

HINDS COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2020



SHAD WHITE

STATE AUDITOR

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

December 8, 2023

Members of the Board of Supervisors
Hinds County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for Hinds County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Hinds County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Hinds County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

HINDS COUNTY
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HINDS COUNTY

FINANCIAL SECTION

HINDS COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Hinds County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, the major fund, and the aggregate remaining fund information of Hinds County, Mississippi, (the County) as of and for the year ended September 30, 2020, 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 the Hinds County Economic Development Authority or the Hinds County Mental Health Commission, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, the major fund, and the aggregate remaining fund information of Hinds County, Mississippi, as of September 30, 2020, and the respective changes in 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 Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes, the Schedule of Funding Progress – Other Postemployment Benefits, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for 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. Such 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the accompanying Schedule of Expenditures of Federal Awards 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 December 8, 2023 on our consideration of Hinds County, Mississippi'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 Hinds County, Mississippi'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 Hinds County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 8, 2023

HINDS COUNTY

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HINDS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

HINDS COUNTY

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HINDS COUNTY

Management Discussion and Analysis For the Year Ended September 30, 2020

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, 2020, (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 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.

HINDS COUNTY

Management Discussion and Analysis
For the Year Ended September 30, 2020

- **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.

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 established 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, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Current assets	\$ 127,777,979	\$ 102,507,519
Noncurrent assets	174,569,720	202,259,091
Total assets	<u>302,347,699</u>	<u>304,766,610</u>
Deferred outflows of resources	8,026,535	5,114,799
Current liabilities	18,527,912	37,758,588
Noncurrent liabilities	205,413,237	187,973,803
Total liabilities	<u>223,941,149</u>	<u>225,732,391</u>
Deferred inflows of resources	<u>57,011,317</u>	<u>54,592,949</u>
Net position		
Net investment in capital assets	88,331,718	100,492,529
Restricted	22,114,215	12,089,861
Unrestricted (deficit)	<u>(81,024,165)</u>	<u>(83,026,321)</u>
Total net position	<u>\$ 29,421,768</u>	<u>29,556,069</u>

HINDS COUNTY

Management Discussion and Analysis For the Year Ended September 30, 2020

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 2020, net position decreased by \$0.134 million from FY 2019.
- Borrowing for Capital - This will increase financial assets and long-term liabilities. During FY 2020, the County paid down \$3.9 million on borrowings for capital projects. Capital related long-term debt decreased overall by \$4.62 million.
- The largest investments in depreciable capital assets are in roads and bridges (infrastructure), with a total of \$146.4 million (51%). 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 for infrastructure was \$61.2 million on September 30, 2020.
- 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 \$5.4 million through scheduled repayments.
- 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 \$8.4 million in FY 2020.

Changes in Net Position

Hinds County's total revenue for the fiscal year ended September 30, 2020, was \$97.7 million, as compared to \$95.4 million for the fiscal year ended September 30, 2019. The total cost of services provided by the County was \$93.1 million for the fiscal year ended September 30, 2020, as compared to \$105.0 million for the fiscal year ended September 30, 2019. The County had a decrease in net position of \$0.134 million related to an 2.45% increase in revenue, while expenditures decreased by 11.31%.

HINDS COUNTY

Management Discussion and Analysis
For the Year Ended September 30, 2020

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2020 and 2019.

Statement of Activities

Revenues:

Program revenues

	<u>2020</u>	<u>2019</u>
Charges for services	\$ 9,775,047	\$ 9,668,949
Operating grants and contributions	7,289,057	6,281,139
Capital grants and contributions	3,537,725	8,869,048
General revenues		
Property taxes	65,553,613	63,026,356
Road and bridge privilege taxes	2,798,710	2,752,281
Grants and contributions not restricted	6,876,553	2,798,096
Unrestricted interest income	1,124,011	1,574,116
In-lieu taxes	36,862	0
Miscellaneous	698,558	382,594
Total revenues	<u>97,690,136</u>	<u>95,352,579</u>

Expenses:

General government	30,712,929	36,665,879
Public safety	32,699,766	33,325,367
Public works	12,188,612	24,684,396
Health and welfare	2,788,585	2,983,977
Culture and recreation	1,842,560	2,176,127
Conservation of natural resources	263,550	265,467
Economic development and assistance	1,215,347	1,207,979
Interest on long-term debt	3,767,209	3,662,722
Pension	7,314,632	0
OPEB	302,826	0
Total expenses	<u>973,096,016</u>	<u>104,971,914</u>

Change in net position	<u>4,594,120</u>	<u>(9,619,355)</u>
Net position, beginning of year, as previously reported	29,556,069	39,175,404
Prior period adjustment	<u>(4,728,421)</u>	<u>0</u>
Net position, beginning of year, as restated	<u>24,827,648</u>	<u>39,175,404</u>
Net position, end of year	<u>\$ 29,421,768</u>	<u>\$ 29,556,069</u>

HINDS COUNTY

Management Discussion and Analysis
For the Year Ended September 30, 2020

Governmental Activities

The following table presents the cost of ten 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, interest on long-term debt, pension expense, and OPEB expense.

Cost of Major Services for the Taxpayers

<u>Program</u>	<u>Total Cost</u>	<u>2020</u>	
		<u>Revenues</u>	<u>Net Costs</u>
General government	\$ 30,712,929	\$ 7,397,059	\$ 23,315,870
Public safety	32,699,766	7,486,427	25,213,339
Public works	12,188,612	4,798,155	7,390,457
Health and welfare	2,788,585	866,345	1,922,240
Culture and recreation	1,842,560	53,843	1,788,717
Conservation of natural resources	263,550	0	263,550
Economic development and assistance	1,215,347	0	1,215,347
Interest on long-term debt	3,767,209	0	3,767,209
Pension expense	7,314,632	0	7,314,632
OPEB expense	302,826	0	302,826

<u>Program</u>	<u>Total Cost</u>	<u>2019</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	0	265,467
Economic development and assistance	1,207,979	0	1,207,979
Interest on long-term debt	3,662,722	0	3,662,722

Financial Analysis of the County's Funds

As of year-end, the governmental funds reported, as audited, a fund balance of \$60.7 million. This is an increase of \$18.2 million from the prior year's fund balance of \$42.5 million, which is due to the expenditure of approximately \$17.4 million in prior period adjustments.

The General Fund, the County's primary operating fund, had an ending fund balance of \$38.1 million, an increase of \$24.8 million from the prior year.

HINDS COUNTY

Management Discussion and Analysis
For the Year Ended September 30, 2020

**Capital Assets and Debt
Administration**

Capital Assets

As of September 30, 2020, the County had a total of \$285 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 \$146.4 million (51%). 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 \$139.4 million at September 30, 2020.

The County's total capital assets, net of depreciation, total \$174.6 million, compared to a prior year net balance of \$177.8 million.

Debt

On September 30, 2020, the County had \$108 million in outstanding long-term debt, exclusive of premiums. This includes general obligation bonds, capital leases and other loans. This is \$14 million more than the prior year of \$94 million.

The State of Mississippi limits the amount of debt counties can issue to 15% of total assessed value. 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. During FY 2020, Hinds County was at 3.09%, well below its current limit.

Long-term Debt
As of September 30, 2020

	Balance				Balance
	10/1/2019	Additions	Reductions	Adjustments	9/30/2020
Governmental Activities:					
Compensated absences	\$ 2,892,318		208,281		2,684,037
Claims and judgments	418,240		418,240		
General obligation bonds	81,901,000		3,879,000		78,022,000
Add:					
Premiums	6,721,917		275,940		6,445,977
Capital leases	11,287,322		817,017		10,470,305
Direct borrowing - other loan	574,980		708,867	19,607,412	19,473,525
Total	\$ 103,795,777	-	6,307,345	19,607,412	117,095,844

HINDS COUNTY

Management Discussion and Analysis
For the Year Ended September 30, 2020

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>
General Fund					
Revenues	\$ 60,672,727	\$ 62,992,273	\$ 2,319,546	\$ 62,808,410	\$ (183,863)
Expenditures	65,920,458	69,424,468	(3,504,101)	62,421,389	7,003,079
Other financing sources (uses)	3,981,104	726,401	3,254,703	820,778	94,377

The general fund revenue was running about .3% behind budget. This was primarily due to decrease in charges for services, licenses, commissions, and other revenue collections. On the expenditure side, the County was able to hold expenditures below budget by approximately 10.1%. Restructuring in various departments resulted in the savings and positions not filled during the year.

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

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HINDS COUNTY

FINANCIAL STATEMENTS

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HINDS COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

	Primary	Component Units		Total
	Government	Hinds County Economic Development Authority	Hinds County Mental Health Commission	
	Governmental Activities			
ASSETS				
Cash	\$ 44,499,293	2,874,967	906,776	3,781,743
Property tax receivable	55,517,768			0
Fines receivable (net of allowance for uncollectibles of \$12,983,677)	156,062			0
Loans receivable	19,006,975			0
Intergovernmental receivables	7,869,410	114,224	1,992,410	2,106,634
Other receivables	249,132		67,956	67,956
Prepaid items	479,339	1,798	112,549	114,347
Capital assets:				
Land and construction in progress	28,938,303	5,428,806	1,348,850	6,777,656
Other capital assets, net	145,631,417	241,210	5,549,620	5,790,830
Total Assets	302,347,699	8,661,005	9,978,161	18,639,166
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	7,151,632			0
Deferred amount on refunding	874,903			0
Total Deferred Outflows of Resources	8,026,535	0	0	0
LIABILITIES				
Claims payable	4,007,282	19,169	444,141	463,310
Intergovernmental payables	3,668,179			0
Matured bonds and interest payable	18,459			0
Accrued interest payable	1,184,976		111,820	111,820
Unearned revenue	79,197			0
Amounts held in custody for others	3,158,882			0
Other payables		10,990	123,713	134,703
Long-term liabilities				
Due within one year:				
Capital debt	4,811,982		441,561	441,561
Non-capital debt	1,598,955		234,085	234,085
Due in more than one year:				
Capital debt	82,300,923		3,928,087	3,928,087
Non-capital debt	28,383,984		223,648	223,648
Net pension liability	92,360,823			0
Net OPEB liability	2,367,507			0
Total Liabilities	223,941,149	30,159	5,507,055	5,537,214
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,223,188			0
Deferred inflows related to OPEB	270,361			0
Deferred revenues - property taxes	55,517,768			0
Total Deferred Inflows of Resources	57,011,317	0	0	0

