Decrease)	
Net adjustments for revenue accruals	-
Net adjustments for expenditure accruals	96,062
GAAP Basis	\$ (1,140,273)

Series 2015 Refunding Bonds  
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Current:				
General government	\$ -	\$ 302,893	\$ 302,893	\$ -
Total Expenditures	<u>-</u>	<u>302,893</u>	<u>302,893</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(302,893)</u>	<u>(302,893)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	9,995,000	9,995,000	-
Premiums on bonds issued	-	737,196	737,196	-
Transfers out	-	(682)	(682)	-
Payment to bond refunding escrow agent	-	(10,428,621)	(10,428,621)	-
Total Other Financing Sources and Uses	<u>-</u>	<u>302,893</u>	<u>302,893</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

HINDS COUNTY, MISSISSIPPI  
Notes to the Budgetary Comparison Schedule  
For the Year Ended September 30, 2015

Note A - Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, Tax Assessor and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds, including the major capital projects fund, for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure and the unencumbered cash and investment balances. When, during the fiscal year, it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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Note B - Basis of Presentation.

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HINDS COUNTY, MISSISSIPPI  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>MAJOR FEDERAL AWARDS</b>			
<b>U.S. Department of Transportation</b>			
Passed through Mississippi Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	MS 024 125	\$ 660,466
Highway Planning and Construction	20.205	N/A	97,050
Highway Planning and Construction	20.205	SRSP-0025-00(32)	69,045
Highway Planning and Construction	20.205	SRSP-0025-00(70)	<u>156,513</u>
<b>Total U.S. Department of Transportation</b>			<u>983,074</u>
<b>Total Expenditures of Major Federal Awards</b>			<u>983,074</u>
<b>OTHER FEDERAL AWARDS</b>			
<b>U.S. Department of Agriculture</b>			
Passed through the Mississippi Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	N/A	<u>55,964</u>
<b>Total U.S. Department of Agriculture</b>			<u>55,964</u>
<b>U.S. Election Commission Assistance</b>			
Passed through Mississippi Development Authority			
Community Development Block Grant/State's Program and Non-entitlement Grants in Hawaii			
	14.228	1129-12-025PF-01	<u>42,677</u>
<b>Total U. S. Election Commission Assistance</b>			<u>42,677</u>
<b>U.S. Department of Justice</b>			
Direct			
Federal Equitable Sharing	16.922		<u>4,363</u>
Passed through the Mississippi Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-MU-BX-0984	41,518
Passed through the City of Jackson, Mississippi			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-H1786-MS-DJ	<u>84,184</u>
			<u>125,702</u>
Passed through the Mississippi Department of Public Safety			
Juvenile Accountability Block Grants	16.523	11JB1251	58,109
Crime Victim Assistance	16.575	13VA1251	29,848
Crime Victim Assistance	16.575	14VA1251	<u>10,476</u>
			<u>98,433</u>
Passed through the Mississippi Bureau of Narcotics (MBN)			
Public Safety Partnership and Community Policing Grants	16.710	N/A	<u>8,669</u>
<b>Total U. S. Department of Justice</b>			<u>237,167</u>
<b>U.S. Department of Transportation</b>			
Passed through the Mississippi Department of Public Safety			
Highway Safety Cluster			
State and Community Highway Safety Grant	20.600	15-OP-125-1	5,191
Alcohol Open Container Requirements	20.607	15-ST-125-1	<u>190,712</u>
<b>Total U.S. Department of Transportation</b>			<u>195,903</u>

The accompanying notes are an integral part of this schedule.

