



HINDS COUNTY, MISSISSIPPI
Primary Government Financial Statements
and Special Reports
SEPTEMBER 30, 2004

Ruth N. Wylie
Certified Public Accountant

HINDS COUNTY
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HINDS COUNTY

FINANCIAL SECTION



Ruth N. Wylie Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT
ON
THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

November 10, 2005

Members of the Board of Supervisors
Hinds County, Mississippi

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hinds County, Mississippi, as of and for the year ended September 30, 2004, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

The financial statements referred to above include only the primary government of Hinds County, Mississippi, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the county's legal entity. The financial statements do not include financial data for the county's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the county's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Hinds County, Mississippi, as of September 30, 2004, and the respective changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information for the primary government of Hinds County, Mississippi, as of September 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 10, 2005, on my consideration of Hinds County, Mississippi's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Hinds County has not presented Management's Discussion and Analysis that is a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise Hinds, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ruth N. Wylie, CPA

Madison, Mississippi

HINDS COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

HINDS COUNTY
Statement of Net Assets
September 30, 2004

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash and investments	\$ 21,751,264
Property tax receivable	37,503,653
Fines receivable, net	593,530
Capital leases receivable	3,368,100
Intergovernmental receivables	1,207,057
Other receivables, net	17,888
Prepaid items	27,381
Capital assets, net	82,450,413
Total Assets	<u>146,919,286</u>
LIABILITIES	
Claims payable	904,825
Retainage payable	30,045
Intergovernmental payables	2,709,957
Accrued interest payable	256,694
Deferred revenue	40,932,835
Other payables	910,507
Matured bonds and interest payable	19,659
Long-term liabilities	
Due within one year:	
Capital related debt	2,729,004
Non-capital debt	1,726,710
Due in more than one year:	
Capital related debt	22,134,028
Non-capital debt	6,267,277
Total Liabilities	<u>78,621,541</u>
NET ASSETS	
Invested in capital assets, net of related debt	57,587,381
Restricted net assets:	
Expendable:	
General government	122,599
Debt service	255,639
Capital projects	3,432,853
Public safety	5,273,683
Public works	2,907,181
Economic development	272,481
Other purposes	89,250
Unrestricted	(1,643,322)
Total Net Assets	<u>\$ 68,297,745</u>

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

HINDS COUNTY
Statement of Activities
For the Year Ended September 30, 2004

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 22,195,074	4,699,827	191,725		(17,303,522)
Public safety	25,974,927	4,256,599	3,258,621	50,000	(18,409,707)
Public works	11,145,619	3,389	2,634,166	339,944	(8,168,120)
Health and welfare	3,420,615		1,021,692		(2,398,923)
Culture and recreation	1,594,758	70,883			(1,523,875)
Conservation of natural resources	653,542				(653,542)
Economic development and assistance	4,125,311		3,440,295		(685,016)
Interest on long-term debt	1,780,147				(1,780,147)
Total Governmental Activities	<u>70,889,993</u>	<u>9,030,698</u>	<u>10,546,499</u>	<u>389,944</u>	<u>(50,922,852)</u>
Total Primary Government	\$ <u>70,889,993</u>	<u>9,030,698</u>	<u>10,546,499</u>	<u>389,944</u>	<u>(50,922,852)</u>
General revenues:					
Taxes:					
Property taxes				\$ 43,990,764	
Road & bridge privilege taxes				2,261,477	
Grants and contributions not restricted to specific programs				3,205,968	
Unrestricted gifts and donations				289,603	
Unrestricted investment income				828,138	
Miscellaneous				771,086	
Total General Revenues				<u>51,347,036</u>	
SPECIAL ITEM - Gain on sale of parking lot land				850,259	
Changes in Net Assets				<u>1,274,443</u>	
Net Assets - Beginning				64,595,107	
Prior period adjustment				2,428,195	
Net Assets - Beginning restated				<u>67,023,302</u>	
Net Assets - Ending				<u>\$ 68,297,745</u>	

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

HINDS COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2004

Exhibit 3

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 8,456,258	1,993,460	11,301,546	21,751,264
Property tax receivable	27,317,495	1,274,543	8,911,615	37,503,653
Fines receivable	593,530			593,530
Capital lease receivable			3,368,100	3,368,100
Intergovernmental receivables	1,012,503		194,554	1,207,057
Other receivables	12,888		5,000	17,888
Due from other funds		219,461	161,715	381,176
Advances to other funds	320,000			320,000
Prepaid Items	27,381			27,381
Total Assets	\$ 37,740,055	3,487,464	23,942,530	65,170,049
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 584,161	121,742	198,922	904,825
Retainage payable		30,045		30,045
Intergovernmental payables	2,709,957			2,709,957
Due to other funds	381,176			381,176
Advances from other funds			320,000	320,000
Deferred revenue	27,911,025	1,274,543	12,340,797	41,526,365
Other payables	910,507			910,507
Matured bonds and interest payable			19,659	19,659
Total Liabilities	32,496,826	1,426,330	12,879,378	46,802,534
Fund balances:				
Reserved for:				
Debt service			429,898	429,898
Advances	320,000			320,000
Unreserved, reported in:				
General fund	4,923,229			4,923,229
Special revenue funds		2,061,134	7,200,401	9,261,535
Capital project funds			3,432,853	3,432,853
Total Fund Balances	5,243,229	2,061,134	11,063,152	18,367,515
Total Liabilities and Fund Balances	\$ 37,740,055	3,487,464	23,942,530	65,170,049

