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Hinds County, Mississippi
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017



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 financial statements of the governmental activities, the aggregate discretely presented component units, the major fund and the aggregate remaining fund information of Hinds County, Mississippi (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's 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 45%, 39% and 9%, 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 55%, 61% and 91%, 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, in 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 of America. 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, the major fund and the aggregate remaining fund information of Hinds County, Mississippi as of September 30, 2017, 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.

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 as 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 the Governmental Accounting Standards Board (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.

Other 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 Schedule of Surety Bonds for County Officials, 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. The Schedule of Expenditures of Federal Awards required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

The accompanying Schedule of Expenditures of Federal Awards 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.

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 31, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BKD, LLP

Jackson, Mississippi
July 31, 2018

HINDS COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS SECTION

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2017

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, 2017, (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, 2017

funds financial statements focus on current financial 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 the general 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.

Government-wide Financial Analysis

Statements of Net Position

The following statements reflect the condensed Statements of Net Position at September 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Current assets	\$ 103,923,145	\$ 103,492,824
Noncurrent assets	144,675,839	136,519,081
Total assets	<u>248,598,984</u>	<u>240,011,905</u>
Deferred outflows of resources	<u>5,133,668</u>	<u>16,121,074</u>
Current liabilities	35,756,425	31,728,606
Long-term liabilities	138,214,534	146,730,528
Total liabilities	<u>173,970,959</u>	<u>178,459,134</u>
Deferred inflows of resources	<u>55,364,065</u>	<u>48,910,923</u>
Net position		
Net investment in capital assets	94,390,240	95,668,079
Restricted	8,556,464	7,897,987
Unrestricted	(78,549,076)	(74,803,144)
Total net position	<u>\$ 24,397,628</u>	<u>\$ 28,762,922</u>

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2017

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 2017, net position decreased by \$4.4 million from FY 2016.
- Borrowing for Capital - This will increase financial assets and long-term liabilities. During FY 2017, the County paid down \$9.3 million for capital projects. Capital related long-term debt increased overall by \$0.9 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 2017, the County spent approximately \$4.8 million 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 \$11.9 million of nonborrowed cash on new capital assets during 2017. \$3.6 million of this spending was related to federal grant funding associated with the Byram-Clinton Corridor project.
- 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 \$12.6 million through scheduled repayments and a refunding bond issuance.
- 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 \$7.0 million in FY 2017.

Changes in Net Position

Hinds County's total revenue for the fiscal year ended September 30, 2017 was \$91.5 million, as compared to \$83.4 million for the fiscal year ended September 30, 2016. The total cost of services provided by the County was \$95.9 million for the fiscal year ended September 30, 2017, as compared to \$90.2 million for the fiscal year ended September 30, 2016. The County had a decrease in net position of \$4.4 million related to a 9.7% increase in revenue, while expenditures increased by 6.3%.

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2017

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2017 and 2016.

Statement of Activities

	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues		
Charges for services	\$ 9,666,018	\$ 10,470,733
Operating grants and contributions	6,841,505	6,278,233
Capital grants and contributions	9,764,166	3,065,222
General revenues		
Property taxes	59,053,260	56,884,322
Road and bridge privilege tax	2,727,724	2,763,859
Grants and contributions not restricted	2,771,748	2,761,588
Unrestricted interest income	114,062	111,671
Miscellaneous	591,409	1,099,977
Total revenues	<u>91,529,892</u>	<u>83,435,605</u>
Expenses:		
General government	32,531,567	34,079,627
Public safety	35,106,823	36,072,087
Public works	18,192,033	11,708,530
Health and welfare	3,246,646	2,463,739
Culture and recreation	1,769,542	1,881,214
Conservation of natural resources	268,397	271,575
Economic development and assistance	2,681,597	1,622,518
Interest on long-term debt	2,098,581	2,117,067
Total expenses	<u>95,895,186</u>	<u>90,216,357</u>
Change in net position	(4,365,294)	(6,780,752)
Net position, beginning	<u>28,762,922</u>	<u>35,543,674</u>
Net position, ending	<u><u>\$ 24,397,628</u></u>	<u><u>\$ 28,762,922</u></u>

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2017

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>	2017		
	<u>Total Costs</u>	<u>Revenues</u>	<u>Net Costs</u>
General government	\$ 32,531,567	\$ 6,358,931	\$ 26,172,636
Public safety	35,106,823	6,679,147	28,427,676
Public works	18,192,033	12,353,516	5,838,517
Health and welfare	3,246,646	741,934	2,504,712
Culture and recreation	1,769,542	84,016	1,685,526
Conservation of natural resources	268,397	-	268,397
Economic development and assistance	2,681,597	54,145	2,627,452
Interest on long-term debt	2,098,581	-	2,098,581

<u>Program</u>	2016		
	<u>Total Costs</u>	<u>Revenues</u>	<u>Net Costs</u>
General government	\$ 34,079,627	\$ 5,456,776	\$ 28,622,851
Public safety	36,072,087	8,237,550	27,834,537
Public works	11,708,530	5,687,959	6,020,571
Health and welfare	2,463,739	344,288	2,119,451
Culture and recreation	1,881,214	61,028	1,820,186
Conservation of natural resources	271,575	-	271,575
Economic development and assistance	1,622,518	26,587	1,595,931
Interest on long-term debt	2,117,067	-	2,117,067

Financial Analysis of the County's Funds

As of year-end, the governmental funds reported, as audited, a fund balance of \$26.8 million. This is a decrease of \$6.2 million from the prior year's fund balance of \$33.0 million, which is due to the decrease in general government revenue.

The General Fund, the County's primary operating fund, had an ending fund balance of \$13.0 million, an increase of \$1.4 million from the prior year.

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2017, the County had a total of \$219.6 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 \$95.7 million (44%). 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 be recorded. Accumulated depreciation was \$116.7 million at September 30, 2017.

The County's total capital assets, net of depreciation, total \$134.5 million, compared to a prior year net balance of \$126.5 million.

Debt

At September 30, 2017, the County had \$51.8 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 \$0.9 million more than the prior year of \$50.9 million.

The State of Mississippi limits the amount of debt counties can issue to 20% of total assessed value. During FY 2017, Hinds County was at 2.0%, well below its current limit.

**Long-term Debt
As of September 30, 2017**

	Balance 10/1/2016	Additions	Reductions	Balance 09/30/17
Governmental Activities:				
General obligation bonds	\$ 39,960,000	\$ 8,730,000	\$ (10,320,000)	\$ 38,370,000
Limited obligation bonds	192,000	-	(117,000)	75,000
Capital leases	10,203,240	4,777,449	(1,831,356)	13,149,333
Other loans	546,249	-	(351,116)	195,133
Total	<u>\$ 50,901,489</u>	<u>\$ 13,507,449</u>	<u>\$ (12,619,472)</u>	<u>\$ 51,789,466</u>

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2017

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 amendments, and the remainder is amended at the end of the year to reflect actual revenue received and expenditures made.

Budget Analysis Summary

			Variance Between Original and Final Budgets	Actual (Budgetary Basis)	Variance Between Final Budget and Actual
	<u>Original Budget</u>	<u>Final Budget</u>			
<u>General Fund</u>					
Revenues	\$ 57,229,926	\$ 57,520,894	\$ 290,968	\$ 60,636,956	\$ 3,116,062
Expenditures	60,857,434	61,694,363	836,929	58,139,061	3,555,302
Other financing sources (uses)	226,603	(193,944)	(420,547)	(598,909)	(404,965)

The general fund revenue was running about 5.4% 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 5.8%. 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 or (601) 968-6501.

HINDS COUNTY, MISSISSIPPI

FINANCIAL STATEMENTS

HINDS COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government	Component Units		
	Governmental Activities	Economic Development Authority	Mental Health Commission	Total
ASSETS				
Cash	\$ 23,674,262	\$ 921,262	\$ 3,015,899	\$ 3,937,161
Property tax receivable	51,565,556	-	-	-
Fines receivable (net of allowance for uncollectibles of \$16,379,781)	486,312	-	-	-
Intergovernmental receivables	5,218,276	5,162	1,078,868	1,084,030
Other receivables	22,165,345	148,817	68,581	217,398
Prepaid items	813,394	2,018	102,183	104,201
Restricted cash	10,136,200	1,804,138	-	1,804,138
Capital assets, net	134,539,639	5,588,750	6,035,803	11,624,553
Total Assets	248,598,984	8,470,147	10,301,334	18,771,481
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	4,096,125	-	-	-
Deferred charge - bond refunding	1,037,543	-	-	-
Total Deferred Outflows of Resources	5,133,668	-	-	-
LIABILITIES				
Claims payable	7,003,731	37,810	473,477	511,287
Amounts held in custody for others	3,038,883	-	-	-
Intergovernmental payables	25,030,225	6,048,564	-	6,048,564
Matured bonds and interest payable	18,459	-	-	-
Accrued interest payable	567,258	-	142,632	142,632
Unearned revenue	97,869	-	-	-
Long-term liabilities				
Due within one year:				
Capital debt	2,471,348	-	393,945	393,945
Noncapital debt	467,308	-	260,302	260,302
Claims and judgments payable	325,000	-	-	-
Due in more than one year:				
Capital debt	41,204,644	-	5,199,059	5,199,059
Postemployment benefit obligation	2,401,813	-	-	-
Noncapital debt	12,179,992	-	103,757	103,757
Net pension liability	79,164,429	-	-	-
Total Liabilities	173,970,959	6,086,374	6,573,172	12,659,546
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	3,798,509	-	-	-
Property taxes	51,565,556	-	-	-
Total Deferred Inflows of Resources	55,364,065	-	-	-
NET POSITION				
Net investment in capital assets	94,390,240	931,566	442,799	1,374,365
Restricted:				
Expendable:				
Public safety	3,447,902	-	-	-
Public works	4,154,450	-	-	-
Health and welfare	-	-	229,228	229,228
Culture and recreation	515,083	-	-	-
Debt service	439,029	-	-	-
Unrestricted	(78,549,076)	1,452,207	3,056,135	4,508,342
Total Net Position	\$ 24,397,628	\$ 2,383,773	\$ 3,728,162	\$ 6,111,935