HINDS COUNTY, MISSISSIPPI  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended September 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
OTHER FEDERAL AWARDS (Continued)			
<b>U.S. Environmental Protection Agency</b>			
Direct			
Congressionally Mandated Projects	66.202	XP95471011-0	\$ 18,333
<b>Total U.S. Environmental Protection Agency</b>			<u>18,333</u>
<b>U. S. Department of Health and Human Services</b>			
Passed through the Mississippi Department of Human Services/ Central Mississippi Planning and Development District, Inc.			
Aging Cluster			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	1035-21	26,821
Social Services Block Grant	93.667	6006202, 6006203	183,787
Passed through the Mississippi Emergency Management Agency			
Child Support Enforcement	93.563	93.UN	16,045
Passed through the Mississippi Secretary of State's Office			
Voting Access for Individuals with Disabilities	93.617	1003MSVote	20,703
<b>Total U.S. Department of Health and Human Services</b>			<u>247,356</u>
<b>Executive Office of the President</b>			
Passed through the Gulf Coast HIDTA			
High Intensity Drug Trafficking Area Program	95.001	G14GC0003A	36,055
High Intensity Drug Trafficking Area Program	95.001	G13GC0003A	12,806
<b>Total Executive Office of the President</b>			<u>48,861</u>
<b>U.S. Department of Homeland Security</b>			
Passed through the Mississippi Department of Homeland Security			
Homeland Security Grant Program	97.067	13CC025	8,989
Homeland Security Grant Program	97.067	13HS025	29,951
Homeland Security Grant Program	97.067	14HS025	19,813
Homeland Security Grant Program	97.067	S13HS025	4,999
<b>Total U. S. Department of Homeland Security</b>			<u>63,752</u>
<b>Total Expenditures of Other Federal Awards</b>			<u>910,013</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,893,087</u>

The accompanying notes are an integral part of this schedule.

HINDS COUNTY, MISSISSIPPI  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2015

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the County under programs of the federal government for the year ended September 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position for the County.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note B - There were no subrecipients during the year.

Note C - Outstanding Loans

At September 30, 2015, there were \$2,304,292 of loans outstanding in the Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii, CFDA No. 14.228. There were no continuing compliance requirements related to this loan for the year ended September 30, 2015.

HINDS COUNTY, MISSISSIPPI

OTHER INFORMATION

HINDS COUNTY, MISSISSIPPI  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2015  
Unaudited

Name	Position	Company	Bond
Eddie Jean Carr	Chancery Clerk	Western Surety Co.	\$ 100,000
Carmen Davis	County Administrator	Travelers Casualty and Surety Co. of America	100,000
Tyrone Lewis	Sheriff	Western Surety Co.	100,000
Robert Graham	Supervisor District 1	Western Surety Co.	100,000
Darrell McQuirter	Supervisor District 2	Western Surety Co.	100,000
Peggy Calhoun	Supervisor District 3	Western Surety Co.	100,000
Tony Greer	Supervisor District 4	Western Surety Co.	100,000
George Smith	Supervisor District 5	Western Surety Co.	100,000
Charles Stokes	Tax Assessor	Statewide Insurance Group	100,000
Eddie Fair	Tax Collector	Western Surety Co.	100,000
Barbara Dunn	Circuit Clerk	Brierfield	100,000
James Ingram	Inventory Control Clerk	Travelers Casualty and Surety Co. of America	75,000
Lillie Woods	Receiving Clerk	Travelers Casualty and Surety Co. of America	75,000
Brittany Anderson	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Linda Bennett	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Paula Cable	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Connie Cochran	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Angela Cook	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Nikia Felton	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Tracy Funchess	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Annie Giles	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Larry Grant	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Joann Gray	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Ruth Kelly	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Sharon Kyle	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Regina Hill	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Stephanie Meachum	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Joseph Perkins	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Deborah Pierce	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Earline Samuel	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Latonya Sturgis	Assistant Receiving Clerk	Old Republic Surety Company	50,000
Angela Thomason	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Audrey Thrasher	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Mary Tory	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Pennie Walters	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Tabetha Ward	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Gloria Wilson	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
John Brown	Constable	Western Surety Co.	50,000
Bennie Buckner	Constable	Western Surety Co.	50,000
Lawrence Funchess	Constable	Travelers Casualty and Surety Co. of America	50,000
Jerry Moore	Constable	Travelers Casualty and Surety Co. of America	50,000
Jon Lewis	Constable	Western Surety Co.	50,000
Doris Boston	Deputy Tax Collector	Western Surety Co.	50,000
Erica Brown	Deputy Tax Collector	Western Surety Co.	50,000
Monica Butler	Deputy Tax Collector	Western Surety Co.	50,000
Quintina Calender	Deputy Tax Collector	Travelers Casualty and Surety Co. of America	50,000
Kenisha Calvin	Deputy Tax Collector	Western Surety Co.	50,000
Larry Camper	Deputy Tax Collector	Western Surety Co.	50,000
Kathy Chestnut	Deputy Tax Collector	Western Surety Co.	50,000
Sophie Coats	Deputy Tax Collector	Western Surety Co.	50,000
Tiana Edwards	Deputy Tax Collector	Western Surety Co.	50,000
Morgan Ellis	Deputy Tax Collector	Western Surety Co.	50,000
Peggy Ervin	Deputy Tax Collector	Western Surety Co.	50,000

