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Hinds County, Mississippi
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2019

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, each major fund and the aggregate remaining fund information of Hinds County, Mississippi (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as 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) or Hinds County Mental Health Commission (the Commission), the County's discretely presented component units, which collectively represent 100% of the assets, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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, each major fund and the aggregate remaining fund information of Hinds County, Mississippi as of September 30, 2019, 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 budgetary comparison schedules, other postemployment benefit 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, 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 and 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, are presented for purposes of additional analysis and are 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 May 24, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
May 24, 2022

HINDS COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS SECTION

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019

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, 2019, (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, 2019

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.

- **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 schedule for the general fund and the Series 2017 General Obligation Bond 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, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Current assets	\$ 102,507,519	\$ 102,436,586
Noncurrent assets	202,259,091	204,329,180
Total assets	<u>304,766,610</u>	<u>306,765,766</u>
Deferred outflows of resources	<u>5,114,799</u>	<u>2,982,241</u>
Current liabilities	37,758,588	37,273,234
Noncurrent liabilities	187,973,803	179,171,112
Total liabilities	<u>225,732,391</u>	<u>216,444,346</u>
Deferred inflows of resources	<u>54,592,949</u>	<u>54,128,257</u>
Net position		
Net investment in capital assets	100,492,529	107,471,494
Restricted	12,089,861	11,965,801
Unrestricted (deficit)	(83,026,321)	(80,261,891)
Total net position	<u>\$ 29,556,069</u>	<u>\$ 39,175,404</u>

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019

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 2019, net position decreased by \$9.6 million from FY 2018.
- Borrowing for Capital - This will increase financial assets and long-term liabilities. During FY 2019, the County paid down \$4.0 million on borrowings for capital projects. Capital related long-term debt increased overall by \$7.6 million due to new borrowings.
- 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 2019, the County spent approximately \$20.4 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 \$12.1 million of nonborrowed cash on new capital assets during 2019. \$5.2 million of this spending was related to federal grant funding associated with the Hinds Parkway 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 \$4.7 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 \$6.7 million in FY 2019.

Changes in Net Position

Hinds County's total revenue for the fiscal year ended September 30, 2019 was \$95.4 million, as compared to \$103.7 million for the fiscal year ended September 30, 2018. The total cost of services provided by the County was \$105.0 million for the fiscal year ended September 30, 2019, as compared to \$89.5 million for the fiscal year ended September 30, 2018. The County had a decrease in net position of \$9.6 million related to an 8.1% decrease in revenue, while expenditures increased by 17%.

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2019 and 2018.

Statement of Activities

	<u>2019</u>	<u>2018</u>
Revenues:		
Program revenues		
Charges for services	\$ 9,668,949	\$ 9,903,199
Operating grants and contributions	6,281,139	5,910,144
Capital grants and contributions	8,869,048	19,490,888
General revenues		
Property taxes	63,026,356	62,176,334
Road and bridge privilege taxes	2,752,281	2,728,569
Grants and contributions not restricted	2,798,096	2,764,046
Unrestricted interest income	1,574,116	607,199
Miscellaneous	382,594	147,828
Total revenues	<u>95,352,579</u>	<u>103,728,207</u>
Expenses:		
General government	36,665,879	32,703,362
Public safety	33,325,367	35,309,991
Public works	24,684,396	11,871,371
Health and welfare	2,983,977	3,238,873
Culture and recreation	2,176,127	1,806,472
Conservation of natural resources	265,467	326,733
Economic development and assistance	1,207,979	1,064,167
Interest on long-term debt	3,662,722	3,221,816
Total expenses	<u>104,971,914</u>	<u>89,542,785</u>
Change in net position	<u>(9,619,335)</u>	<u>14,185,422</u>
Net position, beginning of year, as previously reported	39,175,404	24,397,628
Adjustment for adoption of new accounting standard	<u>-</u>	<u>592,354</u>
Net position, beginning of year, as restated	<u>39,175,404</u>	<u>24,989,982</u>
Net position, end of year	<u><u>\$ 29,556,069</u></u>	<u><u>\$ 39,175,404</u></u>

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019

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>	2019		
	<u>Total Costs</u>	<u>Revenues</u>	<u>Net Costs</u>
General government	\$ 36,665,879	\$ 6,667,728	\$ 29,998,151
Public safety	33,325,367	6,067,167	27,258,200
Public works	24,684,396	10,911,510	13,772,886
Health and welfare	2,983,977	1,111,887	1,872,090
Culture and recreation	2,176,127	60,844	2,115,283
Conservation of natural resources	265,467	-	265,467
Economic development and assistance	1,207,979	-	1,207,979
Interest on long-term debt	3,662,722	-	3,662,722

<u>Program</u>	2018		
	<u>Total Costs</u>	<u>Revenues</u>	<u>Net Costs</u>
General government	\$ 32,703,362	\$ 6,043,846	\$ 26,659,516
Public safety	35,309,991	8,934,902	26,375,089
Public works	11,871,371	19,130,577	(7,259,206)
Health and welfare	3,238,873	989,586	2,249,287
Culture and recreation	1,806,472	58,264	1,748,208
Conservation of natural resources	326,733	-	326,733
Economic development and assistance	1,064,167	147,056	917,111
Interest on long-term debt	3,221,816	-	3,221,816

Financial Analysis of the County's Funds

As of year-end, the governmental funds reported, as audited, a fund balance of \$42.5 million. This is a decrease of \$20.6 million from the prior year's fund balance of \$63.1 million, which is due to the expenditure of approximately \$19.6 million in general obligation bond funds received during 2018.

The General Fund, the County's primary operating fund, had an ending fund balance of \$13.3 million, a decrease of \$0.5 million from the prior year.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2019, the County had a total of \$249.4 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 \$118.8 million (48%). 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 \$128.8 million at September 30, 2019.

The County's total capital assets, net of depreciation, total \$177.8 million, compared to a prior year net balance of \$160.5 million.

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Debt

At September 30, 2019, the County had \$93.8 million in outstanding long-term debt, exclusive of premiums. This includes general obligation bonds, capital leases and other loans. This is \$3.0 million more than the prior year of \$90.8 million.

The State of Mississippi limits the amount of debt counties can issue to 20% of total assessed value. During FY 2019, Hinds County was at 2.0%, well below its current limit.

**Long-term Debt
As of September 30, 2019**

	Balance 10/1/2018	Additions	Reductions	Balance 09/30/19
Governmental Activities:				
General obligation bonds	\$ 85,939,000	\$ -	\$ (4,038,000)	\$ 81,901,000
Capital leases	4,803,689	7,062,639	(579,006)	11,287,322
Direct borrowing - other loan	85,133	574,980	(85,133)	574,980
Total	<u>\$ 90,827,822</u>	<u>\$ 7,637,619</u>	<u>\$ (4,702,139)</u>	<u>\$ 93,763,302</u>

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Between Original and Final Budgets</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Between Final Budget and Actual</u>
<u>General Fund</u>					
Revenues	\$ 59,087,552	\$ 60,171,196	\$ 1,083,644	\$ 62,115,011	\$ 1,943,815
Expenditures	63,616,975	65,379,283	(1,762,308)	61,922,411	3,456,872
Other financing sources (uses)	(257,557)	(774,320)	(516,763)	(562,175)	212,145
<u>Series 2017 General Obligation Bond Fund</u>					
Revenues	300,000	300,000	-	647,024	347,024
Expenditures	17,000,000	29,140,074	(12,140,074)	18,709,814	10,430,260
Other financing sources (uses)	-	-	-	16,296	16,296

HINDS COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019

The general fund revenue was running about 3.2% ahead of budget. This was primarily due to increased collections in taxes and the County's major source of revenue, an increase in intergovernmental revenues, which were offset by a decrease in charges for services. On the expenditure side, the County was able to hold expenditures below budget by approximately 5.3%. 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 the County Administrator, 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, 2019