HINDS COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1 - con't

	Primary	Component Units		Total
	Government	Hinds County Economic Development Authority	Hinds County Mental Health Commission	
	Governmental Activities			
NET POSITION				
Net investment in capital assets	88,331,718	5,681,244	2,528,822	8,210,066
Restricted for:				
Expendable:				
General government	552,834			0
Public safety	4,980,826			0
Public works	11,307,256			0
Health and welfare	290,153		381,051	381,051
Culture and recreation	592,017			0
Economic development and assistance	3,072,063			0
Debt service	1,319,066			0
Unrestricted	(81,024,165)	2,949,602	1,561,233	4,510,835
Total Net Position	\$ 29,421,768	8,630,846	4,471,106	13,101,952

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

HINDS COUNTY
Statement of Activities
For the Year Ended September 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
					Governmental Activities	Hinds County Economic Development Authority	Hinds County Mental Health Commission	
Primary government:								
Governmental activities:								
General government	\$ 30,712,929	5,434,304	1,151,343	811,412	(23,315,870)			
Public safety	32,699,766	4,286,720	3,199,707		(25,213,339)			
Public works	12,188,612	180	2,071,662	2,726,313	(7,390,457)			
Health and welfare	2,788,585		866,345		(1,922,240)			
Culture and recreation	1,842,560	53,843			(1,788,717)			
Conservation of natural resources	263,550				(263,550)			
Economic development and assistance	1,215,347				(1,215,347)			
Interest on long-term debt	3,767,209				(3,767,209)			
Pension expense	7,314,632				(7,314,632)			
OPEB expense	302,826				(302,826)			
Total Governmental Activities	\$ 93,096,016	9,775,047	7,289,057	3,537,725	(72,494,187)			
Component unit(s):								
Hinds County Economic Development Authority	\$ 995,104					(995,104)		(995,104)
Hinds County Mental Health Commission	13,783,460	12,918,091	7,826	89,007		(768,536)		(768,536)
Total Component Units	\$ 14,778,564	12,918,091	7,826	89,007		(995,104)	(768,536)	(1,763,640)
General revenues:								
Property taxes					\$ 65,553,613			0
Road & bridge privilege taxes					2,798,710			0
Grants and contributions not restricted to specific programs					6,876,553	1,042,563	1,468,663	2,511,226
In lieu taxes					36,862			0
Unrestricted interest income					1,124,011	17,605	5,528	23,133
Miscellaneous					698,558	19,478	53,745	73,223
Total General Revenues					77,088,307	1,079,646	1,527,936	2,607,582
Changes in Net Position					4,594,120	84,542	759,400	843,942
Net Position - Beginning, as previously reported					29,556,069	8,546,304	3,711,706	12,258,010
Prior period adjustments					(4,728,421)			0
Net Position - Beginning, as restated					24,827,648	8,546,304	3,711,706	12,258,010
Net Position - Ending					\$ 29,421,768	8,630,846	4,471,106	13,101,952

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

HINDS COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2020

Exhibit 3

	<u>Major Fund</u>	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
Cash	\$ 20,408,473	24,090,820	44,499,293
Property tax receivable	42,031,939	13,485,829	55,517,768
Fines receivable (net of allowance for uncollectibles of \$12,983,677)	156,062		156,062
Loans receivable	19,006,975		19,006,975
Intergovernmental receivables	6,781,536	1,087,874	7,869,410
Other receivables	239,251	9,881	249,132
Due from other funds		432,710	432,710
Advances to other funds	1,028,000		1,028,000
Total Assets	<u>\$ 89,652,236</u>	<u>39,107,114</u>	<u>128,759,350</u>
LIABILITIES			
Liabilities:			
Claims payable	\$ 2,056,287	1,950,995	4,007,282
Intergovernmental payables	3,668,179		3,668,179
Due to other funds	432,710		432,710
Advances from other funds		1,028,000	1,028,000
Matured bonds and interest payable		18,459	18,459
Unearned revenue		79,197	79,197
Amounts held in custody for others	3,158,882		3,158,882
Total Liabilities	<u>9,316,058</u>	<u>3,076,651</u>	<u>12,392,709</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	42,031,939	13,485,829	55,517,768
Unavailable revenue - fines	156,062		156,062
Total Deferred Inflows of Resources	<u>42,188,001</u>	<u>13,485,829</u>	<u>55,673,830</u>
Fund balances:			
Nonspendable:			
Advances	1,028,000		1,028,000
Restricted for:			
General government		552,834	552,834
Public safety		4,980,826	4,980,826
Public works		11,307,256	11,307,256
Health and welfare		290,153	290,153
Culture and recreation		592,017	592,017
Economic development and assistance		3,072,063	3,072,063
Debt service		2,504,042	2,504,042
Unassigned	37,120,177	(754,557)	36,365,620
Total Fund Balances	<u>38,148,177</u>	<u>22,544,634</u>	<u>60,692,811</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 89,652,236</u>	<u>39,107,114</u>	<u>128,759,350</u>

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

HINDS COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2020

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 60,692,811
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$139,400,011.	174,569,720
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	156,062
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(117,095,844)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(2,367,507)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(92,360,823)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(1,184,976)
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition, and therefore, are not reported in the funds.	479,339
Deferred amount on refunding	874,903
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	7,151,632
Deferred inflows of resources related to pensions	(1,223,188)
Deferred inflows related to other postemployment benefits	<u>(270,361)</u>
Total Net Position - Governmental Activities	\$ <u>29,421,768</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2020

	Major Fund		Total Governmental Funds
	General Fund	Other Governmental Funds	
REVENUES			
Property taxes	\$ 49,628,087	15,925,526	65,553,613
Road and bridge privilege taxes		2,798,710	2,798,710
Licenses, commissions and other revenue	3,884,333	63,633	3,947,966
Fines and forfeitures	1,967,071	200,051	2,167,122
In lieu taxes	36,862		36,862
Intergovernmental revenues	10,369,353	7,333,982	17,703,335
Charges for services	1,245,540	2,593,258	3,838,798
Interest income	929,577	194,434	1,124,011
Miscellaneous revenues	584,281	114,277	698,558
Total Revenues	68,645,104	29,223,871	97,868,975
EXPENDITURES			
Current:			
General government	30,458,424	2,270,583	32,729,007
Public safety	29,368,374	3,134,451	32,502,825
Public works	12,801	16,460,411	16,473,212
Health and welfare	925,088	1,754,751	2,679,839
Culture and recreation	74,056	1,702,848	1,776,904
Conservation of natural resources	263,550		263,550
Economic development and assistance	93,008	1,122,339	1,215,347
Debt service:			
Principal	948,112	4,456,772	5,404,884
Interest	597,103	3,485,263	4,082,366
Total Expenditures	62,740,516	34,387,418	97,127,934
Excess of Revenues over (under) Expenditures	5,904,588	(5,163,547)	741,041
OTHER FINANCING SOURCES (USES)			
Compensation for loss of capital assets	20,483	22,685	43,168
Transfers in	29,877	870,721	900,598
Transfers out	(334,495)	(566,103)	(900,598)
Total Other Financing Sources and Uses	(284,135)	327,303	43,168
Net Changes in Fund Balances	5,620,453	(4,836,244)	784,209
Fund Balances - Beginning, as previously reported	13,325,261	29,206,083	42,531,344
Prior period adjustments	19,202,463	(1,825,205)	17,377,258
Fund Balances - Beginning, as restated	32,527,724	27,380,878	59,908,602
Fund Balances - Ending	\$ 38,148,177	22,544,634	60,692,811

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, 2020

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 784,209
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$8,372,865 exceeded capital outlay of \$8,188,352 in the current period.	(184,513)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$113,932 and compensation for loss of capital assets of \$43,168 in the current period.	(157,100)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(178,839)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments of \$5,404,884.	5,404,884
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of decrease in compensated absences liability.	208,281
The amount of decrease in accrued interest payable.	93,529
The amortization of bond premium.	275,940
The amortization of bond refunding charges	(54,312)
The amount of decrease in claims and judgments payable	418,240
Under the modified accrual basis of accounting used in the Governmental Funds, prepaid items are reported as expenditures. However, in the Statement of Activities, only the portion of expenses related to the current period are reported. Thus, the change in net position differs from the change in fund balance by the amount of increase in prepaid items.	74,390
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(7,314,632)
Recording of contributions made during the year	5,528,480
Some items reported in the Statement of Activities relating to the implementation of GASB 75 are not reported in the governmental funds. These activities include:	
Recording of OBEB expense for the current period	(302,826)
Recording of contributions made during the year	(1,611)
Change in Net Position of Governmental Activities	<u>\$ 4,594,120</u>

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

HINDS COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2020

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 6,080,298
Other receivables	30,986
Total Assets	<u>\$ 6,111,284</u>
LIABILITIES	
Other liabilities	\$ 814,527
Intergovernmental payables	5,296,757
Total Liabilities	<u>\$ 6,111,284</u>

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

HINDS COUNTY

Notes to Financial Statements For the Fiscal Year Ended September 30, 2020

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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. Individual Component Unit Disclosures

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. A majority of the members of the governing bodies of these component units are appointed by the County Board of Supervisors

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. 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 Commission operates on a calendar year reporting cycle, and the financial statements as of and for the year ended December 31, 2019, are included in the government-wide financial statements. Financial statements for the Commission can be obtained from 3450 Highway 80 West, Jackson, Mississippi 39209.

HINDS COUNTY

Notes to Financial Statements For the Fiscal Year Ended September 30, 2020

C. 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, fund financial statements and accompanying note disclosures 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 its component units. For the most part, the effect of inter-fund 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 certain 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. 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 constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

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

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

HINDS COUNTY

Notes to Financial Statements For the Fiscal Year Ended September 30, 2020

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 of the current fiscal period.