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, 2017

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	\$ 32,531,567	\$ 5,296,305	\$ 1,062,626	\$ -	\$ (26,172,636)			
Public safety	35,106,823	4,285,699	2,373,449	19,999	(28,427,676)			
Public works	18,192,033	19,998	2,589,351	9,744,167	(5,838,517)			
Health and welfare	3,246,646	-	741,934	-	(2,504,712)			
Culture and recreation	1,769,542	64,016	20,000	-	(1,685,526)			
Conservation of natural resources	268,397	-	-	-	(268,397)			
Economic development and assistance	2,681,597	-	54,145	-	(2,627,452)			
Interest on long-term debt	2,098,581	-	-	-	(2,098,581)			
Total Governmental Activities	<u>95,895,186</u>	<u>9,666,018</u>	<u>6,841,505</u>	<u>9,764,166</u>	<u>(69,623,497)</u>			
Total Primary Government	<u>\$ 95,895,186</u>	<u>\$ 9,666,018</u>	<u>\$ 6,841,505</u>	<u>\$ 9,764,166</u>	<u>(69,623,497)</u>			
Component units:								
Hinds County Economic Development Authority	\$ 1,073,783	\$ -	\$ 1,291,937	\$ -		\$ 218,154	\$ -	\$ 218,154
Hinds County Mental Health Commission	12,641,061	11,871,176	-	-		-	(769,885)	(769,885)
Total Component Units	<u>\$ 13,714,844</u>	<u>\$ 11,871,176</u>	<u>\$ 1,291,937</u>	<u>\$ -</u>		<u>218,154</u>	<u>(769,885)</u>	<u>(551,731)</u>
General revenues:								
Property taxes					59,053,260	-	1,271,578	1,271,578
Road and bridge privilege taxes					2,727,724	-	-	-
Grants and contributions not restricted to specific programs					2,771,748	-	-	-
Unrestricted interest income					114,062	12,836	841	13,677
Miscellaneous					591,409	14,400	23,099	37,499
Total General Revenues					<u>65,258,203</u>	<u>27,236</u>	<u>1,295,518</u>	<u>1,322,754</u>
Change in net position					<u>(4,365,294)</u>	<u>245,390</u>	<u>525,633</u>	<u>771,023</u>
Net position - beginning of year, as previously reported					28,762,922	2,138,383	3,172,119	5,310,502
Prior period adjustment					-	-	30,410	30,410
Net position - beginning of year, as restated					<u>28,762,922</u>	<u>2,138,383</u>	<u>3,202,529</u>	<u>5,340,912</u>
Net position - end of year					<u>\$ 24,397,628</u>	<u>\$ 2,383,773</u>	<u>\$ 3,728,162</u>	<u>\$ 6,111,935</u>

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

HINDS COUNTY, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2017

Exhibit 3

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
Cash	\$ 17,458,935	\$ 15,509,103	\$ 32,968,038
Property tax receivable	38,752,371	12,813,185	51,565,556
Fines receivable (net of allowance for uncollectibles of \$16,379,781)	486,312	-	486,312
Intergovernmental receivables	1,300,800	3,917,476	5,218,276
Other receivables	20,315,418	2,312,578	22,627,996
Due from other funds	-	364,641	364,641
Advances to other funds	1,256,000	-	1,256,000
Prepaid items	696,894	116,500	813,394
Total Assets	<u>\$ 80,266,730</u>	<u>\$ 35,033,483</u>	<u>\$ 115,300,213</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Claims payable	\$ 1,319,508	\$ 4,833,538	\$ 6,153,046
Amounts held in custody for others	3,038,883	-	3,038,883
Intergovernmental payables	23,304,446	2,304,292	25,608,738
Due to other funds	364,641	-	364,641
Advances from other funds	-	1,256,000	1,256,000
Matured bonds and interest payable	-	18,459	18,459
Unearned revenue	-	97,869	97,869
Total Liabilities	<u>28,027,478</u>	<u>8,510,158</u>	<u>36,537,636</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	38,752,371	12,813,185	51,565,556
Unavailable revenue - fines	438,420	-	438,420
Total Deferred Inflows of Resources	<u>39,190,791</u>	<u>12,813,185</u>	<u>52,003,976</u>
Fund balances:			
Nonspendable:			
Advances to other funds	1,256,000	-	1,256,000
Prepaid items	696,894	116,500	813,394
Restricted for:			
General government	-	51,251	51,251
Public safety	-	2,120,496	2,120,496
Public works	-	3,252,912	3,252,912
Health and welfare	-	22,830	22,830
Culture and recreation	-	515,083	515,083
Economic development	-	435,700	435,700
Capital projects	-	8,626,984	8,626,984
Debt service	-	1,006,287	1,006,287
Committed to:			
General government	-	1,287,140	1,287,140
Public safety	-	386,348	386,348
Economic development	-	48,575	48,575
Capital projects	-	214,083	214,083
Unassigned	11,095,567	(4,374,049)	6,721,518
Total Fund Balances	<u>13,048,461</u>	<u>13,710,140</u>	<u>26,758,601</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 80,266,730</u>	<u>\$ 35,033,483</u>	<u>\$ 115,300,213</u>

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

HINDS COUNTY, MISSISSIPPI

Exhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2017

	<u>Amount</u>
Total Fund Balances - Governmental Funds	\$ 26,758,601
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 \$116,687,018.	134,539,639
Other long-term assets, such as fines receivable, are not available to pay for current period expenditures and, therefore, are unearned in the funds.	546,021
Deferred outflows of resources related to pension reported in governmental activities are not a financial resource and, therefore, are not reported in the funds.	4,096,125
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(135,812,721)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(567,258)
Postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(2,401,813)
Deferred inflows of resources related to pension are not due and payable in the current period and, therefore, are not reported in the funds.	(3,798,509)
Deferred charges on bond refinancing are not recognized in the funds and amortized in government-wide statements.	<u>1,037,543</u>
Total Net Position - Governmental Activities	<u><u>\$ 24,397,628</u></u>

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

HINDS COUNTY, MISSISSIPPI

Exhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2017

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 46,727,910	\$ 12,325,350	\$ 59,053,260
Road and bridge privilege taxes	-	2,727,724	2,727,724
Licenses, commissions and other	3,770,196	84,656	3,854,852
Fines and forfeitures	1,408,685	161,842	1,570,527
Intergovernmental	4,921,022	14,456,397	19,377,419
Charges for services	1,217,540	3,048,325	4,265,865
Interest income	70,091	43,994	114,085
Miscellaneous	643,075	136,685	779,760
Total Revenues	<u>58,758,519</u>	<u>32,984,973</u>	<u>91,743,492</u>
EXPENDITURES			
Current:			
General government	26,525,170	1,393,882	27,919,052
Public safety	28,380,610	4,679,227	33,059,837
Public works	-	28,308,718	28,308,718
Health and welfare	1,003,681	2,135,831	3,139,512
Culture and recreation	92,502	1,941,344	2,033,846
Conservation of natural resources	267,809	-	267,809
Economic development and assistance	110,524	2,655,438	2,765,962
Debt service:			
Principal	241,624	3,722,845	3,964,469
Interest	107,092	1,799,439	1,906,531
Bond issuance costs	-	278,280	278,280
Total Expenditures	<u>56,729,012</u>	<u>46,915,004</u>	<u>103,644,016</u>
Excess of Revenues Over (Under) Expenditures	<u>2,029,507</u>	<u>(13,930,031)</u>	<u>(11,900,524)</u>

HINDS COUNTY, MISSISSIPPI

Exhibit 4

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

For the Year Ended September 30, 2017

	Major Fund		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	\$ -	\$ 4,777,449	\$ 4,777,449
Refunding bonds issued	-	8,730,000	8,730,000
Proceeds from sale of capital assets	16,100	545,537	561,637
Premium on bond issuance	-	476,106	476,106
Proceeds of insurance recoveries	34,004	8,175	42,179
Transfers in	80,606	8,634,914	8,715,520
Transfers out	(742,033)	(7,973,487)	(8,715,520)
Payment to bond refunding escrow agent	-	(8,927,826)	(8,927,826)
Total Other Financing Sources (Uses)	(611,323)	6,270,868	5,659,545
Net Change in Fund Balances	1,418,184	(7,659,163)	(6,240,979)
Fund Balances - Beginning	11,630,277	21,369,303	32,999,580
Fund Balances - Ending	\$ 13,048,461	\$ 13,710,140	\$ 26,758,601