Exhibit 1

	Primary Government	Component Units		
	Governmental Activities	Hinds County Economic Development Authority	Hinds County Mental Health Commission	Total
ASSETS				
Cash	\$ 26,167,260	\$ 2,828,128	\$ 1,559,981	\$ 4,388,109
Property tax receivable	53,115,990	-	-	-
Fines receivable (net of allowance for uncollectibles of \$18,326,615)	334,901	-	-	-
Intergovernmental receivables	2,668,165	64,395	1,154,342	1,218,737
Other receivables	19,816,254	1,200	107,168	108,368
Prepaid items	404,949	1,798	82,717	84,515
Restricted cash	24,501,260	-	-	-
Capital assets, net	177,757,831	5,700,582	6,593,137	12,293,719
Total Assets	304,766,610	8,596,103	9,497,345	18,093,448
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	4,137,585	-	-	-
Deferred outflows related to OPEB	47,999	-	-	-
Deferred charge - bond refunding	929,215	-	-	-
Total Deferred Outflows of Resources	5,114,799	-	-	-
LIABILITIES				
Claims payable	5,418,575	49,799	466,332	516,131
Amounts held in custody for others	2,436,831	-	-	-
Intergovernmental payables	22,894,364	-	-	-
Matured bonds and interest payable	18,459	-	-	-
Accrued interest payable	1,278,505	-	115,150	115,150
Unearned revenue	201,597	-	-	-
Long-term liabilities:				
Due within one year:				
Capital debt	3,904,797	-	410,152	410,152
Noncapital debt	899,650	-	-	-
Compensated absences	287,570	-	182,449	182,449
Claims and judgments payable	418,240	-	-	-
Due in more than one year:				
Capital debt	87,830,822	-	4,383,815	4,383,815
Noncapital debt	7,849,950	-	-	-
Compensated absences	2,604,748	-	227,741	227,741
Total other postemployment benefit liability	2,066,008	-	-	-
Net pension liability	87,622,275	-	-	-
Total Liabilities	225,732,391	49,799	5,785,639	5,835,438
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,161,537	-	-	-
Deferred inflows related to OPEB	315,422	-	-	-
Unavailable revenues - property taxes	53,115,990	-	-	-
Total Deferred Inflows of Resources	54,592,949	-	-	-
NET POSITION				
Net investment in capital assets	100,492,529	5,700,582	1,799,170	7,499,752
Restricted:				
Public safety	4,096,568	-	-	-
Public works	2,958,515	-	-	-
Health and welfare	164,769	-	152,945	152,945
Culture and recreation	513,433	-	-	-
Economic development	13,098	-	-	-
Debt service	4,343,478	-	-	-
Unrestricted (deficit)	(83,026,321)	2,845,722	1,759,591	4,605,313
Total Net Position	\$ 29,556,069	\$ 8,546,304	\$ 3,711,706	\$ 12,258,010

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, 2019

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		Total
					Governmental Activities	Hinds County Economic Development Authority	Hinds County Mental Health Commission	
Governmental activities:								
General government	\$ 36,665,879	\$ 5,585,195	\$ 1,018,953	\$ 63,580	\$ (29,998,151)			
Public safety	33,325,367	4,022,910	2,044,257	-	(27,258,200)			
Public works	24,684,396	-	2,106,042	8,805,468	(13,772,886)			
Health and welfare	2,983,977	-	1,111,887	-	(1,872,090)			
Culture and recreation	2,176,127	60,844	-	-	(2,115,283)			
Conservation of natural resources	265,467	-	-	-	(265,467)			
Economic development and assistance	1,207,979	-	-	-	(1,207,979)			
Interest on long-term debt	3,662,722	-	-	-	(3,662,722)			
Total Governmental Activities	<u>104,971,914</u>	<u>9,668,949</u>	<u>6,281,139</u>	<u>8,869,048</u>	<u>(80,152,778)</u>			
Total Primary Government	<u>\$ 104,971,914</u>	<u>\$ 9,668,949</u>	<u>\$ 6,281,139</u>	<u>\$ 8,869,048</u>	<u>(80,152,778)</u>			
Component units:								
Hinds County Economic Development Authority	\$ 1,014,006	\$ -	\$ 50,000	\$ -		\$ (964,006)	\$ -	\$ (964,006)
Hinds County Mental Health Commission	13,987,047	12,518,821	7,852	-		-	(1,460,374)	(1,460,374)
Total Component Units	<u>\$ 15,001,053</u>	<u>\$ 12,518,821</u>	<u>\$ 57,852</u>	<u>\$ -</u>		<u>(964,006)</u>	<u>(1,460,374)</u>	<u>(2,424,380)</u>
General revenues:								
Property taxes					63,026,356	-	-	-
Road and bridge privilege taxes					2,752,281	-	-	-
Grants and contributions not restricted to specific programs					2,798,096	1,015,915	1,201,540	2,217,455
Unrestricted interest income					1,574,116	47,537	1,076	48,613
Miscellaneous					382,594	14,400	39,954	54,354
Total General Revenues					<u>70,533,443</u>	<u>1,077,852</u>	<u>1,242,570</u>	<u>2,320,422</u>
Change in net position					<u>(9,619,335)</u>	<u>113,846</u>	<u>(217,804)</u>	<u>(103,958)</u>
Net position - beginning of year, as previously reported					39,175,404	3,877,881	3,929,510	7,807,391
Prior period adjustment - Note 6					-	4,554,577	-	4,554,577
Net position - beginning of year, as restated					<u>39,175,404</u>	<u>8,432,458</u>	<u>3,929,510</u>	<u>12,361,968</u>
Net position - end of year					<u>\$ 29,556,069</u>	<u>\$ 8,546,304</u>	<u>\$ 3,711,706</u>	<u>\$ 12,258,010</u>

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

HINDS COUNTY, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	Series 2017 General Obligation Bond Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 19,311,706	\$ 15,346,018	\$ 16,010,796	\$ 50,668,520
Property tax receivable	39,930,683	-	13,185,307	53,115,990
Fines receivable (net of allowance for uncollectibles of \$18,326,615)	334,901	-	-	334,901
Intergovernmental receivables	720,946	-	1,947,219	2,668,165
Other receivables	17,809,832	-	2,006,421	19,816,253
Due from other funds	-	-	388,888	388,888
Advances to other funds	373,000	-	-	373,000
Prepaid items	404,949	-	-	404,949
Total Assets	<u>\$ 78,886,017</u>	<u>\$ 15,346,018</u>	<u>\$ 33,538,631</u>	<u>\$ 127,770,666</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 1,515,551	\$ 2,032,720	\$ 1,870,304	\$ 5,418,575
Amounts held in custody for others	2,436,831	-	-	2,436,831
Intergovernmental payables	20,991,383	-	1,997,179	22,988,562
Due to other funds	388,888	-	-	388,888
Advances from other funds	-	-	373,000	373,000
Matured bonds and interest payable	-	-	18,459	18,459
Unearned revenue	-	-	201,597	201,597
Total Liabilities	<u>25,332,653</u>	<u>2,032,720</u>	<u>4,460,539</u>	<u>31,825,912</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	39,930,683	-	13,185,307	53,115,990
Unavailable revenue - fines	297,420	-	-	297,420
Total Deferred Inflows of Resources	<u>40,228,103</u>	<u>-</u>	<u>13,185,307</u>	<u>53,413,410</u>
Fund balances:				
Nonspendable:				
Advances to other funds	373,000	-	-	373,000
Prepaid items	404,949	-	-	404,949
Restricted for:				
General government	-	-	344,394	344,394
Public safety	-	-	3,544,267	3,544,267
Public works	-	-	3,128,967	3,128,967
Health and welfare	-	-	165,820	165,820
Culture and recreation	-	-	513,433	513,433
Economic development	-	-	13,098	13,098
Capital projects	-	12,221,921	1,574,680	13,796,601
Debt service	-	-	3,063,193	3,063,193
Committed to:				
General government	-	-	640,427	640,427
Public safety	-	-	147,908	147,908
Economic development	-	-	410	410
Capital projects	-	1,091,377	2,943,968	4,035,345
Unassigned (deficit)	12,547,312	-	(187,780)	12,359,532
Total Fund Balances	<u>13,325,261</u>	<u>13,313,298</u>	<u>15,892,785</u>	<u>42,531,344</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 78,886,017</u>	<u>\$ 15,346,018</u>	<u>\$ 33,538,631</u>	<u>\$ 127,770,666</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, 2019

	<u>Amount</u>
Total Fund Balances - Governmental Funds	\$ 42,531,344
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.	177,757,831
Other long-term assets, such as fines receivable, are not available to pay for current period expenditures and, therefore, are unearned in the funds.	391,619
Deferred outflows of resources related to pension and OPEB reported in governmental activities are not a financial resource and, therefore, are not reported in the funds.	4,185,584
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(103,795,777)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(1,278,505)
Other postemployment benefit liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,066,008)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(87,622,275)
Deferred inflows of resources related to pension and OPEB are not due and payable in the current period and, therefore, are not reported in the funds.	(1,476,959)
Deferred charges on bond refinancing are not recognized in the funds and amortized in government-wide statements.	<u>929,215</u>
Total Net Position - Governmental Activities	<u>\$ 29,556,069</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, 2019