The County reports the following major Governmental Fund:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

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.

E. 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.

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.

Cash includes cash on hand, demand deposits, all 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. However, 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

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

are referred to as "due to/from other funds." Noncurrent portions of inter-fund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Inter-fund 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. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

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 (applicable) governmental activities column 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 assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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 statements. Depreciation is calculated on the straight-line basis for all assets, except land. 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	\$ 0	N/A
Infrastructure	0	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	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

HINDS COUNTY

Notes to Financial Statements For the Fiscal Year Ended September 30, 2020

K. Deferred Outflows/Inflows of Resources.

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

Deferred amount on refunding – For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities 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.

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 12 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues – property taxes/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 government should report a deferred inflow of resources until such time as the revenue becomes 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 12 for additional details.

Deferred inflows related to OPEB – This amount represents the County's proportionate share of the deferred inflows of resources reported by the OPEB plan in which the County participates. See Note 11 for additional details.

L. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

HINDS COUNTY

Notes to Financial Statements For the Fiscal Year Ended September 30, 2020

M. 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.

N. Other Postemployment Benefits.

Plan Description

The Hinds County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Hinds County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

O. Compensated Absences.

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

P. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position for the primary government and it's discretely presented component units and displayed in three 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.

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

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted

HINDS COUNTY

Notes to Financial Statements For the Fiscal Year Ended September 30, 2020

resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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 balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Q. 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.

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

R. 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.

S. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

(2) Prior Period Adjustments.

A summary of the significant net position/fund balance adjustments is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To correct errors with capital assets.	\$ (2,846,498)
To remove intergovernmental receivable for grants that will not be received	(1,539,198)
To record beginning balance of loans receivable from the King Edward	1,997,179
To record beginning balance of loans receivable from the Westin	17,610,233
To record beginning balance of long-term liability for the CDBG Loan - King Edward	(1,997,179)
To record beginning balance of long-term liability for the MDA Westin Hotel Loan	(17,610,233)
To correct beginning balance for fines receivable, net	(56,718)
To correct prior year federal expenditures not accrued, but recorded on SEFA	(286,007)
Total prior period adjustment	\$ <u>(4,728,421)</u>

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	Amount
To record beginning balance of loans receivable from the King Edward	\$ 1,997,179
To record beginning balance of loans receivable from the Westin	17,610,233
To remove intergovernmental receivable for grants that will not be received	(1,539,198)
To correct prior year federal expenditures not accrued, but recorded on SEFA	(286,007)
To correct prepaid expenses recorded in governmental funds in error	(404,949)
Total prior period adjustments	\$ <u>17,377,258</u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$50,579,591, and the bank balance was \$54,548,211. 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).

The carrying amount of the discretely presented component unit's, Hinds County Economic Development Authority, total deposits with financial institutions at September 30, 2020, was \$2,874,967, and the bank balance was \$880,521, 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, 2019, was \$910,153, and the bank balance was \$1,025,433, 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. 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). 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.

(4) Interfund Transactions and Balances.

The following is a summary of inter-fund balances at September 30, 2020:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Fund	General Fund	\$ <u>432,710</u>

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

The receivables represent tax revenue collected in September 2020 but not settled until October 2020. All inter-fund 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	\$ 1,028,000

The receivables represent loans to provide funds for grant expenditures until grant proceeds are received. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 29,877
Other Governmental Funds	Other Governmental Funds	536,226
Other Governmental Funds	General Fund	<u>334,495</u>
Total		\$ <u>900,598</u>

The principal purpose of inter-fund transfers was to correct bookkeeping errors or provide funds for grant matches. All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2020, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Due from Hinds Community College	\$ 4,192,964
Legislative tax credit	981,801
CARES Act grant	692,237
Due from the City of Jackson	677,959
Help America Vote Act grant	386,710
Highway planning and construction grant	466,467
Emergency management performance grant	161,734
NFusion Metro System of Care project grant	61,265
Truck and Bus Privledge Tax	62,802
Reimbursement for housing prisoners	25,180
Food Stamps / Welfare	39,041
Drug Court	36,624
Crime victim assistance grant	34,137
Various grants	<u>50,489</u>
Total Governmental Activities	\$ <u>7,869,410</u>

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

(5) Loans Receivable.

Loans receivable balances at September 30, 2020, are 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)	05/2009	1.00%	11/2030	\$ 1,898,275
Westin Hotel (B)	04/2014	3.25%	08/2033	<u>17,108,700</u>
Total				<u>\$ 19,006,975</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 KERK and remitting all principal and interest received to MDA. The related payable to MDA is recorded as a long-term liability.
- 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 receivable is backed by a personal guarantee of CHA's investors. The related payable to MDA is recorded as a long-term liability.

(6) Development of Industrial Parks.

Component Unit - Hinds County Economic Development Authority:

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

At the October 26, 2017 board meeting, the J. C. "Sonny" McDonald Industrial Center was changed to Wyndale Industrial Center. In 1994, the County issued general obligation bonds in the amount of \$6,100,000 to provide funds principally for the purchase of land and the payment of development costs associated with two industrial parks (\$5,539,000), with the remaining funds to be used for improvements to existing parks located in the County.

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

The Authority has been in the process of developing the Wyndale 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, 2020.

Land	\$ 792,015
Land development costs	<u>4,061,286</u>
Total	<u>\$ 4,853,301</u>

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

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

In June 2007, the Hinds County Board of Supervisors donated 343.81 acres of the John Bell Williams Airport land to the Authority so that it could be developed into an Industrial Park. The land was recorded at the book value 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>
Total	\$	<u>510,505</u>

(7) Capital Assets.

Primary Government:

The following is a summary of capital assets activity for the year ended September 30, 2020:

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,396,172	8,065			1,404,237
Construction in progress	<u>55,777,502</u>	<u>5,382,341</u>		<u>(33,625,777)</u>	<u>27,534,066</u>
Total non-depreciable capital assets	<u>57,173,674</u>	<u>5,390,406</u>	-	<u>(33,625,777)</u>	<u>28,938,303</u>
<u>Depreciable capital assets:</u>					
Infrastructure	118,762,941	2,107,455		25,526,054	146,396,450
Buildings	55,837,028	192,936			56,029,964
Improvements other than buildings	14,770,412	110,142	137,250	1,172,432	15,915,736
Mobile equipment	23,727,412	217,895	429,313	1,172,620	24,688,614
Furniture and equipment	29,551,424	169,518	43,274	115,427	29,793,095
Leased property under capital leases	<u>6,726,923</u>			<u>5,480,646</u>	<u>12,207,569</u>
Total depreciable capital assets	<u>249,376,140</u>	<u>2,797,946</u>	<u>609,837</u>	<u>33,467,179</u>	<u>285,031,428</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	57,813,618	2,661,926		766,063	61,241,607
Buildings	24,307,713	957,135		(448,037)	24,816,811
Improvements other than buildings	8,098,964	529,883	76,320	63,927	8,616,454
Mobile equipment	17,674,175	1,024,028	344,742	835,757	19,189,218
Furniture and equipment	17,818,744	2,292,456	31,675	2,788,927	22,868,452
Leased property under capital leases	<u>3,078,769</u>	<u>907,437</u>		<u>(1,318,737)</u>	<u>2,667,469</u>
Total accumulated depreciation	<u>128,791,983</u>	<u>8,372,865</u>	<u>452,737</u>	<u>2,687,900</u>	<u>139,400,011</u>
Total depreciable capital assets, net	<u>120,584,157</u>	<u>(5,574,919)</u>	<u>157,100</u>	<u>30,779,279</u>	<u>145,631,417</u>
Governmental activities capital assets, net	\$ <u>177,757,831</u>	<u>(184,513)</u>	<u>157,100</u>	<u>(2,846,498)</u>	<u>174,569,720</u>

* Adjustments are for the reclassification of completed construction in progress to infrastructure and improvements other than buildings, the reclassification of paid-off leases to mobile equipment, and to correct prior year errors.

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental activities:	
General government	\$ 832,009
Public safety	3,930,343
Public works	3,413,560
Health and welfare	128,947
Culture and recreation	<u>68,006</u>
 Total governmental activities depreciation expense	 \$ <u><u>8,372,865</u></u>

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
HYJJC - Facility Analysis	\$ 1	09/2021
RDC - Booking Area Conversion	5,084	09/2021
JDC - Booking Area Conversion	4	09/2021
ERBR-Clinton Tinnin	228,682	09/2021
ERBR-Rosemary	381	09/2022
Twin Lakes Circle	27,554	10/2020
LSBP 25(51) Williamson Road	7,526	11/2020
Byram-Clinton Corridor	118,362	12/2020
MPO-Robinson, Robinson, Robinson, Woodrow Wilson	1,205,064	07/2021
John Bell Williams Airport	89,425	09/2021
Volunteer Fire Station - Springridge	62,582	12/2021
Carol Johns Bridge (BP Const)	80,000	09/2022
Jail Construction	673,107	12/2022

HINDS COUNTY

Notes to Financial Statements
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Component Units:

The component units' capital asset balances are as follows:

Hinds County Mental Health Commission:

	Balance Jan. 1, 2019	Additions	Deletions	Adjustments*	Balance Dec. 31, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,019,322				1,019,322
Software development in progress	278,095	51,433			329,528
Total non-depreciable capital assets	<u>1,297,417</u>	<u>51,433</u>	-	-	<u>1,348,850</u>
<u>Depreciable capital assets:</u>					
Buildings	5,803,500				5,803,500
Leasehold improvements	1,091,314	190,192			1,281,506
Vehicles	206,291	2,879			209,170
Furniture and equipment	1,078,316	362,005	400		1,439,921
Total depreciable capital assets	<u>8,179,421</u>	<u>555,076</u>	<u>400</u>	-	<u>8,734,097</u>
<u>Less accumulated depreciation for:</u>					
Buildings	1,590,492	145,088			1,735,580
Leasehold improvements	225,541	64,688			290,229
Vehicles	183,850	14,059			197,909
Furniture and equipment	883,818	77,248	306		960,760
Total accumulated depreciation	<u>2,883,701</u>	<u>301,083</u>	<u>306</u>	-	<u>3,184,478</u>
Total depreciable capital assets, net	<u>5,295,720</u>	<u>253,993</u>	<u>94</u>	-	<u>5,549,619</u>
Hinds County Mental Health Commission capital assets, net	<u>\$ 6,593,137</u>	<u>305,426</u>	<u>94</u>	<u>-</u>	<u>6,898,469</u>