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

HINDS COUNTY, MISSISSIPPI

Exhibit 4-1Reconciliation 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, 2017

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (6,240,979)
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 \$16,666,267 exceeded depreciation of \$7,041,384 and net adjustments/transfers of \$796,429 in the current period.	8,828,454
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 \$561,637 and the net loss from the sale or disposal of capital assets in the amount of \$231,659 in the current period.	(793,296)
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.	(22,128)
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 \$13,507,449 (net of flow through debt) exceeded repayments and bond refundings of \$12,619,469.	(887,980)
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 and contributions	(4,487,686)
The amount of decrease in claims and judgments payable	50,000
The amount of increase in compensated absences	(173,935)
The deferred charge on bond refunding	155,117
The amortization of deferred charge on bond refunding	(47,898)
The deferred bond premium	(476,106)
The amortization of deferred bond premium	73,843
The amount of increase in postemployment benefit obligation	(237,896)
The amount of increase in accrued interest payable	(209,310)
Other	104,506
Change in Net Position of Governmental Activities	<u>\$ (4,365,294)</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, 2017

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,645,398
Other receivables	142,849
Intergovernmental receivables	<u>472,803</u>
Total Assets	<u><u>\$ 2,261,050</u></u>
LIABILITIES	
Other liabilities	<u>\$ 2,261,050</u>
Total Liabilities	<u><u>\$ 2,261,050</u></u>

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

(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 sets the tax millage rates for the Authority, which create a fiscal accountability relationship. The County provided \$1,256,841 of funds to the Authority for operations during the fiscal year ended September 30, 2017, 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 sets the tax millage rates for the Commission, which create a fiscal accountability relationship. The County provided \$1,394,842 of funds to the Commission for operations during the County's fiscal year ended September 30, 2017, 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, 2016, 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, 2017

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

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

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 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 Fund:

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

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.

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

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

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

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

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

Deferred Outflows Related to Pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 17 for additional details.

Deferred Amount on Refunding - For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

Property Tax for Future Reporting Period/Unavailable Revenue - Property Taxes - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Deferred Inflows Related to Pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 17 for additional details.

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.

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.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

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.

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, 2017.

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

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
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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 if measurable and available. 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 collectability 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.

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. Future Effective Accounting Pronouncements.

Governmental Accounting Standards Board (GASB) Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. This statement also identifies methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to the actuarial present value and attribute the present value to periods of employee service. It replaces the requirements of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement, which will result in more robust disclosures and notes is effective for periods beginning after June 15, 2017. The County has not yet determined the potential impact, if any, that this statement could have on its financial statements.

GASB Statement No. 83 - *Certain Asset Retirement Obligations*: This statement addresses issues in accounting and financial reporting for certain asset retirement obligations (AROs), including establishing criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement is effective for periods beginning after June 15, 2018, with earlier application encouraged. The County has not yet determined the potential impact, if any, that this statement could have on its financial statements.

HINDS COUNTY, MISSISSIPPI
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GASB Statement No. 84 - *Fiduciary Activities*: This statement provides for greater consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. This statement is effective for periods beginning after December 15, 2018, with earlier application encouraged. The County has not yet determined the potential impact, if any, that this statement could have on its financial statements.

GASB Statement No. 85 - *Omnibus 2017*: This statement addresses practice issues that have been identified during implementation and application of certain GASB standards and addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and postemployment benefits. This statement is effective for periods beginning after June 15, 2017, with earlier application encouraged. The County has not yet determined the potential impact, if any, that this statement could have on its financial statements.

GASB Statement No. 86 - *Certain Debt Extinguishment Issues*: This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement is effective for periods beginning after June 15, 2017, with earlier application encouraged. The County has not yet determined the potential impact, if any, that this statement could have on its financial statements.

GASB Statement No. 87 - *Leases*: This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and outflows of resources based on the payment provision of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

GASB Statement No. 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*: This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established and requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement is effective for reporting periods beginning after June 15, 2018, with earlier application encouraged.

R. New Accounting Pronouncements

During 2017, the County adopted and implemented GASB Statement No. 77 – *Tax Abatement Disclosures*. This statement requires disclosures to be made regarding tax abatements of the County. Implementation of this statement resulted in additional note disclosures by the County; however, the statement had no impact on any amounts reported by the County within any of the basic financial statements as listed in the table of contents.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

S. Operating Leases.

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

T. Prior Period Adjustment - Component Unit

The Hinds County Mental Health Commission had a prior period adjustment for a correction of cash. This adjustment affected Exhibit 2 - Statement of Activities as an increase to net position in the amount of \$30,410.

(2) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$35,436,655 (including Agency Funds and excluding petty cash of \$19,205), and the bank balance was \$40,586,098, 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, 2017, the County held cash restricted for debt service of \$1,038,415 and restricted for capital projects of \$9,097,785.

The carrying amount of the discretely presented component unit's, Hinds County Economic Development Authority, total deposits with financial institutions at September 30, 2017, was \$2,725,400, and the bank balance was \$2,770,803, of which all were 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, 2016, was \$3,019,063, and the bank balance was \$2,883,397, of which all were 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, 2017.

HINDS COUNTY, MISSISSIPPI
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For the Year Ended September 30, 2017

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	<u>\$ 364,641</u>

The receivables represent the tax revenue collected in September 2017, but not settled until October 2017. 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>
General Fund	Other Governmental Funds	<u>\$ 1,256,000</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	\$ 80,606
Other Governmental Funds	General Fund	742,033
Other Governmental Funds	Other Governmental Funds	<u>7,892,881</u>
Total		<u>\$ 8,715,520</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, 2017, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 1,094,093
Public safety grants	239,692
Public works grants	3,609,657
Other	<u>274,834</u>
Total governmental activities	<u>\$ 5,218,276</u>

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(5) Loan Receivable.

The County's loan receivable balance, which is recorded as other receivables in the accompanying Statement of Net Position and Balance Sheet at September 30, 2017, 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	19,537,348
				<u>\$ 21,841,640</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:

Wyndale Industrial Center (formerly J. C. "Sonny" McDonald Industrial Center)

At the October 26, 2017 board meeting, the J. C. "Sonny" McDonald Industrial Center was changed to Wyndale 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, 2017.

Land	\$ 792,015
Land development costs	<u>3,721,371</u>
	<u>\$ 4,513,386</u>

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

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><u>\$ 510,505</u></u>

(7) Capital Assets.

Primary Government:

The following is a summary of capital assets activity for the year ended September 30, 2017.

	Balance 10/01/16	Additions	Deletions	Transfers/ Adjustments*	Balance 09/30/17
<u>Nondepreciable capital assets:</u>					
Land	\$ 931,282	\$ 7,000	\$ -	\$ -	\$ 938,282
Construction in progress	<u>26,022,979</u>	<u>7,222,032</u>	<u>-</u>	<u>(2,577,764)</u>	<u>30,667,247</u>
Total nondepreciable capital assets	<u>26,954,261</u>	<u>7,229,032</u>	<u>-</u>	<u>(2,577,764)</u>	<u>31,605,529</u>
<u>Depreciable capital assets:</u>					
Infrastructure	91,992,007	1,909,034	-	1,781,335	95,682,376
Buildings	55,806,313	49,686	(416,721)	-	55,439,278
Improvements other than buildings	14,322,735	226,464	-	-	14,549,199
Mobile equipment	22,027,914	1,130,197	(4,096,778)	1,444,742	20,506,075
Furniture and equipment	16,834,327	747,546	(72,557)	612,807	18,122,123
Leased property under capital leases	<u>12,363,438</u>	<u>5,374,308</u>	<u>(358,120)</u>	<u>(2,057,549)</u>	<u>15,322,077</u>
Total depreciable capital assets	<u>213,346,734</u>	<u>9,437,235</u>	<u>(4,944,176)</u>	<u>1,781,335</u>	<u>219,621,128</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	(52,970,306)	(1,324,841)	-	-	(54,295,147)
Buildings	(21,691,551)	(964,464)	237,531	-	(22,418,484)
Improvements other than buildings	(7,124,885)	(495,995)	-	-	(7,620,880)
Mobile equipment	(16,777,547)	(1,386,375)	3,594,903	(891,322)	(15,460,341)
Furniture and equipment	(11,968,497)	(842,468)	68,106	(545,735)	(13,288,594)
Leased property under capital leases	<u>(3,263,728)</u>	<u>(2,027,241)</u>	<u>250,340</u>	<u>1,437,057</u>	<u>(3,603,572)</u>
Total accumulated depreciation	<u>(113,796,514)</u>	<u>(7,041,384)</u>	<u>4,150,880</u>	<u>-</u>	<u>(116,687,018)</u>
Total depreciable capital assets, net	<u>99,550,220</u>	<u>2,395,851</u>	<u>(793,296)</u>	<u>1,781,335</u>	<u>102,934,110</u>
Governmental activities capital assets, net	<u><u>\$ 126,504,481</u></u>	<u><u>\$ 9,624,883</u></u>	<u><u>\$ (793,296)</u></u>	<u><u>\$ (796,429)</u></u>	<u><u>\$ 134,539,639</u></u>