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Series 2017 General Obligation Bond Fund		
REVENUES				
Property taxes	\$ 47,442,979	\$ -	\$ 15,583,377	\$ 63,026,356
Road and bridge privilege taxes	-	-	2,752,281	2,752,281
Licenses, commissions and other	3,915,601	-	76,978	3,992,579
Fines and forfeitures	1,831,028	-	245,836	2,076,864
Intergovernmental	4,916,260	-	13,032,023	17,948,283
Charges for services	1,151,182	-	2,623,351	3,774,533
Interest income	615,917	647,024	311,204	1,574,145
Miscellaneous	532,058	-	77,303	609,361
Total Revenues	60,405,025	647,024	34,702,353	95,754,402
EXPENDITURES				
Current:				
General government	29,016,425	1,598,654	7,264,220	37,879,299
Public safety	29,638,463	726,244	4,402,580	34,767,287
Public works	-	17,073,196	19,353,092	36,426,288
Health and welfare	901,711	-	1,981,625	2,883,336
Culture and recreation	201,874	251,568	1,793,166	2,246,608
Conservation of natural resources	265,276	-	-	265,276
Economic development and assistance	52,041	-	1,155,938	1,207,979
Debt service:				
Principal	123,457	-	4,578,682	4,702,139
Interest	105,449	-	3,588,741	3,694,190
Total Expenditures	60,304,696	19,649,662	44,118,044	124,072,402
Excess of Revenues Over (Under) Expenditures	100,329	(19,002,638)	(9,415,691)	(28,318,000)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	150,000	-	7,487,619	7,637,619
Proceeds from sale of capital assets	28,918	-	45,653	74,571
Proceeds of insurance recoveries	21,006	-	20,424	41,430
Transfers in	22,727	16,296	873,357	912,380
Transfers out	(791,973)	-	(120,407)	(912,380)
Total Other Financing Sources (Uses)	(569,322)	16,296	8,306,646	7,753,620
Net Change in Fund Balances	(468,993)	(18,986,342)	(1,109,045)	(20,564,380)
Fund Balances - Beginning	13,794,254	32,299,640	17,001,830	63,095,724
Fund Balances - Ending	\$ 13,325,261	\$ 13,313,298	\$ 15,892,785	\$ 42,531,344

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

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

HINDS COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2019

Exhibit 5

	Agency Funds
ASSETS	
Cash	\$ 785,921
Other receivables	159,450
Intergovernmental receivables	21,307
Total Assets	<u>\$ 966,678</u>
LIABILITIES	
Other liabilities	<u>\$ 966,678</u>
Total Liabilities	<u>\$ 966,678</u>

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

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

(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 (GAAP) 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, 2019, 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, 2019, 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, 2018, 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, 2019

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, 2019

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 Funds:

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

Series 2017 General Obligation Bond Fund - This fund is used to account for all activities associated with the issuance of the Series 2017 General Obligation Bonds.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

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

FIDUCIARY FUND TYPES

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

D. Account Classifications.

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

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

E. Use of Estimates.

The preparation of financial statements in conformity GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, 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.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

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.

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 Outflows Related to Other Postemployment Benefits (OPEB) - This amount represents the County's deferred outflows of resources reported by the OPEB plan in which the County participates. See Note 10 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.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

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.

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.

Unavailable Revenue - Fines - When an asset is recorded in the governmental fund financial statements but the revenue is not available, the County reports a deferred inflow of resources until such time as the revenue comes available.

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.

Deferred Inflows Related to OPEB - This amount represents the County's deferred inflows of resources reported by the OPEB plan in which the County participates. See Note 10 for additional details.

L. 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. 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

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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, 2019.

Unassigned - The residual classification for the General Fund and includes all amounts not contained in the other classifications. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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.

O. Property Tax Revenues.

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

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

GAAP requires 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.

P. 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.

Q. 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. GAAP requires 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.

R. Deficit Fund Balance.

At September 30, 2019, the County had a deficit unassigned fund balance in the Garbage and Solid Waste Fund, presented in other governmental funds, of \$113,991, which was funded by an

HINDS COUNTY, MISSISSIPPI
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interfund loan in October 2019 when the claims payable settled. The remaining deficits in other governmental funds range from \$6 to \$21,898.

S. Future Effective Accounting Pronouncements.

Governmental Accounting Standard Board (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, 2019, 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, 2021, with earlier application encouraged.

T. Changes in Accounting Standards.

GASB Statement No. 83 - *Certain Asset Retirement Obligations*: The provisions of this standard have been incorporated into the financial statements and notes. The implementation of this statement did not have a material impact on the City's basic financial statements.

During 2019, the County adopted and implemented GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*: Adoption of GASB Statement No. 88 had no effect on the County's financial statements.

U. Operating Leases

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

(2) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$51,454,441 (including Agency Funds and excluding petty cash of \$19,205), and the bank balance was \$59,756,969, 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).

HINDS COUNTY, MISSISSIPPI
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At September 30, 2019, the County held cash restricted for debt service of \$3,005,256 and restricted for capital projects of \$21,496,004.

The carrying amount of the discretely presented component unit's, Hinds County Economic Development Authority, total deposits with financial institutions at September 30, 2019, was \$2,828,128, and the bank balance was \$2,842,723, 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, 2018, was \$1,599,981, and the bank balance was \$1,620,105, 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:

Neither the County nor its discretely presented component units held investments at the fiscal year-end.

(3) **Interfund Transactions and Balances.**

The following is a summary of interfund balances at September 30, 2019.

A. **Due From/To Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	<u>\$ 388,888</u>

The receivables represent the tax revenue collected in September 2019, but not settled until October 2019. 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>\$ 373,000</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.

HINDS COUNTY, MISSISSIPPI
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For the Year Ended September 30, 2019

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 22,727
Other Governmental Funds	General Fund	791,973
Other Governmental Funds	Other Governmental Funds	81,384
Series 2017 General Obligation Bond Fund	Other Governmental Funds	<u>16,296</u>
Total		<u><u>\$ 912,380</u></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, 2019, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 1,216,234
Public safety grants	120,080
Public works grants	1,660,256
Other	<u>403,978</u>
Total governmental activities	<u><u>\$ 3,400,548</u></u>

(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, 2019, is as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
King Edward Revitalization Company - CDBG Loan (A)	05/05/09	1.00%	11/01/30	\$ 1,997,179
Westin Hotel (B)	04/21/14	3.25%	08/01/33	<u>17,610,233</u>
				<u><u>\$ 19,607,412</u></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

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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.

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, 2019.

Land	\$ 792,015
Land development costs	<u>4,060,086</u>
	<u><u>\$ 4,852,101</u></u>

Prior Period Adjustment

During 2019, the Authority restated its beginning-of-year net position to remove \$4,554,577 of liabilities related to development in process and potentially owed to the County that were either forgiven or were deemed not refundable in a prior year.

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

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For the Year Ended September 30, 2019

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, 2019.

	Balance 10/01/18	Additions	Deletions	Transfers/ Adjustments*	Balance 09/30/19
<u>Nondepreciable capital assets:</u>					
Land	\$ 1,328,864	\$ 67,308	\$ -	\$ -	\$ 1,396,172
Construction in progress	<u>44,706,050</u>	<u>17,925,709</u>	<u>-</u>	<u>(6,854,257)</u>	<u>55,777,502</u>
Total nondepreciable capital assets	<u>46,034,914</u>	<u>17,993,017</u>	<u>-</u>	<u>(6,854,257)</u>	<u>57,173,674</u>
<u>Depreciable capital assets:</u>					
Infrastructure	107,604,138	13,128,523	-	(1,969,720)	118,762,941
Buildings	55,642,431	7,384	-	187,213	55,837,028
Improvements other than buildings	15,160,253	73,650	(787,440)	323,949	14,770,412
Mobile equipment	23,400,627	430,989	(524,589)	420,385	23,727,412
Furniture and equipment	28,844,943	877,298	(170,817)	-	29,551,424
Leased property under capital leases	<u>6,729,564</u>	<u>-</u>	<u>(26,446)</u>	<u>23,805</u>	<u>6,726,923</u>
Total depreciable capital assets	<u>237,381,956</u>	<u>14,517,844</u>	<u>(1,509,292)</u>	<u>(1,014,368)</u>	<u>249,376,140</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	(56,024,221)	(1,804,006)	-	14,609	(57,813,618)
Buildings	(23,374,111)	(965,997)	-	32,395	(24,307,713)
Improvements other than buildings	(8,121,280)	(471,849)	526,560	(32,395)	(8,098,964)
Mobile equipment	(16,612,816)	(1,079,379)	457,925	(439,905)	(17,674,175)
Furniture and equipment	(16,550,736)	(1,431,006)	162,998	-	(17,818,744)
Leased property under capital leases	<u>(2,191,643)</u>	<u>(901,881)</u>	<u>19,040</u>	<u>(4,285)</u>	<u>(3,078,769)</u>
Total accumulated depreciation	<u>(122,874,807)</u>	<u>(6,654,118)</u>	<u>1,166,523</u>	<u>(429,581)</u>	<u>(128,791,983)</u>
Total depreciable capital assets, net	<u>114,507,149</u>	<u>7,863,726</u>	<u>(342,769)</u>	<u>(1,443,949)</u>	<u>120,584,157</u>
Governmental activities capital assets, net	<u><u>\$ 160,542,063</u></u>	<u><u>\$ 25,856,743</u></u>	<u><u>\$ (342,769)</u></u>	<u><u>\$ (8,298,206)</u></u>	<u><u>\$ 177,757,831</u></u>