Depreciation expense was charged to the following functions:

	Amount
Hinds County Mental Health Commission:	
Health and welfare	\$ 145,088
Hinds Behavioral Health Services	<u>155,995</u>
Total component unit's depreciation expense	<u>\$ 301,083</u>

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

Hinds County Economic Development Authority:

	Balance <u>Oct. 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	Balance <u>Sept. 30, 2020</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 65,000				65,000
Construction in progress	<u>5,362,606</u>	<u>1,200</u>			<u>5,363,806</u>
Total non-depreciable capital assets	<u>5,427,606</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>5,428,806</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	398,158				398,158
Improvements other than buildings					-
Mobile equipment					-
Furniture and equipment	195,291	1,948			197,239
Leased property under capital leases					-
Total depreciable capital assets	<u>593,449</u>	<u>1,948</u>	<u>-</u>	<u>-</u>	<u>595,397</u>
<u>Less accumulated depreciation: and amortization</u>					
	<u>320,473</u>	<u>33,714</u>			<u>354,187</u>
Total depreciable capital assets, net	<u>272,976</u>	<u>(31,766)</u>	<u>-</u>	<u>-</u>	<u>241,210</u>
Hinds County Economic Development Authority capital assets, net	<u>\$ 5,700,582</u>	<u>(30,566)</u>	<u>-</u>	<u>-</u>	<u>5,670,016</u>

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

<u>Classes of Property</u>	<u>Governmental Activities</u>
Improvements other than building	\$ 6,791,689
Mobile equipment	5,403,881
Furniture and equipment	<u>11,999</u>
Total	12,207,569
Less: Accumulated depreciation	<u>(2,667,469)</u>
Leased Property Under Capital Leases	<u>\$ 9,540,100</u>

The following is a schedule by years of the total payments due as of September 30, 2020:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 898,264	341,329
2022	795,662	314,096
2023	763,963	290,044
2024	802,210	266,835
2025	815,292	242,379
2026 - 2030	2,780,329	870,234
2031 - 2035	2,412,570	479,753
2036 - 2040	<u>1,202,015</u>	<u>64,103</u>
Total	<u>\$ 10,470,305</u>	<u>2,868,773</u>

(10) Long-term Debt.

Primary Government:

Debt outstanding as of September 30, 2020, consisted of the following:

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities (Continued):			
A. General Obligation Bonds:			
Mississippi Development Bank Special Obligation Taxable Bonds, Series 2007B (Hinds County, Mississippi General Obligation Public Parking Project)	\$ 10,245,000	5.46%	10/2036
Mississippi Development Bank Special Obligation Refunding Bonds, Series 2015	9,615,000	2.00/4.00%	10/2036
Mississippi Development Bank Special Obligation Bonds, Series 2016A	5,855,000	3.00/4.00%	10/2036
Mississippi Development Bank Special Obligation Bonds, Series 2016B (Hinds County, Mississippi General Obligation Refunding Bond Project)	605,000	1.65%	11/2020
Mississippi Development Bank Special Obligation Bonds, Series 2017A (Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond Project)	7,575,000	3.00/4.00%	08/2036
Mississippi Development Bank General Obligation Refunding Bonds, Series 2017A	7,112,000	2.88/2.98%	11/2027
Mississippi Development Bank Special Obligation Bonds, Series 2017 (Hinds County, Mississippi General Obligation Public Bond Project)	<u>37,015,000</u>	3.00/5.00%	11/2047
Total General Obligation Bonds	<u>\$ 78,022,000</u>		

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities (Continued):			
B. Capital Leases:			
2017 Road Equipment (63)	\$ 3,476,376	2.75%	01/2027
2018 Equipment-Vehicles (18)	130,848	2.95%	04/2021
2018 Chevrolet Tahoes (2)	33,541	3.11%	07/2022
2018 Dodge Charger	8,426	3.74%	10/2021
2018 and 2019 Vehicles (5)	101,471	3.50%	12/2021
2019 J C Energy Upgrades	<u>6,719,643</u>	3.53%	03/2037
Total Capital Leases	<u>\$ 10,470,305</u>		
C. Other Loans:			
2019 Trustmark Bank Note - VFD	\$ 466,550	2.94%	09/2024
Katrina CDBG Loan - King Edward	1,898,275	0.83%	11/2030
MDA Westin Hotel Loan (CHA)	<u>17,108,700</u>	3.25%	08/2033
Total Other Loans	<u>\$ 19,473,525</u>		

Pledge of Future Revenues - The County has pledged future revenues for loans receivable to repay \$19,006,975 in loans issued by the Mississippi Development Authority. Proceeds from the loans provided financing for the construction of the King Edward and Westin hotels. The loans are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from the operation of the hotels. Annual principal and interest payments on the loans are expected to require one hundred percent of net revenues. The total principal and interest remaining to be paid on the loans is \$22,968,234. Principal and interest paid for the current year equaled total revenues of \$898,358.

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		Other Loans	
	Principal	Interest	Principal	Interest
2021	\$ 4,841,000	3,210,270	671,673	310,917
2022	4,439,000	3,055,290	1,416,259	557,522
2023	4,628,000	2,880,177	1,509,560	515,145
2024	4,804,000	2,691,588	1,553,988	470,718
2025	5,020,000	2,485,534	1,474,481	424,890
2026 - 2030	23,425,000	9,331,552	8,054,513	1,442,339
2031 - 2035	20,085,000	4,187,930	4,793,051	274,517
2036 - 2040	5,070,000	1,409,627		
2041 - 2045	<u>5,710,000</u>	<u>727,563</u>		
Total	<u>\$ 78,022,000</u>	<u>29,979,531</u>	<u>19,473,525</u>	<u>3,996,048</u>

HINDS COUNTY

Notes to Financial Statements
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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, 2020, the amount of outstanding debt was equal to 3.09 percent of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Adjustments	Balance Sept. 30, 2020	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 2,892,318	-	208,281	-	2,684,037	-
Claims and judgments	418,240		418,240		-	
General obligation bonds	81,901,000		3,879,000		78,022,000	4,841,000
Add:						
Premiums	6,721,917		275,940		6,445,977	
Capital leases	11,287,322		817,017		10,470,305	898,264
Other loans	574,980	-	708,867	19,607,412	19,473,525	671,673
Total	\$ 103,795,777	-	6,307,345	19,607,412	117,095,844	6,410,937

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Countywide Road Fund, and Countywide Bridge Fund.

Component Unit:

The debt outstanding at December 31, 2019 for the Hinds County Mental Health Commission (the Commission) is as follows:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Hinds County Mental Health Commission:			
A. Other Loans:			
Real estate loan payable	3,756,630	4.25%	05/2027
Loan payable	613,018	3.55%	08/2032
Total Other Loans	\$ 4,369,648		

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

Annual debt service requirements to maturity at December 31, 2019 for the following debt reported in the Commission's Statement of Net Position are as follows:

Hinds County Mental Health Commission:

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 441,561	183,548
2022	460,756	164,353
2023	480,325	144,784
2024	500,726	124,383
2025	521,756	103,354
2026 - 2030	1,808,249	187,117
2031 - 2032	156,275	8,778
Total	\$ <u>4,369,648</u>	<u>916,317</u>

The following is a summary of changes in long-term liabilities and obligations for the year ended December 31, 2019 for the Commission.

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Balance</u>	<u>Amount due</u>
	<u>Jan. 1, 2019</u>				<u>Dec. 31, 2019</u>	<u>within one</u>
						<u>year</u>
Hinds County Mental Health Commission:						
Compensated absences	\$ 410,190	124,778	77,235		457,733	234,085
Other loans	4,793,967		424,319		4,369,648	441,561
Total	\$ <u>5,204,157</u>	<u>124,778</u>	<u>501,554</u>	<u>-</u>	<u>4,827,381</u>	<u>675,646</u>

(11) Other Postemployment Benefits.

Plan Description

The Hinds County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Hinds County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2020, retiree premiums range from \$815 to \$1092 depending on dependent coverage and Medicare eligibility.

Employees covered by benefit terms. At September 30, 2020, the following employees were covered by the benefit terms:

Active employees	694
Active employees entitled to but not yet receiving benefit payments	190
Inactive employees or beneficiaries currently receiving benefit payments	<u>7</u>
Total	<u><u>891</u></u>

Total OPEB Liability

The County's total OPEB liability of \$2,367,507 was measured as of September 30, 2020, and was determined by an actuarial valuation of October 1, 2019. The County's Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of October 1, 2019 for the years ending September 30, 2019 and 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.00%, average, including inflation
Discount rate	3.68%
Healthcare cost trend rates	7.5% graded down to 6.75% over 3 years. After the transition period, medical trend follows the Getzen model
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

The actuarial assumptions used in the October 1, 2019 valuation have been prepared using employee data and plan documentation furnished by the County as of October 1, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 09/30/19	\$ <u>2,066,008</u>
Changes for the year:	
Service cost	263,855
Interest	84,032
Benefit payments	<u>(46,388)</u>
Net changes	<u>301,499</u>
Balance at 09/30/20	\$ <u><u>2,367,507</u></u>

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

Changes of assumptions and other inputs did not reflect a change in the discount rate for 2020 from 3.68 percent reported in 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB Liability	\$ 2,681,895	\$ 2,367,507	\$ 2,088,729

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 1,901,137	\$ 2,367,507	\$ 2,945,514

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

For the year ended September 30, 2020, the County recognized OPEB expense of \$302,826. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 252,171
Changes of assumptions or other inputs	18,190
Total	<u>\$ 270,361</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 ended September 30:	
2021	\$ (45,061)
2022	(45,061)
2023	(45,061)
2024	(45,061)
2025	(45,061)
Therafter	<u>(45,056)</u>
Total	<u>(270,361)</u>

HINDS COUNTY

Notes to Financial Statements For the Fiscal Year Ended September 30, 2020

(12) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Hinds County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2020, 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, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$5,528,480, \$5,226,675 and \$4,978,695, respectively, equal to the required contributions for each year.