INDS COUNTY, MISSISSIPPI  
Schedule of Surety Bonds for County Officials (Continued)  
For the Year Ended September 30, 2015  
Unaudited

Name	Position	Company	Bond
Jasmine Felder	Deputy Tax Collector	Western Surety Co.	\$ 50,000
Kristie Fields	Deputy Tax Collector	Western Surety Co.	50,000
Joseph Francis	Deputy Tax Collector	Western Surety Co.	50,000
Irsteen Gatlin	Deputy Tax Collector	Western Surety Co.	50,000
Stephanie Green	Deputy Tax Collector	Western Surety Co.	50,000
Keisha Jackson	Deputy Tax Collector	Western Surety Co.	50,000
Matrice Kent	Deputy Tax Collector	Western Surety Co.	50,000
Sylvia McClellan	Deputy Tax Collector	Western Surety Co.	50,000
Lora McInnis	Deputy Tax Collector	Western Surety Co.	50,000
Lora McInnis	Deputy Tax Assessor	Old Republic Surety Company	10,000
Karen McNeill	Deputy Tax Collector	Western Surety Co.	50,000
Etta McPhaul	Deputy Tax Collector	Western Surety Co.	50,000
Alexis Nelson	Deputy Tax Collector	Western Surety Co.	50,000
Sharonda Nichols	Deputy Tax Collector	Western Surety Co.	50,000
Brandi Riley	Deputy Tax Collector	Western Surety Co.	50,000
Deanna Rob	Deputy Tax Collector	Western Surety Co.	50,000
Errica Shearrill	Deputy Tax Collector	Western Surety Co.	50,000
Deanna Smith	Deputy Tax Collector	Western Surety Co.	50,000
Judy Smith	Deputy Tax Collector	Western Surety Co.	50,000
Stephanie Smith	Deputy Tax Collector	Western Surety Co.	50,000
Marie Strong	Deputy Tax Collector	Western Surety Co.	50,000
Sheena Taylor	Deputy Tax Collector	Western Surety Co.	50,000
Ebony Teague	Deputy Tax Collector	Western Surety Co.	50,000
Ashanti Wansley	Deputy Tax Collector	Western Surety Co.	50,000
Lakonita Washington	Deputy Tax Collector	Western Surety Co.	50,000
Terrell Wilson	Deputy Tax Collector	Western Surety Co.	50,000
Darwin Wooten	Deputy Tax Collector	Western Surety Co.	50,000
Michelle Wright	Deputy Tax Collector	Western Surety Co.	50,000
Lenora Young	Deputy Tax Collector	Western Surety Co.	50,000
Beverly Hughes	Equipment Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Michael Johnson	Inventory Admin Asst	Travelers Casualty and Surety Co. of America	50,000
Jephthah Amos	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Cynthia Hunley	Justice Court Clerk	Travelers Casualty and Surety Co. of America	50,000
Patricia Woods	Justice Court Clerk	Travelers Casualty and Surety Co. of America	50,000
Chase Kayla	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Robert Amos	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Dolise Clowers	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Shirley Harper	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Lakisha Armin	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Patrice Jones	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Rochell Jones	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Amber Crawford	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Cynthia Smith	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Kelley Walley	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Joyce Williams	Justice Court Exec Asst	Travelers Casualty and Surety Co. of America	50,000
James Morton	Justice Court Judge	Travelers Casualty and Surety Co. of America	50,000
Pearlie Owens	Justice Court Judge	Western Surety Co.	50,000
Ivory Britton	Justice Court Judge	Old Republic Surety Company	50,000
Tabitha Porter	Justice Court Judge	EMC Insuranace	50,000
Frank Sutton	Justice Court Judge	Western Surety Co.	50,000
Donald D. Palmer	Justice Court Judge	Travelers Casualty and Surety Co. of America	50,000
Chantey Broome	Purchasing Assistant Clerk	Travelers Casualty and Surety Co. of America	50,000
Latasha Jackson	Purchasing Assistant Clerk	Travelers Casualty and Surety Co. of America	50,000
Arthur Matlock	Purchasing Clerk	Travelers Casualty and Surety Co. of America	50,000