* Transfers/adjustments represent construction-in-progress costs of \$6,854,257 placed in service due to project completion during the year ended September 30, 2019. The remaining balance in

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transfers/adjustments represented a \$23,805 adjustment of leased property under capital leases, a \$444,190 adjustment to mobile equipment, transfers of \$1,969,720 to other governments, and \$511,162 from other governments.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 689,190
Public safety	3,348,056
Public works	2,462,637
Health and welfare	104,470
Culture and recreation	<u>49,765</u>
 Total governmental activities depreciation expense	 <u><u>\$ 6,654,118</u></u>

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Hinds Parkway (Construction Section 2)	\$ 101,800	12/31/2020
Hinds Parkway (ROW)	16,561	12/31/2020
Johnson Line Road Bridge	21,082	11/30/2020
Duke Road Bridge #365	206,288	06/30/2020
Bolton-Brownsville	168,435	06/30/2020
Learned Oakley	156,003	06/30/2020
Clinton-Tinnin Rd Bridge	953,888	09/30/2020
Clinton-Tinnin Rd Bridge	94,773	09/30/2020
Rosemary Rd Bridge	30,840	09/30/2020
Edwards Drainage/Ashcot/Nelson (Engineering)	1,416	03/30/2020
Edwards Drainage/Ashcot/Nelson (Construction)	58,595	03/30/2020
Duke/Cayuga/McLean (Engineering)	167	12/30/2019
Duke/Cayuga/McLean (Construction)	33,520	12/30/2019
MPO Phase II, Robinson, Robinson, Robinson, Wilson	2,894,687	06/30/2022
Fire Station Architectural Services	4,000	09/30/2021
New Fire Station	256,630	09/30/2021
EOC Facility Assessment	6,250	12/31/2020
Raymond Detention Center Sewage Pumping Station	49,810	12/30/2019
Johnson Control Energy Upgrades	982,919	09/30/2021
CivilTech Engineering (JC Engineering)	<u>90,582</u>	09/30/2021
	 <u><u>\$ 6,128,246</u></u>	

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For the Year Ended September 30, 2019

Component Units:

The component units' capital asset balances are as follows:

	Balance 01/01/2018	Additions	Deletions	Balance 12/31/2018
<u>Mental Health Commission</u>				
Building	\$ 5,803,500	\$ -	\$ -	\$ 5,803,500
Land	1,019,322	-	-	1,019,322
Automobiles	206,291	-	-	206,291
Furniture and equipment	1,033,259	55,058	(10,001)	1,078,316
Leasehold improvements	1,048,408	42,906	-	1,091,314
Software	201,323	76,772	-	278,095
	<u>9,312,103</u>	<u>174,736</u>	<u>(10,001)</u>	<u>9,476,838</u>
Less accumulated depreciation and amortization	<u>(2,643,348)</u>	<u>(249,954)</u>	<u>9,601</u>	<u>(2,883,701)</u>
Component unit capital assets, net	<u>\$ 6,668,755</u>	<u>\$ (75,218)</u>	<u>\$ (400)</u>	<u>\$ 6,593,137</u>
	Balance 10/01/2018	Additions	Deletions	Balance 09/30/2019
<u>Economic Development Authority</u>				
Building	\$ 398,158	\$ -	\$ -	\$ 398,158
Land	65,000	-	-	65,000
Construction in progress	5,507,157	797	(145,348)	5,362,606
Furniture and equipment	200,232	5,647	(10,588)	195,291
	<u>6,170,547</u>	<u>6,444</u>	<u>(155,936)</u>	<u>6,021,055</u>
Less accumulated depreciation and amortization	<u>(284,957)</u>	<u>(45,875)</u>	<u>10,359</u>	<u>(320,473)</u>
Component unit capital assets, net	<u>\$ 5,885,590</u>	<u>\$ (39,431)</u>	<u>\$ (145,577)</u>	<u>\$ 5,700,582</u>

(8) Claims and Judgments.

Risk Financing:

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident 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, 2019 through January 1, 2020. 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 (MASIT) with commercial insurance coverage of \$500,000 to \$1,000,000 and retention deductibles ranging from \$0 to \$100,000.

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Settled claims did not exceed insurance coverage for the fiscal years ended September 30, 2017, September 30, 2018 or September 30, 2019. The Government-wide Statement of Net Position as of September 30, 2019, presents a liability of \$418,240, 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 \$587,000 in excess of the amount accrued.

(9) Capital Leases.

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019.

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 6,024,516
Nonmobile equipment	702,407
Construction in progress	<u>6,587,940</u>
	13,314,863
Less accumulated depreciation	<u>(3,078,769)</u>
Leased property under capital leases	<u><u>\$ 10,236,094</u></u>

The following is a schedule by years of the total payments due as of September 30, 2019.

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 817,017	\$ 425,718
2021	898,262	355,046
2022	795,662	324,531
2023	763,963	297,101
2024	802,210	270,415
2025-2029	3,208,063	971,257
2030-2034	2,248,897	559,183
2035-2037	<u>1,753,248</u>	<u>126,028</u>
	<u><u>\$ 11,287,322</u></u>	<u><u>\$ 3,329,279</u></u>

(10) Postemployment Benefits Other Than Pensions.

A. Plan Description.

The County administers a single-employer defined benefit OPEB health care plan for retirees (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. The Plan is administered by the Board of Supervisors. The Plan does not issue a public available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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B. Benefits Provided.

Benefits of the Plan are provided through a fully-insured program with Cigna. 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.

The employees covered by the benefit terms at September 30, 2019 are:

Active employees with coverage	694
Inactive employees currently receiving benefit payments	<u>7</u>
	<u><u>701</u></u>

C. Actuarial Assumptions

The total OPEB liability in the October 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0%	
Discount rate	3.68%	(Using S&P Municipal Bond 20-year High Grade Rate Index)
Salary increases	2.0%	Average, including inflation
Health care cost trend rates	7.5%	For 2019, decreasing 0.75% per year to an ultimate rate of 6.75% over 3 years

The mortality table used was the Projection Scale MP-2018.

D. Annual OPEB Cost and Total OPEB Obligation.

The County's total OPEB liability of \$2,066,008 was measured as of September 30, 2019, and was determined by an actuarial valuation as of October 1, 2019.

Changes in the total OPEB liability are:

Total OPEB liability, beginning of year	\$ 2,132,228
Changes for the year:	
Service cost	251,290
Interest	86,125
Experience losses (gains)	(336,229)
Changes of assumptions	(24,254)
Benefit payments	<u>(43,152)</u>
Net changes	<u>(66,220)</u>
Total OPEB liability, end of year	<u><u>\$ 2,066,008</u></u>

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E. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of the County has been calculated using a discount rate of 3.68%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease 2.68%	Current Discount Rate 3.68%	1% Increase 4.68%
Total OPEB liability	\$ 2,314,296	\$ 2,066,008	\$ 1,843,160

The total OPEB liability of the County has been calculated using health care cost trend rates of 7.5% decreasing to 6.75% over three years. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease (6.5% Decreasing to 5.75%)	Current Health Care Cost Trend Rates	1% Increase (8.5% Decreasing to 7.75%)
Total OPEB liability	\$ 1,681,293	\$ 2,066,008	\$ 2,538,589

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the County recognized OPEB expense of \$204,620. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 294,200
Changes of assumptions	-	21,222
Contributions after the measurement date	47,999	-
	<u>\$ 47,999</u>	<u>\$ 315,422</u>

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

Year Ending September 30:

2020	\$ (45,061)
2021	(45,061)
2022	(45,061)
2023	(45,061)
2024	(45,061)
Thereafter	(90,117)

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(11) Long-term Debt.