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

At September 30, 2020, the County reported a liability of \$92,360,823 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2020 net pension liability was 0.477099 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.022901 percent from its proportionate share used to calculate the September 30, 2019 net

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$7,314,632. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 615,757	-
Net difference between projected and actual earnings on pension plan investments	3,035,063	-
Changes of assumptions	924,032	-
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	1,186,412	1,223,188
County contributions subsequent to the measurement date	<u>1,390,368</u>	
Total	<u>\$ 7,151,632</u>	<u>1,223,188</u>

\$1,390,368 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. 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>	<u>Amount</u>
2021	\$ 1,877,864
2022	1,208,439
2023	693,007
2024	<u>758,766</u>
Total	<u>\$ 4,538,076</u>

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, 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

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

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 from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	<u>1.00</u>	0.00
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. 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 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 to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, 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 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 119,549,736	92,360,823	69,919,045

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 119,549,736	92,360,823	69,919,045

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2020:

Fund	Deficit Amount
Court Administrator	\$ 500
Internal Service - Central Repair	11,584
CFDA 21.019 Cares Act	1,713
Violence Against Women Grant (CFDA 16.588)	42,578
Victim Witness Assistance Grant (CFDA 16.575)	114,685
CFDA 20.2600 Occupant Protection Grant	1,960
CFDA 97.042 Emergency Management Enhancement Grant	3,495
CFDA 20.205 Hwy Planning & Construction	861,469
Byram-Clinton / Norrel Corridor	116,273
CFDA 93.104 Nfusion-Comprehensive	11,755
CMPDD Title IIIB Aging Grant (CFDA 93.044)	1,521
Garbage & Solid Waste	76,903
Women's Art Grant	22,950
CFDA 97.067 Homeland Security-DOJ/Ms HS	11,275
CFDA 16.738 Jag/Jet (Jackson/MBN) Grant	339

(14) 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 have a material adverse effect on the financial condition of the County.

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 2020.

HINDS COUNTY

Notes to Financial Statements For the Fiscal Year Ended September 30, 2020

(15) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$81,024,165) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$1,390,368 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$5,761,264 balance of the deferred outflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$1,223,188 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next three years.

The governmental activities' unrestricted net position amount of (\$81,024,165) includes the effect of deferring the recognition of revenue resulting from a deferred inflows from other postemployment benefits (OPEB). The \$270,361 balance of deferred inflows of resources related to OPEB, at September 30, 2020, will be recognized as revenue and will increase the unrestricted net position over the next six years.

The governmental activities' unrestricted net position amount of (\$81,024,165) includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$874,903 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the unrestricted net position over the next 17 years.

(16) Related Organizations.

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. The County appropriated \$25,000 to this organization in fiscal year 2020.

(17) Joint Ventures.

The County participates in the following joint ventures:

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 seven members. By contractual agreement, the County's appropriation to the joint venture was \$ 1,668,558 in fiscal year 2020. Complete financial statements for the Jackson-Hinds Library System can be obtained from 400 North State Street, Jackson, Mississippi 39201.

(18) 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 2020.

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 \$ 10,122,317 for maintenance and support of the College in fiscal year 2020.

HINDS COUNTY

Notes to Financial Statements
For the Fiscal Year Ended September 30, 2020

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 2020.

(19) Tax Abatements.

As of September 30, 2020, Hinds County provides tax exempt status to manufacturing companies, warehousing facilities various other commercial enterprises which include: a retail giant’s headquarters, a cable company, a real estate development firm, two energy companies, an electrical supply company, a packing company, a food equipment company and a water bottling company subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for the levies involving the school; the mandatory mill and the community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during the fiscal year 2020 totaled \$303,410.

(20) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Hinds County evaluated the activity of the County through December 8, 2023, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2020, the County issued the following debt obligation(s):

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
04/08/2021	1.00%	\$ 20,000,000	Other Loan	In Lieu/Ad valorem taxes
07/14/2021	1.80%	359,479	Capital Lease	Ad valorem taxes
10/18/2021	1.80%	1,526,399	Capital Lease	Ad valorem taxes
12/01/2021	2.30%	3,002,600	Other Loan	Ad valorem taxes
04/26/2022	2.41%	24,381	Capital Lease	Grant proceeds

The loan receivable from Capital Hotel Associates for the Westin Hotel from Note 5 and associated loan payable to The Mississippi Development Authority from note 10 were 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 and associated loan payable to The Mississippi Development Authority from note 10 were given a forbearance in fiscal year 2021 to defer 20 months of principal payments. The interest rate and final payment date remain the same.

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).

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

REQUIRED SUPPLEMENTARY INFORMATION

HINDS COUNTY

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HINDS COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 48,748,591	49,741,861	49,821,067	79,206
Licenses, commissions and other revenue	3,823,000	4,092,632	4,003,283	(89,349)
Fines and forfeitures	1,279,000	2,015,676	2,037,563	21,887
Intergovernmental revenues	3,392,900	3,655,900	4,382,856	726,956
Charges for services	2,632,386	2,851,609	1,677,820	(1,173,789)
Interest income	583,950	370,691	352,266	(18,425)
Miscellaneous revenues	212,900	263,904	533,555	269,651
Total Revenues	<u>60,672,727</u>	<u>62,992,273</u>	<u>62,808,410</u>	<u>(183,863)</u>
EXPENDITURES				
Current:				
General government	31,335,591	32,922,015	29,873,671	3,048,344
Public safety	30,909,102	32,418,377	29,475,998	2,942,379
Public works	388,000	280,030	280,030	0
Health and welfare	925,340	927,887	891,589	36,298
Culture and recreation	242,973	297,973	123,528	174,445
Conservation of natural resources	281,912	281,912	268,447	13,465
Economic development and assistance	73,313	73,313	73,216	97
Debt service:				
Principal	1,188,189	1,358,901	849,208	509,693
Interest	576,038	864,060	585,702	278,358
Total Expenditures	<u>65,920,458</u>	<u>69,424,468</u>	<u>62,421,389</u>	<u>7,003,079</u>
Excess of Revenues over (under) Expenditures	<u>(5,247,731)</u>	<u>(6,432,195)</u>	<u>387,021</u>	<u>6,819,216</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		13,405	4,559	(8,846)
Compensation for loss of capital assets		50,946	54,428	3,482
Transfers in		2,384,644	2,692,177	307,533
Transfers out		(3,298,698)	(2,996,796)	301,902
Other financing sources	3,981,104	1,576,104	1,066,410	(509,694)
Total Other Financing Sources and Uses	<u>3,981,104</u>	<u>726,401</u>	<u>820,778</u>	<u>94,377</u>
Net Change in Fund Balance	(1,266,627)	(5,705,794)	1,207,799	6,913,593
Fund Balances - Beginning	<u>10,152,659</u>	<u>13,414,931</u>	<u>12,759,931</u>	<u>(655,000)</u>
Fund Balances - Ending	<u>\$ 8,886,032</u>	<u>7,709,137</u>	<u>13,967,730</u>	<u>6,258,593</u>

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

HINDS COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.477099%	0.500000%	0.490000%	0.480000%	0.500000%	0.490000%
County's proportionate share of the net pension liability (asset)	\$ 92,360,823	87,622,275	81,404,920	79,164,429	89,332,494	76,053,503
Covered payroll	\$ 31,819,131	32,372,128	30,784,879	30,208,623	31,598,220	30,228,877
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.27%	270.67%	264.43%	262.06%	282.71%	251.59%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

HINDS COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,528,480	5,226,675	4,978,695	4,833,590	4,919,376	4,922,141
Contributions in relation to the contractually required contribution	<u>5,528,480</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 31,772,865	32,415,155	31,610,759	30,683,111	31,239,897	31,251,689
Contributions as a percentage of covered payroll	17.40%	16.12%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

HINDS COUNTY
 Schedule of Changes in the County's Net OPEB Liability and Related Ratios
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2020
 UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 263,855	251,290	261,067
Interest	84,032	86,125	61,702
Changes of benefit terms			
Differences between expected and actual experience		(336,229)	
Changes of assumptions		(24,254)	
Benefit Payments / Refunds	<u>(46,388)</u>	<u>(43,152)</u>	<u>(42,722)</u>
Net Change in Total OPEB Liability	301,499	(66,220)	280,047
Total OPEB Liability - beginning	<u>2,066,008</u>	<u>2,132,228</u>	<u>1,852,181</u>
Total OPEB Liability - ending	<u>\$ 2,367,507</u>	<u>2,066,008</u>	<u>2,132,228</u>
Covered-employee payroll	26,310,590	25,117,508	29,134,042
Net OPEB Liability as a % of covered-employee payroll	9.00%	8.2%	7.3%

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount ratios used in each period:

2020	3.68%
2019	3.68%
2018	2.89%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

HINDS COUNTY
 Schedule of County Contributions - OPEB
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2020
 UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 454,306	406,189	387,383
Contributions in relation to the actuarially required contribution	<u>46,388</u>	<u>43,152</u>	<u>42,722</u>
Contribution deficiency (excess)	<u>\$ 407,918</u>	<u>363,037</u>	<u>344,661</u>
Covered payroll	\$ 26,310,590	25,117,508	29,134,042
Contributions as a percentage of covered payroll	0.18%	0.17%	0.15%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

HINDS COUNTY

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HINDS COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2020
UNAUDITED

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 and the 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 that funds be available when goods or services are ordered, only when payment is made.

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. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

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).

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

		<u>Governmental Fund Types</u>
		<u>General Fund</u>
Budget (Cash Basis)	\$	1,207,799
Increase (Decrease)		
Net adjustments for revenue accruals		2,069,480
Net adjustments for expenditure accruals		2,343,174
		<hr/>
GAAP Basis	\$	<u><u>5,620,453</u></u>

HINDS COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2020
UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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

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

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

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

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

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

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

HINDS COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2020
UNAUDITED

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 one percent and a maximum rate of five percent.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 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	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

C. Changes of assumptions.

2019 - 2020

The discount rate is 3.68 percent based on the S&P Municipal Bond 20 Year High Grade Index as of September 30, 2019, compared to the prior discount rate of 2.89 percent.