INDS COUNTY, MISSISSIPPI  
Schedule of Surety Bonds for County Officials (Continued)  
For the Year Ended September 30, 2015  
Unaudited

Name	Position	Company	Bond
Andreal Nicholas-Harper	Youth Court Administrator	Travelers Casualty and Surety Co. of America	\$ 50,000
Valerie Moton	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	10,000
Daryl Berry	Deputy Tax Assessor	Western Surety Co.	10,000
Edna Gipson	Deputy Tax Assessor	Western Surety Co.	10,000
Dajae Lindsay	Deputy Tax Assessor	Western Surety Co.	10,000
Gary Neill	Deputy Tax Assessor	Western Surety Co.	10,000
Bonnye Owens	Deputy Tax Assessor	Western Surety Co.	10,000
Ashley Rayford	Deputy Tax Assessor	Western Surety Co.	10,000
Angela Thomason	Deputy Tax Assessor	Western Surety Co.	10,000
Joseph Thompson	Deputy Tax Assessor	Western Surety Co.	10,000
Nicholas Ward	Deputy Tax Assessor	Western Surety Co.	10,000
Arthur Williams	Deputy Tax Assessor	Western Surety Co.	10,000
Debbie Hennington	Deputy Tax Assessor	Western Surety Co.	10,000
Frankie Shoto	Deputy Tax Assessor	Western Surety Co.	10,000
Thomas Ballenger	Deputy Tax Assessor	Old Republic Surety Company	10,000
Angela Blaylock	Deputy Tax Assessor	Old Republic Surety Company	10,000
Laura Burse	Deputy Tax Assessor	Old Republic Surety Company	10,000
Stephen Draper	Deputy Tax Assessor	Old Republic Surety Company	10,000
Tamara Graves	Deputy Tax Assessor	Old Republic Surety Company	10,000
Debra Griffis	Deputy Tax Assessor	Old Republic Surety Company	10,000
Clifton Hackler	Deputy Tax Assessor	Old Republic Surety Company	10,000
Debbie Hennington	Deputy Tax Assessor	Old Republic Surety Company	10,000
Alexandria Lovell	Deputy Tax Assessor	Old Republic Surety Company	10,000
Robert McField	Deputy Tax Assessor	Old Republic Surety Company	10,000
Bobby Merritt	Deputy Tax Assessor	Old Republic Surety Company	10,000
Sandra` Phillips	Deputy Tax Assessor	Old Republic Surety Company	10,000
Katherine Riley	Deputy Tax Assessor	Old Republic Surety Company	10,000
Gloria Wilson	Deputy Tax Assessor	Old Republic Surety Company	10,000
April Jefferson	Deputy Tax Assessor	Old Republic Surety Company	10,000
Marlon Kidd	Deputy Tax Assessor	Old Republic Surety Company	10,000
Warren Pinter	Deputy Tax Assessor	Old Republic Surety Company	10,000
Paul Greene	County Surveyor	Travelers Casualty and Surety Co. of America	50,000
Carl Frelix	Road Manager	Travelers Casualty and Surety Co. of America	50,000
Ctystal Young	Juvenile Justice	Travelers Casualty and Surety Co. of America	50,000
Shlva King	Purchasing Administrative Assistant	Travelers Casualty and Surety Co. of America	50,000