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

* Transfers/adjustments represent construction-in-progress costs of \$736,460 transferred to other governments or private industries, \$1,781,335 placed in service due to project completion and an adjustment of \$59,969 during the year ended September 30, 2017. Transfers/adjustments also represented \$2,057,549 of leased property under capital leases transferred to other categories at the expiration of the capital lease.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 376,460
Public safety	4,245,543
Public works	2,271,953
Health and welfare	104,470
Culture and recreation	<u>42,958</u>
 Total governmental activities depreciation expense	 <u><u>\$ 7,041,384</u></u>

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

Commitments with respect to unfinished capital projects at September 30, 2017, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Byram-Clinton Corridor (Engineering Section 2)	\$ 1,976,296	12/31/2019
Byram-Clinton Corridor (Construction Section 2)	16,186,487	12/31/2019
Byram-Clinton Corridor (ROW)	132,999	12/31/2019
Byram-Clinton Corridor (Design Engineering)	117,721	09/30/2018
Byram-Clinton Corridor (Wastewater)	36,490	03/31/2018
MPO Road Resurfacing	103,697	12/31/2017
McGuffee Road Bridge	9,318	01/20/2018
McGuffee Road Bridge 2	31,348	01/20/2018
Learned Oakly Road Bridge	12,058	03/31/2018
Champion Hill Road Bridge	54,739	03/31/2018
John Bell Williams Airport	89,425	09/30/2018
Tank Road	1,366	12/30/2017
Midway Road (Engineering)	26,900	09/30/2018
Midway Road (Construction)	2,286,200	09/30/2018
Carlsey Road	36,920	10/31/2017
Lee Lane	41,650	11/30/2017
McDonald Material Lease (Waggoner Engineers, Inc.)	49,350	12/31/2017
Hinds County Courthouse Elevator Modernization Phase II (Waggoner Engineers, Inc.)	11,155	12/31/2018
Jail Cooling Tower Replacement	15,743	12/31/2018
Fire Station Architectural Services	12,000	12/31/2019
Willowood Community Center (IMS)	12,327	09/30/2018
Willowood Community Center (Richard Womack Construction)	147,151	09/30/2018
JBHM Arch - HYJC Facility Analysis Engineering	5,541	09/30/2018
JBHM Arch - RDC - Booking Area Conversion Engineering	14,113	09/30/2018
JBHM Arch - JDC - Booking Area Conversion Engineering	7,793	09/30/2018
	<u>\$ 21,418,787</u>	

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

Component Units:

The component units' capital asset balances are as follows:

	12/31/16	09/30/17	
	Mental Health	Economic	
	Commission	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	10,000	5,167,688	5,177,688
Automobiles	200,378	-	200,378
Furniture and equipment	987,523	196,484	1,184,007
Leasehold improvements	393,234	-	393,234
Software	132,946	-	132,946
	8,546,903	5,827,330	14,374,233
Less accumulated depreciation and amortization	(2,511,100)	(238,580)	(2,749,680)
Component unit capital assets, net	\$ 6,035,803	\$ 5,588,750	\$ 11,624,553

(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 with an annual deductible of \$750,000 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, 2017 through January 1, 2018. 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 through the Mississippi Association of Supervisors Insurance Trust (MAIST) with commercial insurance coverage of \$500,000 to \$1,000,000 and retention deductibles ranging from \$0 to \$100,000.

Settled claims did not exceed insurance coverage for the fiscal years ended September 30, 2015, September 30, 2016 or September 30, 2017. The Government-wide Statement of Net Position as of September 30, 2017, presents a liability of \$325,000, 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 \$1,390,000 in excess of the amount accrued.

HINDS COUNTY, MISSISSIPPI
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For the Year Ended September 30, 2017

(9) Capital Leases.

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2017.

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 9,702,407
Nonmobile equipment	5,619,670
	<u>15,322,077</u>
Less accumulated depreciation	<u>(3,603,572)</u>
Leased property under capital leases	<u><u>\$ 11,718,505</u></u>

The following is a schedule by years of the total payments due as of September 30, 2017.

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,401,248	\$ 279,603
2019	1,247,168	253,214
2020	1,288,321	238,517
2021	1,330,851	223,291
2022	1,374,806	207,519
2023-2027	<u>6,506,939</u>	<u>395,886</u>
Total	<u><u>\$ 13,149,333</u></u>	<u><u>\$ 1,598,030</u></u>

(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.

HINDS COUNTY, MISSISSIPPI
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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 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	\$ 294,005
Interest on net OPEB obligation	97,376
Adjustment to ARC	<u>(110,960)</u>
Annual OPEB cost	280,421
Contributions made	<u>42,525</u>
Increase in net OPEB obligation	237,896
Net OPEB obligation - beginning of year	<u>2,163,917</u>
Net OPEB obligation - end of year	<u><u>\$ 2,401,813</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 2015, 2016 and 2017 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/15	\$ 325,388	10.2%	\$1,849,045
09/30/16	351,085	10.3%	2,163,917
09/30/17	280,421	15.2%	2,401,813

D. Funded Status and Funding Progress.

As of September 30, 2017, the actuarial accrued liability for benefits was \$1,566,771, all of which were unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$28,562,786, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5.49%.

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.

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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:

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 8% initially, reduced to an ultimate rate of 5% over 6 years, was used.

Health insurance premiums - 2016 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, 2017 was 21 years.

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Notes to Financial Statements
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(11) Long-term Debt.

Debt outstanding as of September 30, 2017, 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 2016A	\$ 5,940,000	2.00% to 4.00%	10/01/36
Mississippi Development Bank Special Obligation Bonds, Series 2016B (Hinds County, Mississippi General Obligation Refunding Bond Project)	2,190,000	1.2% to 1.65%	10/01/36
Mississippi Development Bank Special Obligation Bonds, Series 2017A (Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond Project)	8,730,000	2.00% to 4.00%	08/01/36
Mississippi Development Bank Special Obligation Taxable Bonds, Series 2007B (Hinds County, Mississippi General Obligation Public Parking Project)	11,355,000	5.46%	10/01/36
Mississippi Development Special Obligation Bonds, Series 2010	345,000	3.00% to 4.25%	06/01/30
Mississippi Development General Obligation Refunding Bonds, Series 2015	9,810,000	2.00% to 4.00%	10/01/36
Total General Obligation Bonds	<u>\$ 38,370,000</u>		
B. Limited Obligation Bonds:			
Tax Increment Financing Revenue Bond, Series 2005 (Byram Parkway Project)	\$ 48,000	5.34%	04/01/18
Tax Increment Financing Revenue Bond, Series 2008 (Byram Parkway Project)	27,000	4.96%	04/01/18
Total Limited Obligation Bonds	<u>\$ 75,000</u>		
C. Capital Leases:			
2015 Equipment	\$ 33,121	1.95%	03/24/18
2015 Volunteer Fire Department Vehicle	7,872	1.96%	04/23/18
2015 Sheriff Office Vehicles	80,969	2.07%	08/26/18
2017 Public Works Lease Purchase	4,777,449	3.59%	09/30/18
2015 E-911 MSWin Radio System	8,179,761	3.59%	10/15/25
2015 Vehicles	70,161	1.95%	09/30/18
Total Capital Leases	<u>\$ 13,149,333</u>		
D. Other Loan:			
2015 Trustmark Bank Note	<u>\$ 195,133</u>	2.53%	09/01/19

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

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
2018	\$ 1,080,000	\$ 1,491,419	\$ 75,000	\$ 1,951
2019	1,805,000	1,445,936	-	-
2020	1,590,000	1,398,527	-	-
2021	2,480,000	1,347,255	-	-
2022	1,990,000	1,279,955	-	-
2023-2027	10,100,000	5,288,218	-	-
2028-2032	10,030,000	3,299,110	-	-
2033-2037	9,295,000	1,019,882	-	-
Total	<u>\$ 38,370,000</u>	<u>\$ 16,570,302</u>	<u>\$ 75,000</u>	<u>\$ 1,951</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2018	\$ 110,000	\$ 4,937
2019	85,133	2,154
Total	<u>\$ 195,133</u>	<u>\$ 7,091</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, 2017, the amount of outstanding debt was equal to 1.98% of the latest property assessments.