Medical trend was set to follow the Getzen Model after a 3 year transition period starting at to 7.5 percent decreasing uniformly to 6.75 percent over 3 years.

The mortality rate has been updated to use improvement scale MP2018.

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.

HINDS COUNTY

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HINDS COUNTY

SUPPLEMENTARY INFORMATION

HINDS COUNTY

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HINDS COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture Passed-through the Mississippi Department of Education Child Nutrition Cluster:			
National school lunch program	10.555	5MS300326	\$ <u>55,303</u>
Total Child Nutrition Cluster			<u>55,303</u>
Total U.S. Department of Agriculture			<u>55,303</u>
U.S. Department of Justice Coronavirus emergency supplemental funding program (Direct Award)	16.034	N/A	<u>36,446</u>
Passed-through the Mississippi Department of Public Safety			
Crime victim assistance	16.575	2020-VA-037	34,137
Crime victim assistance	16.575	2020-VA-038	<u>69,655</u>
Subtotal			<u>103,792</u>
Passed-through the City of Jackson, Mississippi Edward Byrne memorial justice assistance grant program	16.738	2017-DJ-BX-0618	<u>28,676</u>
U.S. Department of Justice Criminal and juvenile justice and mental health collaboration program (Direct Award)	16.745	2017-MO-BX-0026	<u>83</u>
Equitable sharing program (Direct Award)	16.922	MS0250000	<u>130,525</u>
Total U.S. Department of Justice			<u>299,522</u>

HINDS COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation Passed-through the Mississippi Department of Transportation Highway Planning and Construction Cluster: Highway planning and construction*	20.205	STP-0025-00(077) LPA/107056-700998	<u>895,259</u>
Total Highway Planning and Construction Cluster			<u>895,259</u>
Passed-through the Mississippi Department of Public Safety Highway Safety Cluster: State and Community Highway Safety	20.600	OP-2020-OP-12-51	<u>6,007</u>
National Priority Safety Programs Total Highway Safety Cluster	20.616	M5X-2020-MD-12-51	<u>94,555</u> <u>100,562</u>
Total U.S. Department of Transportation			<u>995,821</u>
U.S. Department of the Treasury Passed-through the Mississippi Supreme Court Coronavirus Relief Fund	21.019	Unknown	<u>3,754</u>
Total U.S. Department of the Treasury			<u>3,754</u>
U.S. Election Assistance Commission Passed-through the Mississippi Department of Human Services Help America vote act requirements payments*	90.401	2018	320,552
Help America vote act requirements payments*	90.401	2020	<u>89,753</u>
Subtotal			<u>410,305</u>
Total U.S. Election Assistance Commission			<u>410,305</u>

HINDS COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services Passed-through the Mississippi Department of Human Services Aging Cluster: Special programs for the aging - title III, part B grants for supportive services and senior centers	93.044	1030-21	<u>26,821</u>
Total Aging Cluster			<u>26,821</u>
U.S. Department of Health and Human Services Comprehensive community mental health services for children with serious emotional disturbances (Direct Award)	93.104	5H79SM063428-02	<u>534,266</u>
Total U.S. Department of Health and Human Services			<u>561,087</u>
Executive Office of the President Passed-through the Gulf Coast HIDTA High intensity drug trafficking area program	95.001	G19GC0003A	<u>23,459</u>
Total Executive Office of the President			<u>23,459</u>
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	EMW-2015-EP-0031-S01	<u>154,622</u>
Total U.S. Department of Homeland Security			<u>154,622</u>
Total Expenditures of Federal Awards			<u>\$ 2,503,873</u>

HINDS COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hinds County under programs of the federal government for the year ended September 30, 2020. 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 Hinds County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Hinds County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

Note D - Outstanding Loans

At September 30, 2020, there were \$1,898,275 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, 2020.

Note E - Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances

Of the federal expenditures presented in the Schedule, Hinds County provided federal awards totaling \$350,638 to subrecipients during the year ended September 30, 2020.

* Denotes major federal award program

HINDS COUNTY

OTHER INFORMATION

HINDS COUNTY

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HINDS COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
UNAUDITED

Name	Position	Company	Bond
Robert Graham	Supervisor District 1	Western Surety	\$100,000
David Archie	Supervisor District 2	Travelers Casualty	\$100,000
Peggy Calhoun	Supervisor District 3	Porter	\$100,000
Credell Calhoun	Supervisor District 3	Travelers Casualty	\$100,000
Vern Gavin	Supervisor District 4	Travelers Casualty	\$100,000
Darrell McQuirter	Supervisor District 4	Western Surety	\$100,000
Johnathan Michael Morgan	Supervisor District 5	Porter	\$100,000
Bobby McGowan	Supervisor District 5	Travelers Casualty	\$100,000
Jennifer Riley-Collins	County Administrator	Southern Insurance Group	\$100,000
Carmen Davis	County Administrator	Southern Insurance Group	\$100,000
Eddie Carr	Chancery Clerk	Western Surety	\$100,000
Valerie Moton	Chancery Deputy Clerk	Travelers Casualty	\$50,000
Arthur Matlock	Purchase Clerk	Travelers Casualty	\$75,000
Shonta Broome	Purchasing Agent	Travelers Casualty	\$50,000
Latasha House	Assistant Purchase Clerk	Travelers Casualty	\$50,000
Driscilla Anderson	Assistant Purchase Clerk	Western Surety	\$50,000
Lure Berry	Receiving Clerk	Southern Insurance Group	\$75,000
Linda Armon	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Paula Cable	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Kathy Fay Cole	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Angela Cook	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Shondra Dotson	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Tracy Funches	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Anthony Gaines	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Larry Grant	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Joann Gray	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Carmelita Johnson	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Lakeesha Johnson	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Shelva King	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Carolyn Loflore	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Vicki Lowers	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Don Neal	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Joseph Perkins	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Deborah Smith/Pierce	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Latonya Sturgis	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Angela Thomason	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Naomi Thomas	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Mary Tory	Assistant Receiving Clerk	Travelers Casualty	\$50,000
David Turnage	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Pennie Walters	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Tabetha Ward	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Shirron Wash	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Persephone Washington	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Coretta White	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Vickie Whitley	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Gloria Wilson	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Michelle Wright	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Crystal Young	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Pamela Young	Assistant Receiving Clerk	Travelers Casualty	\$50,000

HINDS COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
UNAUDITED

Name	Position	Company	Bond
Lakisha Clay/Jones	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Nikia Felton	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Valerie Moton	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Frances Ashley	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Lucille Love	Assistant Receiving Clerk	Western Surety	\$50,000
Beverly Hughes	Assistant Receiving Clerk	Travelers Casualty	\$50,000
Michael Johnson	Inventory Coordinator	Travelers Casualty	\$50,000
James Ingram	Inventory Control Clerk	Travelers Casualty	\$75,000
Charles Sims	Road Manager	Travelers Casualty Insurance	\$50,000
John Brown	Constable	Western Surety	\$50,000
Bennie Buckner	Constable	Travelers Casualty	\$50,000
Lawrence Funchess	Constable	Travelers Casualty	\$50,000
Jerry Moore	Constable	Travelers Casualty	\$50,000
Leon Seals	Constable	Western Surety	\$50,000
Zacchaeus Wallace	Circuit Clerk	FCCI	\$100,000
Victor Mason	Sheriff	Western Surety	\$100,000
Lee Vance	Interim Sheriff	Western Surety	\$100,000
Tabitha Britton/Porter	Justice Court Judge	Western Surety	\$50,000
James Morton	Justice Court Judge	Travelers Casualty	\$50,000
Kenneth Wayne Lewis	Justice Court Judge	Travelers Casualty	\$50,000
Pearlie Owens	Justice Court Judge	Western Surety	\$50,000
Donald Palmer	Justice Court Judge	Southern Insurance Group	\$50,000
Frank Sutton	Justice Court Judge	Western Surety	\$50,000
Patricia Woods	Justice Court Clerk	Travelers Casualty	\$50,000
Robert Amos	Deputy Justice Court Clerk	Travelers Casualty	\$50,000
Jade Ball	Deputy Justice Court Clerk	Travelers Casualty	\$50,000
Dolise Clowers	Deputy Justice Court Clerk	Travelers Casualty	\$50,000
Angelica Gater	Deputy Justice Court Clerk	Travelers Casualty	\$50,000
Shirley Harper	Deputy Justice Court Clerk	Travelers Casualty	\$50,000
Anjua Hudson	Deputy Justice Court Clerk	Travelers Casualty	\$50,000
Tunisia Kennedy	Deputy Justice Court Clerk	Travelers Casualty	\$50,000
Shelisa McField	Deputy Justice Court Clerk	Travelers Casualty	\$50,000
Cynthia Smith	Deputy Justice Court Clerk	Travelers Casualty	\$50,000
Joyce Williams	Deputy Justice Court Clerk	Travelers Casualty	\$50,000
Dana Vaughn-Cousin	Fiscal Officer Justice Court	Travelers Casualty	\$50,000
Eddie Fair	Tax Collector	Western Surety	\$100,000
Charles Stokes	Tax Assessor	Western Surety	\$100,000
April Angram	Deputy Tax Assessor	Western Surety	\$10,000
Cody Lee Ashley	Deputy Tax Assessor	Porter	\$10,000
Darryl Berry	Deputy Tax Assessor	Western Surety	\$10,000
Angela Blaylock	Deputy Tax Assessor	Old Republic Surety	\$10,000
Laura Burse	Deputy Tax Assessor	Western Surety	\$10,000
Richard Caston	Deputy Tax Assessor	Western	\$10,000
Stephen Draper	Deputy Tax Assessor	Old Republic Surety	\$10,000

HINDS COUNTY
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2020
 UNAUDITED