HINDS COUNTY, MISSISSIPPI

SPECIAL REPORTS

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of the Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Hinds County, Mississippi (the County) as of and for the year ended September 30, 2015, and the related notes to the basic financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 13, 2016, which contained a reference to the reports of other auditors and contained an "Emphasis of Matter" paragraph regarding a change in accounting principles. Our report includes a reference to other auditors who audited the financial statements of the Hinds County Economic Development Authority and the Hinds County Mental Health Commission, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control that we consider to be a material weakness.

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 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. 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 County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a material weakness.

### ***Compliance and Other Matters***

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

We also noted certain matters that we reported to the County's management in a separate letter dated July 13, 2016.

### ***The County's Response to Finding***

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Jackson, Mississippi  
July 13, 2016

**Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance**

**Independent Auditor's Report**

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

***Report on Compliance for Each Major Federal Program***

We have audited the compliance of Hinds County, Mississippi (the County) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

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

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**BKD, LLP**

Jackson, Mississippi  
July 13, 2016

**Independent Accountant's Report on Central Purchasing System,  
Inventory Control System and Purchase Clerk Schedules  
[Required By Section 31-7-115, Miss. Code Ann. (1972)]**

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

We have examined Hinds County, Mississippi's (the County) compliance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972), which require the establishment and maintenance of a central purchasing system and an inventory control system; and compliance with Section 31-7-13, Miss. Code Ann. (1972) which establishes the bid requirements of public purchases, during the year ended September 30, 2015. The Board of Supervisors of Hinds County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Hinds County, Mississippi has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitation in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

The accompanying Schedules of (1) Purchases Not Made From the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Hinds County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

*BKD, LLP*

Jackson, Mississippi  
July 13, 2016

HINDS COUNTY, MISSISSIPPI  
Schedule of Purchases Not Made from the Lowest Bidder  
For the Year Ended September 30, 2015

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other than the Lowest Bid</u>
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None noted.

HINDS COUNTY, MISSISSIPPI  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2015

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
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None noted.

HINDS COUNTY, MISSISSIPPI

Schedule 3

Schedule of Purchases Made Noncompetitively from a Sole Source  
For the Year Ended September 30, 2015

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/07/14	Physio Control Lifepak 1000 AED's	\$56,939	Physio-Control Corp
10/20/14	Five passport touch writer court reporting machines	24,975	Advantage Technology & Innovation
11/03/14	Social media monitoring	12,500	Snap Trends
02/19/15	Door motors for Raymond Detention Center	5,647	Corrections Products Company
04/23/15	T-shirts	8,498	National Association of Town Watch

## Limited Internal Control and Compliance Review Management Report

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

In planning and performing our audit of the financial statements of Hinds County, Mississippi (the County) for the year ended September 30, 2015, we considered the County's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the County's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated July 13, 2016, on the financial statements of Hinds County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations and your responses are disclosed below:

### Board of Supervisors

#### 1. Finding

In accordance with Section 65-7-117, Miss. Code Ann. (1972), each member of the Board of Supervisors shall inspect every road and bridge in the County under the jurisdiction of the County not less than once each fiscal year. Each member shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by the supervisor, with recommendations by the supervisor for a four-year plan for construction and major maintenance of such roads and bridges. Such inspection reports were not prepared or filed with the Clerk of the Board by four of the five supervisors for the fiscal year ended September 30, 2015.

#### Recommendation

Each member of the Board of Supervisors should inspect all roads and bridges under the jurisdiction of the County at least annually. Reports detailing the condition of roads and bridges inspected and recommendations should be filed with the Clerk of the Board each fiscal year.