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

HINDS COUNTY

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2004

	<u>Amount</u>
Total fund balance - governmental funds (Exhibit 3)	\$ 18,367,515
Amounts reported for governmental services in the statement of net assets (Exhibit 1) are different because:	
Capital assets are used in governmental activities are not financial resources and therefore are not reported in the funds	
Capital assets net of depreciation as of 10-1-03	83,980,309
Plus capital outlay expenditures made during the year	964,085
Less depreciation expense recorded during the year	(4,718,464)
Less net book value of capital assets sold or disposed of during the year	(203,712)
Add adjustment to beginning of year balance	2,428,195
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Fines receivable	593,530
Long-term liabilities are not due and payable in the current-period and therefore are not reported in the funds.	
Long-tem liabilities	(32,857,019)
Accrued interest on bonds	<u>(256,694)</u>
Total net assets - governmental activities (Exhibit 1)	\$ <u><u>68,297,745</u></u>

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

HINDS COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2004

Exhibit 4

	<u>Major Funds</u>			
	General Fund	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 33,211,122	1,746,221	9,033,421	43,990,764
Road and bridge privilege taxes		2,261,477		2,261,477
Licenses, commissions and other revenue	2,998,466		85,168	3,083,634
Fines and forfeitures	1,233,801		125,203	1,359,004
Intergovernmental revenues	4,681,731	2,310,915	5,861,892	12,854,538
Charges for services	2,835,958		3,081,046	5,917,004
Interest income	497,262	34,235	296,641	828,138
Miscellaneous revenues	458,871	119,107	434,163	1,012,141
Total Revenues	<u>45,917,211</u>	<u>6,471,955</u>	<u>18,917,534</u>	<u>71,306,700</u>
EXPENDITURES				
Current:				
General government	20,865,131		1,171,920	22,037,051
Public safety	20,522,581		4,293,876	24,816,457
Public works		6,070,471	2,759,435	8,829,906
Health and welfare	1,965,395		1,353,975	3,319,370
Culture and recreation	75,080		1,502,837	1,577,917
Conservation of natural resources	653,567		-	653,567
Economic development and assistance	547,479		3,577,832	4,125,311
Debt service:				
Principal	200,000	380,907	3,696,177	4,277,084
Interest	62,635	57,715	1,659,796	1,780,146
Bond issue costs				-
Total Expenditures	<u>44,891,868</u>	<u>6,509,093</u>	<u>20,015,848</u>	<u>71,416,809</u>
Excess of Revenues over (under) Expenditures	<u>1,025,343</u>	<u>(37,138)</u>	<u>(1,098,314)</u>	<u>(110,109)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			50,450	50,450
Proceeds from sale of capital assets	38,716	21,020		59,736
Transfers in		-	1,435,024	1,435,024
Transfers out	(1,430,053)	-	(4,971)	(1,435,024)
Total Other Financing Sources and Uses	<u>(1,391,337)</u>	<u>21,020</u>	<u>1,480,503</u>	<u>110,186</u>
SPECIAL ITEM - Sale of parking lot land	<u>931,500</u>			<u>931,500</u>
Net Changes in Fund Balances	565,506	(16,118)	382,189	931,577
Fund Balance - Beginning restated	<u>4,677,723</u>	<u>2,077,252</u>	<u>10,680,963</u>	<u>17,435,938</u>
Fund Balances - Ending	<u>\$ 5,243,229</u>	<u>2,061,134</u>	<u>11,063,152</u>	<u>18,367,515</u>

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

HINDS COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2004

Net changes in fund balances - total governmental funds (Exhibit 4)	\$	931,577
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$964,085, exceeded depreciation of \$4,718,464.		(3,754,379)
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In the statement of activities, only gains and losses from the sale of capital assets are reported, whereas in the governmental funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decrease financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of gain of \$850,259 on the special item less the loss of \$62,735 and the proceeds from the sales of \$59,736 and special item sale of \$931,500.		(203,712)
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Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the statement of activities using the full-accrual basis of accounting.		70,213
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$4,277,084 exceeded debt proceeds of \$50,450.		4,226,634
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:		
Compensated absences		4,110

Change in net assets of governmental activities (Exhibit 2)	\$	<u>1,274,443</u>
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The notes to the financial statements are an integral part of this statement.

HINDS COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2004

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>523,334</u>
Total Assets	\$ <u><u>523,334</u></u>
LIABILITIES	
Intergovernmental payables	\$ <u>523,334</u>
Total Liabilities	\$ <u><u>523,334</u></u>

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

HINDS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2004

(1) Significant Accounting Policies.

A. Financial Reporting Entity.

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

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data of all of the county's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Hinds County Agriculture High School
- Hinds County Economic Development District
- Rankin/Hinds Pearl River Flood and Drainage Control District

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

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

B. Basis of Presentation.

The county's basic financial statements consist of government-wide statements, including a statement of net assets 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 Assets and Statement of Activities display information concerning the primary government of the county as a whole. The statements include all nonfiduciary activities of the primary government. 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 are reported separately from business-type activities. Business type activities rely mainly on fees and charges for support.

The Statement of Net Assets presents the financial condition of the governmental activities and business-type activities of the primary government of the county 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 business-type activities for the primary government. 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, grants