Debt outstanding as of September 30, 2019, 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	\$ 5,855,000	2.00% to 4.00%	10/01/36
Mississippi Development Bank Special Obligation Bonds, Series 2016B (Hinds County, Mississippi General Obligation Refunding Bond Project)	1,410,000	1.2% to 1.65%	11/01/20
Mississippi Development Bank Special Obligation Bonds, Series 2017A (Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond Project)	7,785,000	2.00% to 4.00%	08/01/36
Mississippi Development General Obligation Refunding Bonds, Series 2017A	7,891,000	2.00% to 4.00%	11/01/27
Mississippi Development Bank Special Obligation Bonds, Series 2017 (Hinds County, Mississippi General Obligation Public Bond Project)	38,525,000	2.00% to 5.00%	11/01/47
Mississippi Development Bank Special Obligation Taxable Bonds, Series 2007B (Hinds County, Mississippi General Obligation Public Parking Project)	10,635,000	5.46%	10/01/36
Mississippi Development Special Obligation Bonds, Series 2010	120,000	3.00% to 4.25%	06/01/20
Mississippi Development General Obligation Refunding Bonds, Series 2015	<u>9,680,000</u>	2.00% to 4.00%	10/01/36
Total General Obligation Bonds	<u><u>\$ 81,901,000</u></u>		
B. Capital Leases:			
2017 Public Works Lease Purchase	\$ 3,921,276	2.75%	01/15/27
2018 Vehicles	257,947	2.95%	04/26/21
2018 Vehicle	51,046	3.11%	07/23/22
2018 Equipment	15,363	3.74%	11/27/21
2018 Vehicle	150,000	3.50%	12/01/21
2019 Equipment	<u>6,891,690</u>	3.53%	03/01/37
Total Capital Leases	<u><u>\$ 11,287,322</u></u>		
C. Direct Borrowing - Other Loan:			
2019 Trustmark Bank Note	<u><u>\$ 574,980</u></u>	2.94%	09/17/24

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

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	
	Principal	Interest
2020	\$ 3,879,000	\$ 3,335,293
2021	4,841,000	3,210,369
2022	4,439,000	3,055,289
2023	4,628,000	2,880,177
2024	9,524,000	5,175,666
2025 - 2029	24,430,000	9,246,417
2030 - 2034	19,715,000	3,932,003
2035 - 2039	4,135,000	1,519,538
2040 - 2044	3,250,000	854,750
2045-2048	3,060,000	218,925
Total	<u>\$ 81,901,000</u>	<u>\$ 33,428,427</u>

Year Ending September 30	Direct Borrowing- Other Loan	
	Principal	Interest
2020	\$ 108,430	\$ 16,904
2021	111,618	13,717
2022	114,899	10,435
2023	118,277	7,057
2024	121,756	3,580
Total	<u>\$ 574,980</u>	<u>\$ 51,693</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, 2019, the amount of outstanding debt was equal to 1.98% of the latest property assessments.

Issuance of Debt - During 2019, the County issued \$7,637,619 in capital leases and other loans, with an average interest rate of 3.49%. The proceeds are designated for use on capital asset purchases.

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, 2019, \$1,460,000 of bonds outstanding were considered defeased.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019.

	Balance 10/1/2018	Additions	Reductions	Balance 09/30/19	Amount Due Within One Year
Governmental Activities:					
Compensated absences	\$ 2,782,125	\$ 349,584	\$ (239,391)	\$ 2,892,318	\$ 287,570
Claims and judgments payable	572,116	-	(153,876)	418,240	418,240
General obligation bonds	85,939,000	-	(4,038,000)	81,901,000	3,879,000
Premium on bonds	6,997,121	-	(275,204)	6,721,917	-
Capital leases	4,803,689	7,062,639	(579,006)	11,287,322	817,017
Direct borrowing - other loan	85,133	574,980	(85,133)	574,980	108,430
Total	<u>\$ 101,179,184</u>	<u>\$ 7,987,203</u>	<u>\$ (5,370,610)</u>	<u>\$ 103,795,777</u>	<u>\$ 5,510,257</u>

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

Component Unit:

The debt outstanding at December 31, 2018 for the Hinds County Mental Health Commission (the Commission) is as follows:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. Other Loans:			
Real estate loan payable	\$ 4,143,219	4.25%	05/01/27
Loan payable	<u>650,748</u>	3.55%	08/01/32
Total other loans	<u>\$ 4,793,967</u>		

Annual debt service requirements to maturity at December 31, 2018 for the following debt reported in the Commission's Statement of Net Position are as follows:

Year Ending	Other Loans	
	Principal	Interest
2019	\$ 424,001	\$ 201,108
2020	441,562	183,548
2021	460,756	164,353
2022	480,325	144,784
2023	500,726	124,383
2024-2028	2,276,732	284,453
2029-2032	<u>209,865</u>	<u>15,208</u>
Total	<u>\$ 4,793,967</u>	<u>\$ 1,117,837</u>

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

The following is a summary of changes in long-term liabilities and obligations for the year ended December 31, 2018 for the Commission.

	Balance 01/01/18	Additions	Reductions	Balance 12/31/18	Amount Due Within One Year
Other loans	\$ 5,199,971	\$ -	\$ 406,004	\$ 4,793,967	\$ 410,152
Compensated absences	381,771	88,578	60,159	410,190	182,449
Total	<u>\$ 5,581,742</u>	<u>\$ 88,578</u>	<u>\$ 466,163</u>	<u>\$ 5,204,157</u>	<u>\$ 592,601</u>

(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 2019.

(13) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net deficit amount of \$83,026,321 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 \$1,389,662, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. The \$2,747,923 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years. The \$1,161,537 balance of the deferred inflows of resources related to pension at September 30, 2019, will be recognized in pension expense over the next three years.

The governmental activities' unrestricted net deficit amount of \$83,026,321 includes the effect of deferred inflows/outflows of resources related to OPEBs. A portion of the deferred outflow of resources related to OPEBs in the amount of \$47,999, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2020. The \$315,422 balance of the deferred inflows of resources related to OPEB at September 30, 2019, will be recognized in OPEB expense over the next eight years.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

The governmental activities' unrestricted net deficit amount of \$83,026,321 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$929,215 of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease in the unrestricted net position over the next 19 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 \$2,040,671 in 2019. Complete financial statements for the Jackson-Hinds Library System can be obtained from 400 North State Street, Jackson, Mississippi 39201.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Central Mississippi Planning and Development District, Inc. (CMPDD) operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Hinds County Board of Supervisors appoints 3 of the 33 members of the board of directors. The County contributes a small percentage of CMPDD's total revenues. The County appropriated \$45,088 for support of CMPDD in fiscal year 2019.

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 Sections 37-29-141 and 27-39-329 Miss. Code Ann. (1972) to support the College. The tax provided \$10,700,064 for maintenance and support of the College in fiscal year 2019.

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 2019.

(17) Defined Benefit Pension Plan.

Plan Description - The County contributes to the PERS of Mississippi, 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,

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

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 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 - At September 30, 2019, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's employer contributions to PERS for the years ended September 30, 2019, 2018 and 2017 were \$5,226,675, \$4,978,695, and \$4,833,590, 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, 2019, the County reported a liability of \$87,622,275 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the County's proportion was 0.50%, which was an increase of .01% in its proportion measured as of June 30, 2018.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

For the year ended September 30, 2019, the County recognized pension expense of \$3,185,833. At September 30, 2019, 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	\$ 51,836	\$ 94,316
Changes of assumptions	859,056	-
Net difference between projected and actual earnings on pension plan investments	-	958,631
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	1,837,031	108,590
County contributions subsequent to the measurement date	1,389,662	-
	<u>\$ 4,137,585</u>	<u>\$ 1,161,537</u>

The amount of \$1,389,662 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30</u>	
2020	\$ 980,407
2021	(351,387)
2022	557,335
2023	400,031
	<u>\$ 1,586,386</u>

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	3.00% - 18.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2018.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
Total	<u>100.00 %</u>	

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 (17.40%). 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	\$ 115,182,516	\$ 87,622,275	\$ 64,873,770

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, 2019, the County had no amounts payable for outstanding contributions to the pension plan required for the year then ended.

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

(18) Tax Abatements.

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-one entities, with some entities having more than one expansion eligible for tax abatement as of September 30, 2019.

The County had various types of abatement, most of which were only partial abatements of General Fund millage/taxes. However, one abatement was 100%, including school and state tax levies.

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, 26.175, 38.33)

There are 21 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	25.17%	\$113,084
Construction and expansion of a storage facility	100.00%	\$ -
Operation Center/Headquarters/ Other Commercial Enterprises	48.05%	\$52,965
Freeport – Transit Exemptions	52.91%	\$1,376

Some companies were not required to comply with any special provisions to receive 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.

(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 May 24, 2022, which is the date the financial

HINDS COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

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.

The County issued the following debt after year-end:

- The loan receivable from Capital Hotel Associates for the Westin Hotel from *Note 5* was modified in fiscal year 2021 to defer two principal payments. The interest rate and final payment date remain the same.
- The loan receivable from King Edward Revitalization Company from *Note 5* was given a forbearance in fiscal year 2021 to defer 20 months of principal payments. The interest rate and final payment date remain the same.
- The Hinds County Mental Health Commission refinanced its notes payable in April 2020. These notes now mature in 2027 and 2032, with interest rates of 2.17% and 2.74%, respectively.
- In July 2021, the Board approved a \$359,479 lease purchase for public works maturing in 2026 at an interest rate of 1.8%.
- In October 2021, the Board approved a \$1,526,399 lease purchase for public works maturing in 2026 at an interest rate of 1.8%.
- In December 2021, the Board approved an additional promissory note with the Mississippi Development Authority related to the Capital Hotel Associates' Westin Hotel from *Note 5* for \$3,002,600, maturing in 2041 at an interest rate of 2.297% ,to assist in the construction of a hotel and parking garage.
- In February 2022, the Board approved a lease purchase for a HIDTA vehicle for \$24,381 at an interest rate of 2.41%.
- In 2021, the County entered a \$20 million loan agreement/grant agreement with the Mississippi Development Authority and Continental Tire for an "Inside the Fence" grant (pursuant to the Memorandum of Understanding for the original Continental Tire project).