Name	Position	Company	Bond
Katherine Ellis/Riley	Deputy Tax Assessor	Old Republic Surety	\$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	Western Surety	\$10,000
LaTamara U Green/Brown	Deputy Tax Assessor	Western Surety	\$10,000
Clifton Hackler	Deputy Tax Assessor	Western Surety	\$10,000
Porschea Harper	Deputy Tax Assessor	Western Surety	\$10,000
Debbie Hennington	Deputy Tax Assessor	Western Surety	\$10,000
Jonetha Lewis	Deputy Tax Assessor	Western Surety	\$10,000
Alexandra Lovell	Deputy Tax Assessor	Western Surety	\$10,000
Cedrek Mozee	Deputy Tax Assessor	Western Surety	\$10,000
Derek Mozee	Deputy Tax Assessor	Western Surety	\$10,000
Sandra Phillips	Deputy Tax Assessor	Western Surety	\$10,000
Warren Pinter	Deputy Tax Assessor	Western Surety	\$10,000
Stephanie Smith	Deputy Tax Assessor	Porter	\$10,000
Justin Allen Stepp	Deputy Tax Assessor	Western Surety	\$10,000
Latonya Sturgis	Deputy Tax Assessor	Travelers Casualty	\$10,000
Angela Thomason	Deputy Tax Assessor	Western Surety	\$10,000
Joseph Thomason	Deputy Tax Assessor	Western Surety	\$10,000
Nicholas Ward	Deputy Tax Assessor	Western Surety	\$10,000
Lee Ward	Deputy Tax Assessor	Western Surety	\$10,000
Melanie Warner	Deputy Tax Assessor	Western Surety	\$10,000
Sharonda Allen/Nichols	Deputy Tax Collector	Western Surety	\$50,000
Lakeisha Baker	Deputy Tax Collector	Western Surety	\$50,000
Marcia Bell/Anthony	Deputy Tax Collector	Western Surety	\$50,000
LaShunn Campbell	Deputy Tax Collector	Western Surety	\$50,000
Larry Camper	Deputy Tax Collector	Western Surety	\$50,000
Kathy Chestnut	Deputy Tax Collector	Western Surety	\$50,000
Sophie Coats	Deputy Tax Collector	Western Surety	\$50,000
Michaela Cole	Deputy Tax Collector	Western Surety	\$50,000
Stanley Collins Jr	Deputy Tax Collector	Western Surety	\$50,000
Quintina R Dixon/Calendr	Deputy Tax Collector	Western Surety	\$50,000
Morgan Ellis	Deputy Tax Collector	Western Surety	\$50,000
Peggy Ervin	Deputy Tax Collector	Western Surety	\$50,000
Kristie Fields	Deputy Tax Collector	Western Surety	\$50,000
Sherion Fleming	Deputy Tax Collector	Western Surety	\$50,000
Joseph Francis	Deputy Tax Collector	Western Surety	\$50,000
Lakeisha Gaines	Deputy Tax Collector	Western Surety	\$50,000
Stephanie Green/Gray	Deputy Tax Collector	Western Surety	\$50,000
Ron Hinson	Deputy Tax Collector	Western Surety	\$50,000
Rebecca Ann Hollis	Deputy Tax Collector	Western Surety	\$50,000
Keisha Jackson	Deputy Tax Collector	Western Surety	\$50,000
Cydney Keys	Deputy Tax Collector	Western Surety	\$50,000
Phylicia Larry	Deputy Tax Collector	Western Surety	\$50,000
Sandra Mattix	Deputy Tax Collector	Western Surety	\$50,000

HINDS COUNTY
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2020
 UNAUDITED

Name	Position	Company	Bond
Sylvia McClellan	Deputy Tax Collector	Western Surety	\$50,000
Lenell McGee	Deputy Tax Collector	Western Surety	\$50,000
Angela McGregory	Deputy Tax Collector	Western Surety	\$50,000
Lora McClinnis	Deputy Tax Collector	Western Surety	\$50,000
Gracie R McMillian	Deputy Tax Collector	Western Surety	\$50,000
Karen McNeil	Deputy Tax Collector	Western Surety	\$50,000
Etta McPhaul	Deputy Tax Collector	Western Surety	\$50,000
Ebony Teague Minor	Deputy Tax Collector	Western Surety	\$50,000
Alexis Nelson	Deputy Tax Collector	Western Surety	\$50,000
Paulette Newman	Deputy Tax Collector	Western Surety	\$50,000
Judy Smith	Deputy Tax Collector	Western Surety	\$50,000
Marie Strong	Deputy Tax Collector	Western Surety	\$50,000
Zekia Thompson	Deputy Tax Collector	Western Surety	\$50,000
Cheryl Warren	Deputy Tax Collector	Western Surety	\$50,000
Shirron Wash	Deputy Tax Collector	Western Surety	\$50,000
Lakonita Washington	Deputy Tax Collector	Western Surety	\$50,000
Shavondra Washington	Deputy Tax Collector	Western Surety	\$50,000
Coretta White	Deputy Tax Collector	Travelers Casualty	\$50,000
Brittany Williams	Deputy Tax Collector	Western Surety	\$50,000
Terrell Wilson	Deputy Tax Collector	Western Surety	\$50,000
Darwin Wooten	Deputy Tax Collector	Western Surety	\$50,000
Michelle Wright	Deputy Tax Collector	Travelers Casualty	\$50,000

HINDS COUNTY

SPECIAL REPORTS

HINDS COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Hinds County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented Component units, the major fund, and the aggregate remaining fund information of Hinds County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 8, 2023.

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 Hinds County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hinds County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2020-001, 2020-002, 2020-004, 2020-005, 2020-007, and 2020-008 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs 2020-003 and 2020-006 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hinds County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001, 2020-002, 2020-004, 2020-007, and 2020-008.

We also noted certain matters which we have reported to the management of Hinds County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated December 8, 2023, included within this document.

Hinds County's Responses to Findings

Hinds County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Hinds 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity'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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 8, 2023



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Members of the Board of Supervisors
Hinds County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Hinds County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hinds County, Mississippi's major federal programs for the year ended September 30, 2020. Hinds County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, 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 each of Hinds County, Mississippi's major federal programs 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 Hinds County, Mississippi'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 each of the major federal programs. However, our audit does not provide a legal determination of Hinds County, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, Hinds County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of Hinds County, Mississippi 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 Hinds County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses 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.



JOE E. MCKNIGHT CPA
Director, County Audit Section

December 8, 2023



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

**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))**

Members of the Board of Supervisors
Hinds County, Mississippi

We have examined Hinds County, Mississippi's (the County) 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, 2020. The Board of Supervisors of Hinds County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

Because of inherent 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.

1. The Purchase Clerk shall be responsible for the maintenance of the central purchasing system of the County.

Repeat Finding No

Criteria Section 31-7-103, *Mississippi Code of 1972 Annotated*, requires the Purchase Clerk to maintain the central purchasing system of the County.

Condition During a test of the County's central purchasing system, we noted that purchasing documents were not properly dated and signed including possible alteration. We also noted one instance of a requisition that did not match the purchase order for the items requested for purchase.

Cause The County did not follow state law.

Effect Failure to properly complete purchase documents could result in the loss or misappropriation of public funds.

Recommendation The Purchase Clerk should ensure that purchasing documents are present, complete, prepared in order, and in agreement with each other.

Views of Responsible Official(s) The Purchasing Clerk will ensure that the purchasing documents will be properly dated and sign with all documents be matched correctly. The County will follow state laws. The Purchasing Clerk will make sure the department documents are present, complete, prepared in order, and in agreement with each other. Please note that the Present Purchasing Clerk was not the clerk in the FYE of 09/30/2020.

Inventory Control Clerk.

2. The County should establish and maintain effective internal controls over financial reporting of capital assets.

Repeat Finding No

Criteria Section 31-7-107, *Mississippi Code of 1972 Annotated*, requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal controls over capital assets should include proper recording of additions and deletions.

Condition The County's current record keeping system and accounting processes and procedures for capital assets do not allow for timely and accurate reconciliation of additions and deletions of capital assets in the proper period. Errors were identified in the capital asset schedules that were not detected by management.

Cause There are no procedures in place to reconcile construction in progress 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 possible errors.

Effect 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.

Recommendation 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.

Views of Responsible Official(s) Hinds County has developed a small team to reconcile the Inventory System and the Capital Assets Schedule. The team will resume its annual Internal Audits of Capital Assets, focusing primarily on construction in progress and correcting any accounting errors related to misstated financials. The county has implemented Workday software to help in calculating depreciation moving forward.

In our opinion except for the noncompliance referred to in the preceding paragraph, Hinds County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

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.

Hinds 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 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.

A handwritten signature in black ink, appearing to read "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 8, 2023

HINDS COUNTY
Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2020

Schedule 1

Our tests did not identify any purchases from other than the lowest bidder.

HINDS COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
3/19/2020	Modular Building	\$ 136,935	Williams Scotsman	Decent decree emergency

HINDS COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2020

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
01/15/2020	Security Doors	\$ 818,000	CML Security
02/18/2020	LX6000 Polograph Machine	7,045	Lafayette Instrument
05/04/2020	Express Vote Ballot Marketing Machines	386,710	Elecion Systems & Software
07/06/2020	Software	33,650	ADSI



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Hinds County, Mississippi

In planning and performing our audit of the financial statements of Hinds County, Mississippi for the year ended September 30, 2020, we considered Hinds County, Mississippi'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 Hinds County, Mississippi'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 December 8, 2023, on the financial statements of Hinds County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Board of Supervisors should strengthen controls to ensure compliance of accounting for restricted funds.

Repeat Finding No

Criteria Section 23-15-5(2)(a)(i), *Mississippi Code of 1972 Annotated*, states monies distributed by The Secretary of State from the Election Support Fund shall be held in a separate fund solely for the purpose of acquiring, upgrading, maintaining or repairing voting equipment, systems and supplies, hiring temporary technical support, conducting elections using such voting equipment or systems, employing such personnel to conduct an election, and training election officials.

Condition The Board of Supervisors deposited Election Support Funds into the General Fund.

Cause The County did not comply with state laws.

Effect Failure to correctly record restricted funds could result in misappropriation of restricted funds.