Advance Refunding of Debt - During 2017, the County issued \$8,730,000 in General Obligation Bonds, with an average interest rate of 3.40%. The proceeds were used to advance refund the following outstanding debt issues with an average interest rate of 4.37%:

Issue	Outstanding Amount Refunded
Mississippi Development Bank Special Obligation Bonds, Series 2007A (Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond Project)	\$ 7,195,000
Mississippi Development Bank Special Obligation Bonds, Series 2010 (Hinds County, Mississippi General Obligation Bond Project)	<u>1,460,000</u>
	<u>\$ 8,655,000</u>

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

The net proceeds of \$9,206,106 (with a par of \$8,730,000 and including premium of \$476,106 and payment of \$96,030 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 service payments on the bonds. As a result, \$8,655,000 of outstanding bonds are considered to be defeased. The liability for those bonds has been removed from the Statement of Net Position.

The County refunded these bonds to reduce its total debt service payments over the next 20 years by approximately \$983,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$760,000.

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, 2017, \$20,695,000 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, 2017.

	Balance 10/1/2016	Additions	Reductions	Balance 09/30/17	Amount Due Within One Year
Governmental Activities:					
Compensated absences	\$ 2,566,765	\$ 173,935	\$ -	\$ 2,740,700	\$ 272,408
Other postemployment benefits	2,163,917	237,896	-	2,401,813	-
Claims and judgments payable	375,000	-	(50,000)	325,000	325,000
General obligation bonds	39,960,000	8,730,000	(10,320,000)	38,370,000	1,080,000
Premium on bonds	1,390,863	476,106	(73,843)	1,793,126	-
Limited obligation bonds	192,000	-	(117,000)	75,000	75,000
Capital leases	10,203,240	4,777,449	(1,831,356)	13,149,333	1,401,248
Other loans	546,249	-	(351,116)	195,133	110,000
Net pension liability	89,332,494	-	(10,168,065)	79,164,429	-
Total	<u>\$ 146,730,528</u>	<u>\$ 14,395,386</u>	<u>\$ (22,911,380)</u>	<u>\$ 138,214,534</u>	<u>\$ 3,263,656</u>

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

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

Component Unit:

The debt outstanding at December 31, 2016 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. Other Loans:			
Real estate loan payable	\$ 4,868,418	4.25%	05/01/27
Loan payable	<u>724,586</u>	2.30%	08/01/32
Total other loans	<u><u>\$ 5,593,004</u></u>		

Annual debt service requirements to maturity at December 31, 2016 for the following debt reported in the Commission's Statement of Net Position are as follows:

<u>Year Ending</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 393,945	\$ 226,115
2018	410,152	209,909
2019	427,039	193,021
2020	444,193	175,868
2021	462,953	157,108
2022-2026	2,617,696	482,607
2027-2031	796,267	43,677
2032	40,759	470
Total	<u><u>\$ 5,593,004</u></u>	<u><u>\$ 1,488,775</u></u>

The following is a summary of changes in long-term liabilities and obligations for the year ended December 31, 2016 for the Commission.

	<u>Balance 01/01/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/16</u>	<u>Amount Due Within One Year</u>
Other loans	\$ 6,087,104	\$ -	\$ (494,100)	\$ 5,593,004	\$ 393,945
Compensated absences	317,161	84,310	(37,412)	364,059	260,302
Total	<u><u>\$ 6,404,265</u></u>	<u><u>\$ 84,310</u></u>	<u><u>\$ (531,512)</u></u>	<u><u>\$ 5,957,063</u></u>	<u><u>\$ 654,247</u></u>

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

(12) 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.

Consent Decree - The County is party to a consent decree with the United States Department of Justice related to the County's detention centers. There have been no penalties associated with the consent decree assessed in 2017.

(13) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net deficit amount of \$78,549,076 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$1,199,261, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$2,896,864 balance of the deferred outflows of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next three years. The \$3,798,509 balance of the deferred inflows of resources related to pension at September 30, 2017, will be recognized in pension expense over the next four years.

The governmental activities' unrestricted net deficit amount of \$78,549,076 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$1,037,543 of the \$5,133,668 balance of deferred outflows of resources at September 30, 2017, will be recognized as an expense and will decrease in the unrestricted net position over the next 20 years.

(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.

(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 \$1,883,076 in 2017. Complete financial statements for the Jackson-Hinds Library System can be obtained from 400 North State Street, Jackson, Mississippi 39201.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

(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 2017.

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 \$9,406,139 for maintenance and support of the College in fiscal year 2017.

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 \$77,164 for support of the Agency in fiscal year 2017.

(17) Defined Benefit Pension Plan.

Plan Description - The County contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension. PERS provides retirement and disability benefits, annual cost-of-living adjustments and defined benefits to plan members and beneficiaries. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Code Section 25-11-1, Miss. Code Ann. (1972, as amended) grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board) and may only be amended by the State of Mississippi Legislature. PERS issues a publicly available Comprehensive Annual Financial Report (CAFR) that can be obtained at 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, 2017

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, 2017, 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, 2017, 2016 and 2015 were \$4,833,590, \$4,919,376, and \$4,922,141, 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, 2017, the County reported a liability of \$79,164,429 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the County's proportion was 0.48%, which was a decrease of .02% in its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$9,321,276. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,137,340	\$ 577,639
Changes of assumptions	1,759,524	134,895
Net difference between projected and actual earnings on pension plan investments	-	1,016,413
Changes in the County's proportion	-	2,069,562
County contributions subsequent to the measurement date	1,199,261	-
	<u>\$ 4,096,125</u>	<u>\$ 3,798,509</u>

The amount of \$1,199,261 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 ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

<u>Year ending September 30</u>	
2018	\$ 640,637
2019	315,982
2020	(329,097)
2021	<u>(1,529,167)</u>
	<u>\$ (901,645)</u>

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00%
Salary increases	3.25% - 18.50%, 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 2022 with male rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	-
Total	100.00 %	

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	\$ 103,829,430	\$ 79,164,429	\$ 58,687,113

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.

Payable to the Pension Plan - At September 30, 2017, the County had no amounts payable for outstanding contributions to the pension plan required for the year then ended.

(18) Tax Abatements.

For the year beginning October 1, 2016, GASB implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenue to which they are otherwise entitled and (b) the individual or

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

entity promises to take special action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Hinds County Board of Supervisors, through the Hinds County Economic Development Authority, negotiate property tax abatements on an individual basis. Abatements can be up to a maximum of ten years and are for economic development purposes. The County has tax abatement agreements with twenty entities, with some entities having more than one expansion eligible for tax abatement, as of September 30, 2017.

The County had various types of abatement most of which were only partial abatements of General Fund millage/taxes.

Sections 27-31-101 and 27-31-105, Miss. Code (Ann.) 1972

All allowable property tax levies

Designated number of General Fund mills/revenues (11.84, 15.00, 19.00, 19.165, 20.00, 21.55, 22.00, 23.84, 24.00, 26.18, 38.33)

There are 19 companies that have tax abatements under these statutes.

Sections 27-31-104, Miss Code (Ann.) 1972

Payment in lieu of taxes

There is one entity that has tax abatement under this statute. The county has entered into other agreements under this statute, but these have future abatement periods.

<u>Category</u>	<u>% of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Construction and expansion of a manufacturing facility	25.72%	\$138,286
Construction and expansion of a storage facility	68.07%	\$13,697
Operation Center/Headquarters/ Other Commercial Enterprises	56.92%	\$90,012

Some companies were not required to comply with any special provisions to received tax abatement. However, other companies were required to comply with special provisions, such as covered payroll, number of employees or claw back provisions. The County made no commitments as part of the agreements other than to reduce taxes for the current fiscal year and/or the current year as part of a five or ten year term.

(19) 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 July 31, 2018, which is the date the financial

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2017

statements were available to be issued and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements.

In December 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law representing one of the most significant revisions to the Internal Revenue Code in more than 30 years. The TCJA changed the tax treatment on advance refunding bonds, certain employee benefits and certain Schedule C expenses.

In July 2018, the Board of Trustees of PERS voted to increase the employer contribution from 15.75% of payroll to 17.40%. This increase still has to be approved by the Mississippi State Legislature.

The County issued the following debt after year-end:

- Bonds totaling \$40,000,000 in November 2017, at an initial interest rate of 2.0% for a term of 20 years for capital projects.
- Lease purchase from bank for \$381,404 in April 2018 at an interest rate of 2.95% for the purchase of vehicles and equipment.
- Lease purchase from bank for \$70,793 in April 2018 at an interest rate of 3.11% for the purchase of vehicles.