As a result of the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the County. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. However, subsequent to year-end, the County received federal funding under COVID-19 relief programs as follows:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act - \$575,476
- American Rescue Plan Act - \$45,032,202
- Emergency Rental Assistance 1 (Consolidated Appropriations Act, 2021) - \$7,010,939
- Emergency Rental Assistance 2 (American Rescue Plan Act) - \$7,893,230

In May 2021, the Hinds County Mental Health Commission obtained a Paycheck Protection Program loan in the amount of \$1,913,342 under the CARES Act. The Mental Health Commission anticipates using all of the proceeds to make eligible payments and, therefore, expects substantially all of the loan will be forgiven, however, forgiveness has not yet been applied for.

In February 2022, the Mississippi Office of the State Auditor issued demand letters approximating \$250,000 to a Hinds County Election Commissioner and a Hinds County resident under the accusations of fraud, embezzlement and bribery related to a private grant awarded to the County.

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, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 48,092,986	\$ 48,553,060	\$ 48,891,099	\$ 338,039
Licenses, commissions and other	3,673,200	3,696,210	3,886,079	189,869
Fines and forfeitures	1,020,500	1,050,262	1,823,624	773,362
Intergovernmental	3,282,000	3,593,159	3,631,565	38,406
Charges for services	2,498,566	2,751,864	2,797,692	45,828
Interest income	268,800	268,800	643,529	374,729
Miscellaneous	251,500	257,841	441,423	183,582
Total Revenues	<u>59,087,552</u>	<u>60,171,196</u>	<u>62,115,011</u>	<u>1,943,815</u>
EXPENDITURES				
Current:				
General government	31,700,011	32,649,795	30,789,521	1,860,274
Public safety	29,845,467	30,691,591	29,327,936	1,363,655
Public works	388,000	274,766	274,389	377
Health and welfare	938,645	943,279	891,352	51,927
Culture and recreation	202,643	277,643	151,875	125,768
Conservation of natural resources	281,842	281,842	280,227	1,615
Economic development and assistance	73,313	73,313	72,403	910
Debt service:				
Principal	171,966	171,966	123,457	48,509
Interest	15,088	15,088	11,251	3,837
Total Expenditures	<u>63,616,975</u>	<u>65,379,283</u>	<u>61,922,411</u>	<u>3,456,872</u>
Excess of Expenditures (Over) Under Revenues	<u>(4,529,423)</u>	<u>(5,208,087)</u>	<u>192,600</u>	<u>5,400,687</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	150,000	150,000	-
Proceeds from sale of capital assets	10,000	11,916	28,918	17,002
Compensation for loss of capital assets	17,000	17,000	21,006	4,006
Transfers in	2,470,000	2,334,570	2,281,180	(53,390)
Transfers out	(2,754,557)	(3,287,806)	(3,043,279)	244,527
Total Other Financing Sources (Uses)	<u>(257,557)</u>	<u>(774,320)</u>	<u>(562,175)</u>	<u>212,145</u>
Net Change in Fund Balance	<u>\$ (4,786,980)</u>	<u>\$ (5,982,407)</u>	<u>(369,575)</u>	<u>\$ 5,612,832</u>
FUND BALANCE				
Beginning of year			13,794,254	
End of year			<u>\$ 13,424,679</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, 2019

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 schedule is presented for the General Fund and the major fund, Series 2017 General Obligation Bond Fund. 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, 2019

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

	Governmental <u>Fund Type</u> General <u>Fund</u>
Budget (Cash Basis)	\$ (369,575)
Increase (Decrease)	
Net adjustments for revenue accruals	(1,709,986)
Net adjustments for expenditure accruals	1,617,715
Net adjustment for other financing sources and uses accruals	<u>(7,147)</u>
GAAP Basis	<u>\$ (468,993)</u>

HINDS COUNTY, MISSISSIPPI
Schedule of Changes in the County's Total OPEB Liability and Related Ratios

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 251,290	\$ 261,067
Interest	86,125	61,702
Differences between expected and actual experience	(336,229)	-
Changes of assumptions or other inputs	(24,254)	-
Benefit payments	<u>(43,152)</u>	<u>(42,722)</u>
Net Change in Total OPEB Liability	(66,220)	280,047
County's Total OPEB Liability - Beginning	<u>2,132,228</u>	<u>1,852,181</u>
County's Total OPEB Liability - Ending	<u><u>\$ 2,066,008</u></u>	<u><u>\$ 2,132,228</u></u>
Covered-Employee Payroll	\$ 25,117,508	\$ 29,134,042
County's Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.2%	7.3%

Notes to Schedule:

Changes of assumptions:

2019

The following changes were made to the actuarial assumptions and methods effective October 1, 2019.

1. The discount rate is 3.68% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2019, compared to the prior discount rate of 2.89%.
2. Medical trend was set to follow the Getzen Model after a three-year transition period starting at 7.5%, decreasing uniformly to 6.75% over three years.
3. The mortality rate has been updated to use improvement scale MP2018.
4. The claims aging factors have been updated to follow the Dale Yamamoto aging factors.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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 Statement No. 75.

HINDS COUNTY, MISSISSIPPI
Schedule of the County's Proportionate Share of the Net Pension Liability
For the Year Ended September 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.50%	0.49%	0.48%	0.50%	0.49%	0.49%
County's proportionate share of the net pension liability	\$ 87,622,275	\$ 81,404,920	\$ 79,164,429	\$ 89,332,494	\$ 76,053,502	\$ 59,622,689
County's covered payroll	\$ 32,372,128	\$ 30,784,879	\$ 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	270.67%	264.43%	262.06%	282.71%	251.59%	200.95%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

Note to Schedule:

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The information presented in this schedule has been determined as of the measurement date in accordance with GASB No. 68.

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

HINDS COUNTY, MISSISSIPPI
Schedule of the County's Pension Contributions
For the Year Ended September 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,226,675	\$ 4,978,695	\$ 4,833,590	\$ 4,919,376	\$ 4,922,141	\$ 4,744,612
Contributions in relation to the contractually required contribution	<u>5,226,675</u>	<u>4,978,695</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 32,415,155	\$ 31,610,759	\$ 30,683,111	\$ 31,239,897	\$ 31,251,689	\$ 30,124,521
Contributions as a percentage of covered payroll	16.12%	15.75%	15.75%	15.75%	15.75%	15.75%

Note 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 No. 68.

The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribute rate of 17.40%.

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

HINDS COUNTY, MISSISSIPPI
Notes to Required Supplementary Information – Pension Schedules
September 30, 2019

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

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

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate-of-return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

HINDS COUNTY, MISSISSIPPI
Notes to Required Supplementary Information – Pension Schedules
September 30, 2019

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

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

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

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the Schedule of the County's Pension Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year-end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00%
Salary increase	3.25% to 18.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

HINDS COUNTY, MISSISSIPPI

SUPPLEMENTARY INFORMATION

HINDS COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing 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	\$ -	\$ 14,672
Highway Planning and Construction	20.205	MS 024 125 (4) B	-	5,194,371
Highway Planning and Construction	20.205	STP-0025-00(077) LPA/107056-700998	-	7,115
Highway Planning and Construction	20.205	BR-NBIS(083)B, BRIS-25(83)	-	45,023
Total Highway Planning and Construction			-	5,261,181
Total U.S. Department of Transportation			-	5,261,181
Total Expenditures of Major Federal Awards			-	5,261,181
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	-	43,354
Total U.S. Department of Agriculture			-	43,354
U.S. Department of Justice				
Direct				
Federal Equitable Sharing	16.922		-	76,350
Public Safety Partnership and Community Policing Grants	16.710		-	64,072
Criminal and Juvenile Justice and Mental Health Collaboration Grant	16.745			45,763
Passed through Mississippi Department of Health				
Stop Violence Against Women	16.588	2020-ST-038	-	10,075
Stop Violence Against Women	16.588	2017-WF-AX-0047 / STOP-2017-36	-	23,239
Total Stop Violence Against Women			-	33,314
Passed through Mississippi Department of Health				
Crime Victim Assistance	16.575	2015-VA-GX-4038 / 2017-VA-GX-0049	-	69,146
Crime Victim Assistance	16.575	2020-VA-038	-	22,418
			-	91,564
Total U. S. Department of Justice			-	311,063

The accompanying notes are an integral part of this schedule.