Board of Supervisors' Response

Each member of the Board of Supervisors will inspect all roads and bridges under the jurisdiction of the County at least annually. Reports detailing the condition of roads and bridges inspected and recommendations will be filed with the Clerk of the Board each fiscal year.

The County's responses to the findings included in this report were not audited, and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors and others within the County, and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record, and its distribution is not limited.

*BKD, LLP*

Jackson, Mississippi  
July 13, 2016

HINDS COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HINDS COUNTY, MISSISSIPPI  
 Schedule of Findings and Questioned Costs  
 For the Year Ended September 30, 2015

Section 1: Summary of Auditor's Results

***Financial Statements:***

1. The opinions expressed in the Independent Auditor's Report were:
 

Government-wide Activities	Unmodified
General Fund	Unmodified
Series 2007B Taxable Bonds (Parking Garage) Fund	Unmodified
Series 2015 Refunding Bonds Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
  
2. The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards* disclosed:
  - a. Significant deficiencies? None Reported
  - b. Material weaknesses? Yes
  
3. Noncompliance considered material to the financial statements was disclosed by the audit? No

***Federal Awards:***

4. The Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance disclosed:
  - a. Significant deficiencies? None Reported
  - b. Material weaknesses? No
  
5. The opinion expressed in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance was: Unmodified
  
6. The audit disclosed findings required to be reported by OMB Circular A-133? No
  
7. The County's major program was:
  - a. Highway Planning and Construction Cluster  
 Highway Planning and Construction 20.205

HINDS COUNTY, MISSISSIPPI  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended September 30, 2015

- |    |  |    |
|----|--|----|
| 8. | The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000. |    |
| 9. | The County qualified as a low-risk auditee as that term is defined in OMB Circular A-133?  | No |

Section 2: Findings Required to be Reported by *Government Auditing Standards*

<b>Reference Number</b>	<b>Finding</b>
<b>2015-001</b>	<p style="text-align: center;"><b>Design Deficiency – Monitoring (Material Weakness)</b></p> <p><i>Criteria or Specific Requirement</i> - The County is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p><i>Condition</i> - As reported in the prior year audit report, the Circuit Court Clerk’s record keeping system and accounting processes/procedures do not allow for reconciliation between the daily deposits as posted in the system and the deposit slip or bank statement or between the bank statement to the distribution of cash in order to properly maintain records for amounts held in custody of others. Additionally, there is a lack of segregation of duties associated with cash receipts and the associated record keeping. Finally, many of the accounting functions are handled by a third-party CPA firm whose work is not reviewed by anyone in the Circuit Clerk’s office for proper recording, which has resulted in errors in the annual report and in the balance of cash reported for the Circuit Clerk in the audited financial statements and unsupported expenses.</p> <p><i>Cause</i> - There are no procedures in place such as a monthly review and reconciliation of the bank statement to the distribution of cash, the daily cash receipts with amounts deposited to the bank, and the third-party CPA’s processing of items and reconciliation of bank statements.</p> <p><i>Effect</i> - The financial statements might be materially misstated, and the errors would not be detected by management. An unexplained difference, which does not remain constant, exists between the bank balance and detail supporting ledgers, which could allow misappropriations to go undetected.</p> <p><i>Recommendation</i> - The Circuit Court Clerk should regularly reconcile the bank statement to the distribution of cash, the daily cash receipts with amounts deposited to the bank, and review the third-party CPA’s processing of items and reconciliation of bank statements. Additionally, the Circuit Court Clerk should segregate the cash receipts and record keeping functions.</p>

HINDS COUNTY, MISSISSIPPI  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended September 30, 2015

Reference Number	Finding
	<i>Views of Responsible Officials and Planned Corrective Actions</i> - The Circuit Court Clerk will evaluate any and all findings and take corrective actions as considered necessary.

Section 3: Findings Required to be Reported by OMB Circular A-133

No matters are reportable.

HINDS COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

HINDS COUNTY, MISSISSIPPI  
Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2015

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
None		