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, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 46,796,916	\$ 47,012,364	\$ 48,306,702	\$ 1,294,338
Licenses, commissions and other	3,312,076	3,363,083	3,734,540	371,457
Fines and forfeitures	1,266,000	1,266,243	1,479,214	212,971
Intergovernmental	3,375,368	3,375,368	4,877,867	1,502,499
Charges for services	2,151,566	2,175,836	1,605,050	(570,786)
Interest income	38,000	38,000	72,257	34,257
Miscellaneous	290,000	290,000	561,326	271,326
Total Revenues	<u>57,229,926</u>	<u>57,520,894</u>	<u>60,636,956</u>	<u>3,116,062</u>
EXPENDITURES				
Current:				
General government	29,860,970	29,876,869	27,867,580	2,009,289
Public safety	28,852,897	29,735,369	28,354,425	1,380,944
Public works	374,000	252,571	252,573	(2)
Health and welfare	906,514	981,447	960,203	21,244
Culture and recreation	180,826	165,880	89,115	76,765
Conservation of natural resources	281,834	281,834	261,063	20,771
Economic development and assistance	147,000	147,000	109,892	37,108
Debt service:				
Principal	245,561	245,561	236,747	8,814
Interest	7,832	7,832	7,463	369
Total Expenditures	<u>60,857,434</u>	<u>61,694,363</u>	<u>58,139,061</u>	<u>3,555,302</u>
Excess of Expenditures (Over) Under Revenues	<u>(3,627,508)</u>	<u>(4,173,469)</u>	<u>2,497,895</u>	<u>6,671,364</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	25,000	35,620	-	(35,620)
Premiums on bonds issued	-	-	11,990	11,990
Compensation for loss of capital assets	50,000	52,000	41,378	(10,622)
Transfers in	2,743,765	4,309,446	2,382,099	(1,927,347)
Transfers out	(2,592,162)	(4,591,010)	(3,034,376)	1,556,634
Total Other Financing Sources (Uses)	<u>226,603</u>	<u>(193,944)</u>	<u>(598,909)</u>	<u>(404,965)</u>
Net change in Fund Balance	<u>\$ (3,400,905)</u>	<u>\$ (4,367,413)</u>	1,898,986	<u>\$ 6,266,399</u>
FUND BALANCES				
Beginning of year			11,165,852	
End of year			<u>\$ 13,064,838</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, 2017

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 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 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, 2017

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

	Governmental Fund Type General Fund
	<u> </u>
Budget (Cash Basis)	\$ 1,898,986
Increase (Decrease)	
Net adjustments for revenue accruals	(1,878,437)
Net adjustments for expenditure accruals	1,410,049
Net adjustment for other financing sources and uses accruals	<u>(12,414)</u>
GAAP Basis	<u><u>\$ 1,418,184</u></u>

HINDS COUNTY, MISSISSIPPI
Schedule of Funding Progress for the Retiree Health Plan
For the Year Ended September 30, 2017

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]
2014-2015	\$ -	\$ 1,667,934	\$ 1,667,934	0%	\$ 28,668,006	5.82%
2015-2016	-	1,955,028	1,955,028	0%	29,241,366	6.69%
2016-2017	-	1,566,771	1,566,771	0%	28,562,786	5.49%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.48%	0.50%	0.49%	0.49%
County's proportionate share of the net pension liability	\$ 79,164,429	\$ 89,332,494	\$ 76,053,502	\$ 59,622,689
County's covered payroll	\$ 30,208,623	\$ 31,598,220	\$ 30,228,877	\$ 29,669,707
County's proportionate share of the net pension liability as a percentage of its covered payroll	262.06%	282.71%	251.59%	200.95%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

Notes to Schedule:

The average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees) at the beginning of the measurement period decreased from 3.72 for 2015 to 3.48 for 2016 to 3.37 for 2017.

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.

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

HINDS COUNTY, MISSISSIPPI
Schedule of the County's Contributions

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,833,590	\$ 4,919,376	\$ 4,922,141	\$ 4,744,612
Contributions in relation to the contractually required contribution	<u>4,833,590</u>	<u>4,919,376</u>	<u>4,922,141</u>	<u>4,744,612</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 30,683,111	\$ 31,239,897	\$ 31,251,689	\$ 30,124,521
Contributions as a percentage of covered payroll	15.75%	15.75%	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:

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. 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 3.50% to 3.00% and 8.00% to 7.75%, respectively. The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

2016

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

2017

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

Changes in Benefit Provisions:

2016

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

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

HINDS COUNTY, MISSISSIPPI

SUPPLEMENTARY INFORMATION

HINDS COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
MAJOR FEDERAL AWARDS				
U.S. Department of Transportation				
Passed through Mississippi Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	MS 024 125 (2) B	\$ -	\$ 387,498
Highway Planning and Construction	20.205	MS 024 125 (4) B	-	3,043,770
Highway Planning and Construction	20.205	LSTP-0025-00(074)LPA/106799- 701000	-	44,526
Highway Planning and Construction	20.205	BR-NBIS(083)B, BRIS-25(83)	-	91,630
Total Highway Planning and Construction			-	3,567,424
Total U.S. Department of Transportation			-	3,567,424
Total Expenditures of Major Federal Awards			-	3,567,424
OTHER FEDERAL AWARDS				
U.S. Department of Agriculture				
Passed through the Mississippi Department of Education				
Child Nutrition Cluster				
National School Lunch Program	10.555	5MS300326	-	46,956
Total U.S. Department of Agriculture			-	46,956
U.S. Department of Housing and Urban Development				
Passed through Mississippi Development Authority				
Community Development Block Grant	14.228	1129-12-025-PF-02	-	54,145
Total U.S. Department of Housing and Urban Development			-	54,145
U.S. Department of Justice				
Direct				
Federal Equitable Sharing	16.922	MS0250000	-	90,779
Public Safety Partnership and Community Policing Grants	16.710	2015UMWX0101	-	183,672
Passed through the Mississippi Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-MU-BX-0179	-	46,515
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-MU-BX-0874	-	15,848
			-	62,363
Passed through the City of Jackson, Mississippi				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-H4441-MS-DJ	-	20,004
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-H3548-MS-DJ	-	97,898
			-	117,902
Total Edward Byrne Memorial Justice Assistance Grant Program			-	180,265
Passed through the Mississippi Department of Public Safety				
Juvenile Accountability Block Grants	16.523	11JB1251	-	28,037
Passed through Mississippi Department of Health				
Stop Violence Against Women	16.588	15SL1251	-	28,202
Stop Violence Against Women	15.588	2016-STOP-036	-	9,953
Total Stop Violence Against Women			-	38,155
Passed through Mississippi Department of Health				
Crime Victim Assistance	16.575	VA-15-036	-	104,583
Crime Victim Assistance	16.575	2016-VA-036	-	22,120
			-	126,703
Total U. S. Department of Justice			-	647,611

The accompanying notes are an integral part of this statement.

HINDS COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
OTHER FEDERAL AWARDS (Continued)				
U.S. Department of Transportation				
Passed through the Mississippi Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety Grant	20.600	PT-2017-PT-12-51	\$ -	\$ 6,975
Alcohol Open Container Requirements	20.607	154AL-2017-ST-12-51	-	117,971
Total U.S. Department of Transportation			-	124,946
U.S. Environmental Protection Agency				
Direct				
Congressionally Mandated Projects	66.202	XP95471011-0	-	42,777
Total U.S. Environmental Protection Agency			-	42,777
U. S. Department of Health and Human Services				
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	1036-21	-	26,832
Passed through the Mississippi Department of Human Services				
Child Support Enforcement	93.563	93.UN	-	38,841
Direct				
Comprehensive Community Mental Health Services For Children with Serious Emotional Disturbances (SED)	93.104	5H79SM063428-02	-	383,106
Passed through the Mississippi Department of Health				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1501MSPREP	-	13,219
Total U.S. Department of Health and Human Services			-	461,998
Executive Office of the President				
Passed through the Gulf Coast HIDTA				
High Intensity Drug Trafficking Area Program	95.001	G15GC0003A	-	9,941
High Intensity Drug Trafficking Area Program	95.001	G16GC0003A	-	68,713
Total Executive Office of the President			-	78,654
U.S. Department of Homeland Security				
Passed through the Mississippi Department of Public Safety, Office of Homeland Security				
Homeland Security Grant Program	97.067	16HS025A	-	4,995
Homeland Security Grant Program	97.067	16HS025	-	7,725
			-	12,720
Passed through the Mississippi Emergency Management Agency				
Emergency Management Performance Grant	97.042	97.UN	-	3,853
Emergency Management Performance Grant	97.042	EMW-2015-EP-0031-S01	-	168,997
			-	172,850
Total U. S. Department of Homeland Security			-	185,570
Total Expenditures of Other Federal Awards			-	1,642,657
Total Expenditures of Federal Awards			\$ -	\$ 5,210,081

The accompany notes are an integral part of this statement.

HINDS COUNTY, MISSISSIPPI
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Hinds County, Mississippi (the County) under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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* or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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

Note B - Outstanding Loans

At September 30, 2017, 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, 2017.