HINDS COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing 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				
Occupant Protection Grant	20.600	OP-2018-OP-12-51	\$ -	\$ 2,795
Occupant Protection Grant	20.600	OP-2019-OP-12-51		2,772
Total Occupant Protection Grant			-	5,567
State and Community Highway Safety Grant	20.616	M5X-2019-MD-12-51	-	97,254
Total U.S. Department of Transportation			-	102,821
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	-	26,821
Passed through the Mississippi Department of Human Services				
Access and Visitation Programs	93.597	6014978	-	40,452
Direct				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		433,876	648,724
Total U.S. Department of Health and Human Services			433,876	715,997
Executive Office of the President				
Passed through the Gulf Coast HIDTA				
High Intensity Drug Trafficking Area Program	95.001	G17GC0003A	-	12,048
High Intensity Drug Trafficking Area Program	95.001	G18GC0003A	-	31,238
High Intensity Drug Trafficking Area Program	95.001	G19GC0003A	-	1,882
Total Executive Office of the President			-	45,168
U.S. Department of Homeland Security				
Passed through the Mississippi Emergency Management Agency				
Emergency Management Performance Grant	97.042	97.UN	-	985
Emergency Management Performance Grant	97.042	EMW-2015-EP-0031-S01	-	158,488
Homeland Security Grant Program	97.067	18HS025	-	9,874
Total U. S. Department of Homeland Security			-	169,347
Total Expenditures of Other Federal Awards			433,876	1,387,750
Total Expenditures of Federal Awards			\$ 433,876	\$ 6,648,931

The accompanying notes are an integral part of this schedule.

HINDS COUNTY, MISSISSIPPI
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

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, 2019. 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, 2019, there were \$1,997,179 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, 2019.

HINDS COUNTY, MISSISSIPPI

OTHER INFORMATION

HINDS COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
Unaudited

Name	Position	Company	Bond
Robert Graham	Supervisor District 1	Porter	\$ 100,000
Darrell McQuirter	Supervisor District 2	Porter	100,000
Peggy Calhoun	Supervisor District 3	Porter	100,000
Michael Morgan	Supervisor District 4	Porter	100,000
Bobby McGowan	Supervisor District 5	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
Zacchaeus Wallace	Circuit Clerk	FCCI	100,000
Lure Berry	Receiving Clerk	Southern Insurance Group	75,000
James Ingram	Inventory Control Clerk	Southern Insurance Group	75,000
Beverly Hughes	Equipment Receiving Clerk	Southern Insurance Group	75,000
Arthur Matlock	Purchasing Clerk	Southern Insurance Group	75,000
Sharonda Allen	Deputy Tax Collector	Porter	50,000
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
LaKeisha Baker	Deputy Tax Collector	Porter	50,000
Marcia Bell-Anthony	Deputy Tax Collector	Porter	50,000
Tabitha Britton-Porter	Justice Court Judge	EMC Insurance	50,000
Chantey Broome	Purchasing Assistant Clerk	Southern Insurance Group	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	Porter	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
Michaela Cole	Deputy Tax Collector	Porter	50,000
Angela Cook	Assistant Receiving Clerk	Southern Insurance Group	50,000
Quintina Renea Dixon	Deputy Tax Collector	Porter	50,000
Shondra Dotson	Assistant Receiving Clerk	Southern Insurance Group	50,000
Morgan Ellis	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
Sherion Fleming	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
LaKeisha Gaines	Deputy Tax Collector	Porter	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
Ron Hinson	Deputy Tax Collector	Porter	50,000
Sabarina Hodge	Justice Court Deputy Clerk	Southern Insurance Group	50,000

HINDS COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials (Continued)
For the Year Ended September 30, 2019
Unaudited

Name	Position	Company	Bond
Andreka Hollins	Justice Court Deputy Clerk	Southern Insurance Group	\$ 50,000
Rebecca Ann Hollis	Deputy Tax Collector	Porter	50,000
Latasha House	Purchasing Assistant Clerk	Southern Insurance Group	50,000
Anjua Hudson	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Keisha Jackson	Deputy Tax Collector	Porter	50,000
Carmelita Johnson	Assistant Receiving Clerk	Southern Insurance Group	50,000
Michael Johnson	Inventory Administrative Assistant	Southern Insurance Group	50,000
Shelva King	Assistant Receiving Clerk	Southern Insurance Group	50,000
Phylcia 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
Sandra Mattix	Deputy Tax Collector	Porter	50,000
Sylvia McClellan	Deputy Tax Collector	Porter	50,000
Shelisa McField	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Angela McGregory	Deputy Tax Collector	Porter	50,000
Lora McInnis	Deputy Tax Collector	Porter	50,000
Gracie R McMillian	Deputy Tax Collector	Porter	50,000
Karen McNeill	Deputy Tax Collector	Porter	50,000
Etta McPhaul	Deputy Tax Collector	Porter	50,000
Ebony Teague Minor	Deputy Tax Collector	Porter	50,000
Jerry Moore	Constable	Southern Insurance Group	50,000
James Morton	Justice Court Judge	Southern Insurance Group	50,000
Valerie Moton	Assistant Receiving Clerk	Southern Insurance Group	50,000
Don Neal	Assistant Receiving Clerk	Southern Insurance Group	50,000
Alexis Nelson	Deputy Tax Collector	Porter	50,000
Paulette Newman	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
Judy Smith	Deputy Tax Collector	Porter	50,000
Cynthia Smith	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Deborah Smith (Pierce)	Assistant Receiving Clerk	Southern Insurance Group	50,000
Marie Strong	Deputy Tax Collector	Porter	50,000
Latonya Sturgis	Assistant Receiving Clerk	Southern Insurance Group	50,000
Frank Sutton	Justice Court Judge	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
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
Shavondra Washington	Deputy Tax Collector	Porter	50,000
Coretta White	Assistant Receiving Clerk	Southern Insurance Group	50,000
Coretta White	Deputy Tax Collector	Porter	50,000
Vickie Whitley	Assistant Receiving Clerk	Southern Insurance Group	50,000
Brittany Williams	Deputy Tax Assessor	Porter	50,000
Betty Williams	Justice Court Deputy Clerk	Southern Insurance Group	50,000
Joyce Williams	Justice Court Executive Assistant	Southern Insurance Group	50,000

HINDS COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials (Continued)
For the Year Ended September 30, 2019
Unaudited

Name	Position	Company	Bond
Gloria Wilson	Assistant Receiving Clerk	Southern Insurance Group	\$ 50,000
Terrell Wilson	Deputy Tax Collector	Porter	50,000
Adrienne Witherspoon	Deputy Tax Collector	Porter	50,000
Patricia Woods	Justice Court Clerk	Southern Insurance Group	50,000
Darwin Wooten	Deputy Tax Collector	Porter	50,000
Michelle Wright	Assistant Receiving Clerk	Southern Insurance Group	50,000
Michelle Wright	Deputy Tax Collector	Porter	50,000
Pamela Young	Assistant Receiving Clerk	Southern Insurance Group	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
Katherine Ellis (Riley)	Deputy Tax Assessor	Old Republic	10,000
Darryl Ervin	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	Porter	10,000
Dajae Lindsay	Deputy Tax Assessor	Porter	10,000
Alexandria Lovell	Deputy Tax Assessor	Porter	10,000
Cedrek Mozee	Deputy Tax Assessor	Perry Paige	10,000
Bonnye Owens	Deputy Tax Assessor	Perry Paige	10,000
Sandra Phillips	Deputy Tax Assessor	Old Republic	10,000
Warren Pinter	Deputy Tax Assessor	Old Republic	10,000
Joseph Thompson	Deputy Tax Assessor	Perry Paige	10,000
Nicholas Ward	Deputy Tax Assessor	Porter	10,000
Lee Ward	Deputy Tax Assessor	Perry Paige	10,000
Persephone Washington	Assistant Receiving Clerk	Southern Insurance Group	50,000
Marcus Williams	Deputy Tax Assessor	Perry Paige	10,000
Lakisha Jones-Clay	Assistant Receiving Clerk	Travelers	50,000

HINDS COUNTY, MISSISSIPPI

SPECIAL REPORTS

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

Independent Auditor's Report

Board of 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, basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Hinds County, Mississippi (the County) as of and for the year ended September 30, 2019, 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 May 24, 2022, 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 auditors' 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

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002, that we consider to be material weaknesses.

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 the County 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 dated May 24, 2022, included within this document.

The County's Responses to Findings

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

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
May 24, 2022

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

Board of Supervisors
Hinds County, Mississippi
Jackson, Mississippi

Report on Compliance for the Major Federal Program

We have audited Hinds County, Mississippi's (the County) compliance 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, 2019. 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. The County's basic financial statements include the operations of the Hinds County Mental Health Commission, a discretely presented component unit, which expended \$2,050,006 in federal awards which is not included on the County's Schedule of Expenditures of Federal Awards during the year ended September 30, 2019. Our audit, described below, did not include the operations of the Hinds County Mental Health Commission because the organizational unit engaged other auditors to perform an audit of compliance.

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, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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
May 24, 2022

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

Board of Supervisors
Hinds County, Mississippi
Jackson, Mississippi

We have examined Hinds County, Mississippi's (the County's) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019.