HINDS COUNTY, MISSISSIPPI

OTHER INFORMATION

HINDS COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
Unaudited

Name	Position	Company	Bond
Robert Graham	Supervisor District 1	Western Surety/Porter	\$100,000
Darrell McQuirter	Supervisor District 2	Western Surety/Porter	100,000
Peggy Calhoun	Supervisor District 3	Western Surety/Porter	100,000
Michael Morgan	Supervisor District 4	Western Surety/Porter	100,000
Bobby McGowan	Supervisor District 5	Western Surety/Porter	100,000
Carmen Davis	County Administrator	Southern Insurance Group	100,000
Eddie Carr	Chancery Clerk	Porter	100,000
Eddie Fair	Tax Collector	Porter	100,000
Victor Mason	Sheriff	Western/Porter	100,000
Charles Stokes	Tax Assessor	State Wide	100,000
Lure Berry	Receiving Clerk	Southern Insurance Group	75,000
James Ingram	Inventory Control Clerk	Southern Insurance Group	75,000
Robert Amos	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Linda Anderson	Assistant Receiving Clerk	Southern Insurance Group	50,000
Linda Armon	Assistant Receiving Clerk	Southern Insurance Group	50,000
Marcia Bell-Anthony	Deputy Tax Collector	CNA SURETY	50,000
Tabitha Britton-Porter	Justice Court Judge	EMC Insurance	50,000
Chantey Broome	Purchasing Assistant Clerk	Southern Insurance Group	50,000
Kiauna Brown	Deputy Tax Collector	Porter	50,000
John Brown	Constable	Porter	50,000
Bennie Buckner	Constable	Porter	50,000
Paula Cable	Assistant Receiving Clerk	Southern Insurance Group	50,000
Larry Camper	Deputy Tax Collector	CNA SURETY	50,000
Kathy Chestnut	Deputy Tax Collector	Porter	50,000
Lakisha Clay-Jones	Assistant Receiving Clerk-Circuit	Southern Insurance Group	50,000
Dolise Clowers	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Sophie Coats	Deputy Tax Collector	Porter	50,000
Kathy Fay Cole	Assistant Receiving Clerk	Southern Insurance Group	50,000
Angela Cook	Assistant Receiving Clerk	Southern Insurance Group	50,000
Quintina Renea Dixon	Deputy Tax Collector	CNA SURETY	50,000
Shondra Dotson	Assistant Receiving Clerk	Southern Insurance Group	50,000
Morgan Ellis	Deputy Tax Collector	Porter	50,000
Ariel Ervin	Deputy Tax Collector	Porter	50,000
Peggy Ervin	Deputy Tax Collector	Porter	50,000
Nikia Felton	Assistant Receiving Clerk-Chancery	Southern Insurance Group	50,000
Kristie Fields	Deputy Tax Collector	Porter	50,000
Joseph Francis	Deputy Tax Collector	Porter	50,000
Tracy Funchess	Assistant Receiving Clerk	Southern Insurance Group	50,000
Lawrence Funchess	Constable	Southern Insurance Group	50,000
Anthony Gaines	Assistant Receiving Clerk	Southern Insurance Group	50,000
Angelica Gater	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Larry Grant	Assistant Receiving Clerk	Southern Insurance Group	50,000
Joann Gray	Assistant Receiving Clerk	Southern Insurance Group	50,000
Stephanie Green	Deputy Tax Collector	Porter	50,000
Andreal Harper	Youth Court Administrator	Southern Insurance Group	50,000
Shirley Harper	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Sabarina Hodge	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Andreka Hollins	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Rebecca Ann Hollis	Deputy Tax Collector	CNA SURETY	50,000
Latasha House	Purchasing Assistant Clerk	Southern Insurance Group	50,000
Cleo Hubbard	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Anjua Hudson	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Beverly Hughes	Equipment Receiving Clerk	Southern Insurance Group	50,000
Keisha Jackson	Deputy Tax Collector	Porter	50,000

HINDS COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials (Continued)
For the Year Ended September 30, 2017
Unaudited

Name	Position	Company	Bond
Michael Johnson	Inventory Administrative Assistant	Southern Insurance Group	\$ 50,000
Carmelita Johnson	Assistant Receiving Clerk	Southern Insurance Group	50,000
Ebony Teague Jones	Deputy Tax Collector	Porter	50,000
Ruth Kelly	Assistant Receiving Clerk	Southern Insurance Group	50,000
Matrice Kent	Deputy Tax Collector	Porter	50,000
Shelva King	Assistant Receiving Clerk	Southern Insurance Group	50,000
Phylicia Larry	Deputy Tax Collector	Porter	50,000
Carolyn Leflore	Assistant Receiving Clerk	Southern Insurance Group	50,000
Lucille Love	Assistant Receiving Clerk-Maintenance	Porter	50,000
Vicki Lowers	Assistant Receiving Clerk	Southern Insurance Group	50,000
Arthur Matlock	Purchasing Clerk	Travelers	75,000
Sandra Mattix	Deputy Tax Collector	Porter	50,000
Sylvia McClellan	Deputy Tax Collector	CNA SURETY	50,000
Angela McGregory	Deputy Tax Collector	CNA SURETY	50,000
Lora McInnis	Deputy Tax Collector	Porter	50,000
Karen McNeill	Deputy Tax Collector	Porter	50,000
Etta McPhaul	Deputy Tax Collector	CNA SURETY	50,000
Jerry Moore	Constable	Southern Insurance Group	50,000
James Morton	Justice Court Judge	Southern Insurance Group	50,000
Don Neal	Assistant Receiving Clerk	Southern Insurance Group	50,000
Alexis Nelson	Deputy Tax Collector	CNA SURETY	50,000
Paulette Newman	Deputy Tax Collector	CNA SURETY	50,000
Sharonda Nichols	Deputy Tax Collector	Porter	50,000
Pearlie Owens	Justice Court Judge	Porter	50,000
Donald Palmer	Justice Court Judge	State Wide	50,000
Joseph Perkins	Assistant Receiving Clerk	Southern Insurance Group	50,000
Leon Seals	Constable	Porter	50,000
Charles Sims	Road Manager	Southern Insurance Group	50,000
Cynthia Smith	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Judy Smith	Deputy Tax Collector	Porter	50,000
Deborah Smith (Pierce)	Assistant Receiving Clerk	Southern Insurance Group	50,000
Marie Strong	Deputy Tax Collector	Western/Porter	50,000
Latonya Sturgis	Assistant Receiving Clerk	Southern Insurance Group	50,000
Frank Sutton	Justice Court Judge	Porter	50,000
Ronnie C. Thomas	Deputy Tax Collector	Porter	50,000
Angela Thomason	Assistant Receiving Clerk	Southern Insurance Group	50,000
Zekia Thompson	Deputy Tax Collector	Porter	50,000
Audrey Thrasher	Assistant Receiving Clerk	Southern Insurance Group	50,000
Felicia Tillis	Deputy Tax Collector	Western/Porter	50,000
Mary Tory	Assistant Receiving Clerk	Southern Insurance Group	50,000
Dana Vaughn-Cousin	Fiscal Officer Justice Court	Southern Insurance Group	50,000
Pennie Walters	Assistant Receiving Clerk	Southern Insurance Group	50,000
Tabetha Ward	Assistant Receiving Clerk	Southern Insurance Group	50,000
Cheryl Warren	Deputy Tax Collector	Porter	50,000
Shirron Wash	Deputy Tax Collector	Porter	50,000
Lakonita Washington	Deputy Tax Collector	Porter	50,000
Shawondra Washington	Deputy Tax Collector	Western/Porter	50,000
Coretta White	Deputy Tax Collector	Western/Porter	50,000
Vickie Whitley	Assistant Receiving Clerk	Southern Insurance Group	50,000
Betty Williams	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Joyce Williams	Justice Court Executive Assistant	Southern Insurance Group	50,000
Brittany Williams	Deputy Tax Assessor	Porter	50,000
Gloria Wilson	Assistant Receiving Clerk	Southern Insurance Group	50,000
Terrell Wilson	Deputy Tax Collector	CNA SURETY	50,000
Patricia Woods	Justice Court Clerk	Southern Insurance Group	50,000

HINDS COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials (Continued)
For the Year Ended September 30, 2017
Unaudited

Name	Position	Company	Bond
Darwin Wooten	Deputy Tax Collector	Porter	\$ 50,000
Michelle Wright	Deputy Tax Collector	Western/Porter	50,000
Cody Lee Ashley	Deputy Tax Assessor	Statewide	10,000
Thomas Ballenger	Deputy Tax Assessor	Porter	10,000
Daryl Berry	Deputy Tax Assessor	Perry Paige	10,000
Angela Blaylock	Deputy Tax Assessor	Porter	10,000
Laura Burse	Deputy Tax Assessor	Porter	10,000
Richard Caston	Deputy Tax Assessor	Perry Paige	10,000
Stephen Draper	Deputy Tax Assessor	Porter	10,000
Darryl Ervin	Deputy Tax Assessor	Perry Paige	10,000
Marlon Forbes	Deputy Tax Assessor	Perry Paige	10,000
Edna Gipson	Deputy Tax Assessor	Perry Paige	10,000
Tamara Graves	Deputy Tax Assessor	Porter	10,000
Clifton Hackler	Deputy Tax Assessor	Porter	10,000
Porschea Harper	Deputy Tax Assessor	Perry Paige	10,000
Debbie Hennington	Deputy Tax Assessor	Perry Paige	10,000
April Jefferson	Deputy Tax Assessor	Statewide	10,000
Jonetha Lewis	Deputy Tax Assessor	CNA SURETY	10,000
Dajae Lindsay	Deputy Tax Assessor	CNA SURETY	10,000
Alexandria Lovell	Deputy Tax Assessor	Porter	10,000
Valerie Moton	Assistant Receiving Clerk-Chancery	Travelers	50,000
Cedrek Mozee	Deputy Tax Assessor	Perry Paige	10,000
Bonnye Owens	Deputy Tax Assessor	Perry Paige	10,000
Sandra Phillips	Deputy Tax Assessor	Statewide	10,000
Warren Pinter	Deputy Tax Assessor	Statewide	10,000
Katherine Riley	Deputy Tax Assessor	Statewide	10,000
Joseph Thompson	Deputy Tax Assessor	Perry Paige	10,000
Lee Ward	Deputy Tax Assessor	Perry Paige	10,000
Nicholas Ward	Deputy Tax Assessor	CNA SURETY	10,000
Persephone Washington	Assistant Receiving Clerk	Travelers	50,000
Delores Watkins	Deputy Tax Assessor	Perry Paige	10,000
Marcus Williams	Deputy Tax Assessor	Perry Paige	10,000
Zacchaeus Wallace	Circuit Clerk	FCCI	100,000
Lagecha McKinley	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Camille Williams	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Dawn Lyons	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Loretta Wells	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Cathy Luckett	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Kelly Phillips	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Sharon Haley	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Lee Myers	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Delwin Wells	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Kinnui Kidd	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Fred Redd	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Rona Haley	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Karla Bailey	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Melinda Green	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Lakisha Jones-Clay	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000
Tambia Coleman	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	150,000

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, the major fund and the aggregate remaining fund information of Hinds County, Mississippi (the County) as of and for the year ended September 30, 2017, 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 31, 2018, which contained a reference to the reports of other auditors. 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 certain deficiencies in internal control that we consider to be material weaknesses.

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 2017-001 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 noted certain matters that we reported to the management of Hinds County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report and a separate management letter dated July 31, 2018, included within this document.

The County's Response to Finding

The County's response to 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. However, this report is a matter of public record and its distribution is not limited.

BKD, LLP

Jackson, Mississippi
July 31, 2018

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Board of Supervisors
Hinds County, Mississippi
Jackson, Mississippi

Report on Compliance for the 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 its major federal program for the year ended September 30, 2017. 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 federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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 its major federal program for the year ended September 30, 2017.

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 the Uniform Guidance, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

BKD, LLP

Jackson, Mississippi
July 31, 2018

**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 management's assertions that Hinds County, Mississippi complied with the requirements of Section 31-7-115, Miss. Code Ann. (1972) and the following Mississippi statutes during the year ended September 30, 2017:

1. Implementation of Central Purchasing by Counties, Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972)
2. Bid requirements and exceptions; public auctions, Section 31-7-13, Miss. Code Ann. (1972)

Management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the County's compliance with the aforementioned requirements above based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, management's assertion that Hinds County, Mississippi complied with the aforementioned requirements during the year ended September 30, 2017, is fairly stated, in all material respects.

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 Hinds County, Mississippi's compliance with the aforementioned requirements, 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 31, 2018

HINDS COUNTY, MISSISSIPPI

Schedule 1

Schedule of Purchases Not Made from the Lowest Bidder

For the Year Ended September 30, 2017

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

HINDS COUNTY, MISSISSIPPI
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
01/18/17	5 boxes of deicer	\$4,515	W.W. Grainger	Allow ambulance service into hospital

HINDS COUNTY, MISSISSIPPI

Schedule 3Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2017

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
09/05/17	Physio Control Lifepac 1000 AED's defibrillators	\$92,650	Physio Control Lifepac
09/05/17	National Night Out event items	3,615	National Night Out
09/18/17	Virtual Server for Jail Management System	9,000	ADSI

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, 2017, 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 31, 2018, 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:

Circuit Clerk

1. Finding

Section 9-1-43(1), Miss. Code Ann. (1972), states that, after making deductions for employer contributions paid by the Chancery Clerk or Circuit Clerk to the Public Employees' Retirement System under Sections 25-11-106.1 and 25-11-123(f)(4), employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the Chancery Clerk or Circuit Clerk of any county in the state shall receive fees as compensation for the Chancery Clerk's or Circuit Clerk's services in excess of \$90,000. The Circuit Clerk is responsible for providing adequate documentation to support all expenses and ensuring that all fees are recorded on the fee journal and included in the annual financial report. During the testing of the Circuit Clerk's 2017 annual financial report we noted the following:

- Expenses for which there was insufficient documentation – \$673.75
- Advertisements with no copies available to determine if the ads were political in nature - \$600.00

Recommendation

The Circuit Clerk should establish a system of internal control and record retention to ensure proper supporting documentation is retained for all expenditures, including advertisements.

Circuit Clerk's Response

A system of controls will be established to ensure fee journal is complete and accurate with help from CPA.

The County's response to the finding included in this report was not audited, and, accordingly, we express no opinion on it.

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 31, 2018

HINDS COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HINDS COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements

1. The type of reports the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) were:

Government-wide Activities	Unmodified
General 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 disclosed:

a. Significant deficiencies identified?	None Reported
b. Material weaknesses identified?	Yes

3. Noncompliance considered material to the financial statements noted? No

Federal Awards

4. Internal control over compliance for major federal awards programs:

a. Significant deficiencies identified?	None Reported
b. Material weaknesses identified?	No

5. Type of auditor's report issued on compliance for the major federal award program: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) No

7. Identification of major federal program:

a. Highway Planning and Construction Cluster Highway Planning and Construction	20.205
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8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

9. The County qualified as a low-risk auditee? No

HINDS COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended September 30, 2017

Section 2: Financial Statement Findings

Reference Number	Finding
2017-001	<p style="text-align: center;">Design Deficiency – Monitoring (Material Weakness)</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> - The County's current record keeping system and accounting processes/procedures for capital assets do not allow for reconciliation of fixed asset additions to construction in process and recognition of assets in the proper period.</p> <p><i>Cause</i> - There are no procedures in place to reconcile the additions to construction in process to ensure additions were not previously included in the construction in progress. Additionally, the process and timeline for the preparation of capital asset schedules does not provide for timely review, approval and identification of errors.</p> <p><i>Effect</i> - The financial statements could be materially misstated, and the errors would not be detected by management. Further, certain audit adjustments were proposed and made to correct current year misstatements related to capital assets.</p> <p><i>Recommendation</i> - The County should regularly track, record and reconcile costs intended to be capitalized. We further recommend capital assets should be updated and prepared timely to facilitate a review and approval process.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> - The County will evaluate any and all findings and take corrective actions as considered necessary.</p>

Section 3: Federal Award Findings and Questioned Costs

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, 2017

Reference Number	Summary of Finding	Status
2016-001	Criteria or Specific Requirement - The Circuit Court Clerk of the County is responsible for establishing and maintaining effective internal control over financial reporting over the Circuit Court. 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.	Fully corrected.
2016-002	Criteria or Specific Requirement - The County is responsible for establishing and maintaining effective internal control over financial reporting. The County's current record keeping system and accounting processes/procedures for capital assets do not allow for reconciliation of fixed asset additions to construction in process and recognition of assets in the proper period.	Not corrected. Repeated as 2017-001

HINDS COUNTY, MISSISSIPPI

CORRECTIVE ACTION PLAN



ROBERT GRAHAM
District 1

DARREL D. McQUINTER
District 2
Vice President

PEGGY HOBSON CALHOUN
District 3

MIKE MORGAN
District 4
President

BOBBY "BOBCAT" McGOWAN
District 5

CARMEN Y. DAVIS
County Administrator

FINANCIAL AUDIT FINDING

June 30, 2018

Ms. Tiffany Benton
BKD LLP
190 E. Capitol Street, Suite 500
Jackson, Mississippi 39201-2190

Dear Ms. Benton:

We are responding to the Audit Finding for FY 2017. It is as follows:

Reference Number
2017-001

Finding and Recommendation

Criteria or Specific Requirement – The County is responsible for establishing and maintaining effective internal control over financial reporting.

Condition – The County's current record keeping system and accounting processes/procedures for capital assets do not allow for reconciliation of fixed asset additions to construction in process and recognition of assets in the proper period.

Cause – There are no procedures in place to reconcile the additions to construction in progress. Additionally, the process and timeline for the preparation of capital asset schedules does not provide for timely review, approval and identification of errors.

Effect – The financial statements could be materially misstated, and the errors would not be detected by management. Further, certain audit adjustments were proposed and made to correct current year misstatements related to capital assets.

Page 2
Financial Audit Finding

Recommendation – The County should regularly track, record, and reconcile cost intended to be capitalized. We further recommend capital assets should be updated and prepared timely to facilitate a review and approval process.

Corrective Action Plan – The County will continue to require that the Public Work's Director and/or the Engineering Firm to send the State Aid report regularly detailing the reimbursement request for every project to the Budget and Finance Department and Chancery Clerk's office. Additionally, the Budget and Chancery offices will record and reconcile the cost intended to be capitalized. The fixed assets will be prepared timely for review and approval. The action plan will be placed into effect immediately.

Sincerely,

A handwritten signature in blue ink, appearing to read "Carmen Y. Davis", is written over a circular blue ink stamp. The signature is fluid and cursive.

Carmen Y. Davis
County Administrator