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 based on 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 limitations 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.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Purchase Clerk

Finding

In accordance with Section 31-7-115, the Schedule of Emergency Purchases should include all emergency purchases made under the authority of Section 31-7-13(k) during the fiscal year. The schedule, as originally provided by the purchasing clerk, included two emergency purchases that were not emergency purchases.

Repeat Finding

No

Recommendation

Emergency purchases made under the authority of Section 31-7-13(k) should be properly accumulated and presented in the accompanying schedule in compliance with Section 31-7-115.

Purchase Clerk's Response

The County is responsible for providing certain services for residents and the County at large. We have implemented an emergency purchasing process that addresses life safety issues. In the case of a life safety issue, we have implemented an emergency procurement process that includes a clear declaration of emergency issued by the Board of Supervisors.

In our opinion, except for the noncompliance referred to in the preceding paragraph, the County complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

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 and, in our opinion, is fairly presented in relation to that examination.

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 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
May 24, 2022

HINDS COUNTY, MISSISSIPPI
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2019

Schedule 1

No matters are reportable.

HINDS COUNTY, MISSISSIPPI
Schedule of Emergency Purchases
For the Year Ended September 30, 2019

Schedule 2

No matters are reportable.

HINDS COUNTY, MISSISSIPPI

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2019

Schedule 3

No matters are reportable.

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, 2019, 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 May 24, 2022, on the financial statements of the County.

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 2019 annual financial report, we noted two expenses for which there was insufficient documentation totaling \$250.

Recommendation

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

Circuit Clerk's Response

A system of controls will be more accurate to ensure fee journal is complete with help from our contract CPA.

2. Finding

The Circuit Clerk should ensure compliance with state Law over surety bonds. Applicable Law: Section 9-7-123(2), Miss. Code Ann. (1972), states, "Each deputy clerk of the circuit court, before he enters upon the duties of the appointment, shall take the oath of office, and shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to three percent (3%) of the sum of all the state and county taxes shown by the assessment rolls and the levies to have been collectible in the county for the year immediately preceding the commencement of the term of office for the circuit clerk. However, the amount of such bond shall not be less than Fifty Thousand Dollars (\$50,000.00) nor more than One Hundred Thousand Dollars (\$100,000.00). The bond shall cover all monies coming into the hands of the deputy clerk by law or order of the court. The board of supervisors, in its discretion, may pay the bond on behalf of the deputy clerk."

Recommendation

We recommend the Circuit Clerk ensure all Deputy Clerks are bonded as required by state law.

Circuit Clerk's Response

The Circuit Clerk's office will comply with the law. The Clerk will make the changes as soon as possible.

Board of Supervisors

1. Finding

In accordance with Section 65-7-117, Miss. Code Ann. (1972), each member of the Board of Supervisors shall inspect every road and bridge in the County under the jurisdiction of the County not less than once each fiscal year. Each member shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by the supervisor, with recommendations by the supervisor for a four-year plan for construction and major maintenance of such roads and bridges. Such inspection reports were not prepared or filed with the Clerk of the Board by one of the five supervisors for the fiscal year ended September 30, 2019.

Recommendation

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

Board of Supervisors' Response

The Board of Supervisors has actively inspected all roads in each of their respective districts. They continue to report on the status of these roads and bridges in each board meeting. This can be verified through our board minutes.

Sheriff

1. Finding

Public officials should strengthen controls over credit cards. During testing, we identified a duplicate payment for credit card charges in the Sheriff's office.

Recommendation

The Sheriff's office should ensure all credit card statements are reconciled to supporting documentation and are subject to the appropriate level of review and approval.

Sheriff's Response

The Sheriff's office reconciles credit card statements on a monthly basis and reports expenditures to the Chancery Clerk's office monthly. Through reconciliations, we are able to find errors and keep track of expenditures. These monthly reports are reported in the board minutes.

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

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

BKD, LLP

Jackson Mississippi
May 24, 2022

HINDS COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HINDS COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

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
Series 2017 General Obligations Bond 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:

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Material weakness(es)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

3. Noncompliance considered material to the financial statements noted?

☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

5. The opinion expressed in the independent auditor's report on compliance for major federal award program was:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

☐ Yes ☒ No

7. Identification of major federal program:

a. Highway Planning and Construction Cluster	
Highway Planning and Construction	20.205

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

HINDS COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended September 30, 2019

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2019-001	<p style="text-align: center;">Design Deficiency – Monitoring (Material Weakness) (Repeat Finding)</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 timely and accurate reconciliation of capital asset additions to construction in process and recognition of assets in the proper period. Errors were identified in the capital asset schedules that were not detected by management.</p> <p><i>Cause</i> - There are no procedures in place to reconcile construction in process to ensure current year additions were not previously included in 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 potential errors.</p> <p><i>Effect</i> - The financial statements could be materially misstated, and the errors would not be detected by management. Further, multiple revisions to the capital asset schedules were required, which caused delays in the close-out of the capital asset accounts.</p> <p><i>Recommendation</i> - The County should regularly track, record and reconcile costs intended to be capitalized. We further recommend capital asset records should be updated timely to facilitate a review and approval process.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> - Hinds County will begin implementation of a new ERP system within the next month. This system will allow us to adequately track, reconcile, and maintain our fixed assets. This will give us better internal controls over who can enter, update, and delete information regarding our fixed assets. We have also employed a budget analyst who is working with inventory to keep track of fixed assets on a consistent basis. The County has set up separate general ledger line items to track all construction in progress expenditures and are working with the engineering firm to ensure the spreadsheet updated quarterly. We are restructuring the Inventory Department to report directly to Budget and Finance to maintain control of fixed assets.</p>
2019-002	<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, including the timely and accurate preparation of the Schedule of Expenditures of Federal Awards (SEFA).</p>

HINDS COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended September 30, 2019

Condition - The County's current record keeping system and accounting processes/procedures for reconciling and drafting the SEFA lie with one person. Further, there is a lack of supervisory review and approval over the SEFA. Errors were identified in the SEFA that were not detected by management.

Cause - There are no procedures in place for supervisory review and approval over the reconciliation and preparation of the SEFA. Additionally, the timeline for the reconciliation and preparation of the SEFA does not provide for timely review, approval and identification of potential errors.

Effect - The SEFA could be materially misstated, and the errors would not be detected by management.

Recommendation - The County should implement controls for timely supervisory review over the preparation and reconciliation of the SEFA by a separate and appropriately skilled individual. Further, we recommend a timeline be established to ensure the SEFA is reconciled and prepared in a timeline sufficient to meet required reporting deadlines.

Views of Responsible Officials and Planned Corrective Actions - Hinds County has implemented a new grants software called ECivis. This software allows us to track grants in one central location. This software will also integrate with our new ERP system, which will give us better internal controls over reporting. Our SEFA reporting process will be more streamlined and allow us to provide more accurate detailed information. All grants will flow through this one reporting software, therefore not allowing us to depend so heavily on several spreadsheets from several departments.

Finding Required to be Reported by the Uniform Guidance

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, 2019

Reference Number	Summary of Finding	Status
2018-001	<i>Criteria or Specific Requirement</i> - 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.	Repeated as 2019-001

HINDS COUNTY, MISSISSIPPI

CORRECTIVE ACTION PLAN

ROBERT GRAHAM
District 1

DAVID L. ARCHIE
District 2

CREDELL CALHOUN
District 3
President



VERN O. GAVIN
District 4
Vice President

BOBBY "BOBCAT" McGOWAN
District 5

KENNETH WAYNE JONES
County Administrator

Corrective Action Plan

May 24, 2022

Reference: 2019-001

Name of Responsible Official: Nkemdili Lewis, Director of Budget/Finance

Anticipated Completion Date: 06/30/2022

County's Response: Hinds County is will begin implementation of a new ERP system within the next month. This system will allow us to adequately track, reconcile, and maintain our fixed assets. This will give us better internal controls over who can enter, update, and delete information regarding our fixed assets. We have also employed a Budget Analyst who is working with Inventory to keep track of Fixed Assets on a consistent basis. The County has set up separate general ledger line items to track all construction in progress expenditures and are working with the Engineering Firm to ensure the spreadsheet updated quarterly. We are restructuring the Inventory Department to report directly to Budget and Finance to maintain control of Fixed Assets.

Reference: 2019-002

Name of Responsible Official: Nkemdili Lewis, Director of Budget/Finance

Anticipated Completion Date: 06/30/2022

County's Response: Hinds County has implemented a new grants software called ECivis. This software allows us to track grants in one central location. This software will also integrate with our new ERP system which will give us better internal controls over reporting. Our SEFA reporting process will be more streamlined and allow us to provide more accurate detailed information. All grants will flow through this one reporting software, therefore not allowing us to depend so heavily on several spreadsheets from several departments.