Recommendation The Board of Supervisors should create a separate fund to account for monies received from the Election Support Fund.

Views of Responsible Official(s) Going forward, the Chancery Clerk's office will be instructed to establish a separate fund for funds received from the Mississippi Secretary of State as it related to the Election Support Fund for the purpose of acquiring, upgrading, maintaining or repairing voting equipment, systems and supplies, hiring temporary technical support, conducting elections using such voting equipment or systems, employing such personnel to conduct an election, and training election officials.

2. Hinds County Board of Supervisors should Levy one mill in accordance with Section 27-39-329(2)(b).

Repeat Finding No

Criteria Section 27-39-329(2)(b), Mississippi Code of 1972 Annotated, requires counties to levy a mandatory one mill upon all taxable property of the county which may be used for any purpose for which counties are authorized by law to levy an ad valorem tax.

Condition Hinds County levied 0.88 mills for the fiscal year ending September 30, 2020, which is less than the amount required by statute.

Cause The County is not collecting the proper amount of tax revenue in the Special Ad Valorem Reappraisal Fund.

Effect This creates an insufficient balance to meet the requirements of Section 27-35-113(5)(b), Miss. Code Ann. (1972).

Recommendation The County should increase the amount levied for the Special Ad Valorem Reappraisal Fund to one mill.

Views of Responsible Official(s) The County will increase the amount levied for the Special Ad Valorem Reappraisal Fund to one mill per the MS Code.

3. Supervisors should file road inspection reports.

Repeat Finding Yes

Criteria 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.

Condition As reported in the prior 14 audit reports, such inspection reports were not prepared or filed with the Clerk of the Board by four of the five supervisors for the fiscal year ended September 30, 2020.

Cause The Supervisors did not comply with state law.

Effect Failure to inspect county roads could result in misallocation of resources.

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.

Views of Responsible Official(s)

A plan has been implemented to assure all supervisors have inspected the roads and bridges.

County Administrator

4. County Administrator should be bonded as required by state statute.

Repeat Finding No

Criteria Section 19-4-9, *Mississippi Code of 1972 Annotated*, states the county administrator shall take the official oath of office and shall give bond to the Board Of Supervisors, 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 such administrator; however, such bond shall not exceed the amount of One Hundred Thousand Dollars (\$100,000.00).

Condition The County Administrator was not bonded according to state law.

Cause The County did not comply with state law.

Effect Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The County should obtain a bond for any appointed County Administrator and ensure that the County Administrator is bonded in accordance with state law.

Views of Responsible Official(s)

Moving forward we will make sure the interim will be bonded and on the proper date.

Circuit Clerk.

5. The Circuit Clerk should document all fee journal expenses.

Repeat Finding Yes

Criteria Section 9-1-43(1), *Mississippi Code of 1972 Annotated*, states After making deductions for employer contributions paid by the chancery 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 Ninety-four Thousand, Five-Hundred Dollars (\$94,500.00). 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.

Condition There were four expenses totaling \$470.39 that did not have adequate documentation.

Cause The Circuit Clerk did not have adequate documentation for all expenses.

Effect Failure to provide adequate documentation for all expenses could result in the loss or misappropriation of public funds.

Recommendation The Circuit Clerk should establish a system of internal control and record retention to ensure that there is proper documentation to support all expenses.

Views of Responsible Official(s)

All expenses can be justified and documented. I will comply to have better records.

Road Manager

6. The Road Manager should be bonded according to state law.

Repeat Finding No

Criteria Miss. Code Ann. § 65-17-1 states that the county road manager shall receive such compensation, to be paid from the county road and bridge funds, as the board of supervisors shall determine. The county road manager, before entering upon his duties, shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty in such amount as may be approved by the board of supervisors, but not less than Fifty Thousand Dollars (\$50,000.00).

Condition The Road Manager was not bonded according to state law.

Cause The County did not comply with state law.

Effect Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The County should obtain a bond for Road Managers and ensure that the Road Manager is bonded in accordance with state law.

Views of Responsible Official(s)

Thelman Boyd, Public Works Director In the future Human Resources will ensure this is completed.

Hinds 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 entity 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 8, 2023

HINDS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HINDS COUNTY

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HINDS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major federal programs: | |
| a. AL # 20.205, Highway Planning and Construction Cluster | |
| b. AL # 90.401, Help America Vote Act Requirements Payments | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |
| 10. Prior fiscal year audit finding(s) which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | Yes |

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

Material Non-Compliance

- 2020-001.** The County should strengthen controls over the use of the credit cards and payments to ensure compliance.

HINDS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Repeat Finding	No
Criteria	<p>Section 19-3-68, Mississippi Code of 1972 Annotated, specifies the requirements governing the use of a county credit card for travel. The Chancery Clerk or Purchase Clerk shall maintain complete records of all credit card numbers and all receipts and other documentation relating to the use of such credit cards. The supervisors and County employees shall furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit card each month, and such expenditures may be allowed for payment by the County in the same manner as other items in the claims docket. The issuance of a credit card to a supervisor or county employee under the provisions of this section does not authorize the supervisor or county employee to use the credit card to make any expenditure that is not otherwise authorized by law. Any supervisor or county employee who uses the credit card to make an expenditure that is not approved for payment by the board shall be personally liable for the expenditure and shall reimburse the county.</p> <p>Section 10-112-01 of the Mississippi Procurement Manual states that balances shall be paid at the receipt of the monthly statement, once the statement has been reconciled for accuracy. Balances on credit cards shall not be carried over to the next month except on disputed claims and only for the disputed amount.</p>
Condition	During testing, it was noted that all payments of the credit card were not made timely; the credit card statement balance was not paid in full with no documentation of disputed claims; several months no payment was made when there was a balance, causing interest and fees to accrue; and an instance was noted where there was no supporting documentation of the charges.
Cause	The County failed to maintain adequate controls over the use and payment of the credit cards.
Effect	Failure to enforce these requirements could result in the misuse of the credit cards for unauthorized and un-allowed expenditures. Non-payment of the balance of the credit card in full each month resulted in the county incurring excessive amounts of late payment fees and interest.
Recommendation	The County should put controls in place to ensure that a monthly report is submitted for all credit cards itemizing the expenditures with adequate supporting documentation and that all balances are paid in full each month.
Views of Responsible Official(s)	See Corrective Action Plan.
Material Weakness	
Material Non-Compliance	
2020-002.	<u>Restricted funds should only be used for authorized purposes.</u>
Repeat Finding	No

HINDS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Criteria	Section 19-5-313(2), Mississippi Code of 1972 Annotated states, "If the proceeds generated by the emergency telephone service charge exceed the amount of monies necessary to fund the service, the board of supervisors may authorize such excess funds to be expended by the county and the municipalities in the counties to perform the duties and pay the costs relating to identifying roads, highways and streets, as provided by Section 65-7-143."
Condition	The Board of Supervisors approved interfund loans from the E-911 Fund to the Garbage and Solid Waste fund, the Jackson-Hinds Library System fund, the County Wide Road M&C fund, the County Wide Bridge M&C fund, and the County Wide Bond & Interest fund, totaling \$2,340,000.
Cause	Controls were not sufficient to prohibit the misuse of restricted funds.
Effect	Using E-911 fees for any purpose other than those authorized by Section 19-5-312 resulted in a diversion of legally restricted funds.
Recommendation	The Board of Supervisors should not approve any interfund loans or transfers to be spent for purposes other than those authorized by law.

Views of Responsible Official(s) See Corrective Action Plan.

Auditor Note Section 19-9-27, Mississippi Code of 1972 Annotated states, "the board of supervisors may borrow said money, as hereinbefore provided, from any available fund in the county treasury." Section 19-5-313(2), Mississippi Code of 1972 Annotated only allows E-911 fee revenue to be used to fund E-911 services and other cost relating to identifying roads, highways and streets, as provided by Section 65-7-143. Therefore, E-911 fee revenue is not considered available to fund garbage and solid waste collection, the Jackson-Hinds Library System, road maintenance, bridge maintenance, or to repay the county's bonded debt.

Chancery Clerk.

Significant Deficiency

2020-003. The land redemption bank account was not properly reconciled.

Repeat Finding No

Criteria An effective system of internal control over land redemption should include the proper reconciliation of land redemption releases to the bank account balance.

Condition During a cash count on 12/20/2022 we noted that the bank account was not being properly reconciled. The Chancery Clerk's reconciliation at October 31, 2022 showed an unidentified overage of \$ 246,829 and we were unable to reconcile the land redemption account as of the cash count date.

Cause The Chancery Clerk is depositing receipts for collections other than land redemption releases into the land redemption bank account.

Effect Failure to properly reconcile the land redemption bank account on a monthly basis could result in the loss or misappropriation of public funds.

HINDS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Recommendation The Chancery Clerk should only deposit land redemption releases into the land redemption bank account. Those releases should be settled by the 20th of the subsequent month. The Chancery Clerk should implement a system that ensures outstanding land redemption releases are properly reconciled to the bank account balance each month.

Views of Responsible Official(s) See Corrective Action Plan.

Circuit Clerk.

Material Weakness

Material Non-Compliance

2020-004. The Circuit Clerk should strengthen internal controls over accounting for multiple bank accounts and amounts held in custody of the court.

Repeat Finding No

Criteria Section 9-1-43(5), Mississippi Code of 1972 Annotated, requires the Circuit Clerk to maintain separate civil, criminal, and fee accounts. An effective system of internal controls over cash should include separate cash journals for individual bank accounts and maintenance of subsidiary ledgers documenting amounts held in custody for the court.

Condition The Circuit Clerk maintains nine bank accounts for the court and one for his fees. All ten accounts are comingled in the same bookkeeping system. During testing of the Circuit Clerk's year end trial balance we noted that some transactions had been misclassified in liability accounts belonging to other bank accounts. At 9/30/2020 approximately \$2,313,852 is being held in these bank accounts in custody for others. Amounts held in custody include eminent domain, cash bonds, and appeals costs.

Cause The Circuit Clerk's bookkeeping system is not set up to account for each bank account separately from the other bank accounts. He does not maintain subsidiary ledgers to document where this money came from or who it is being held for.

Effect Failure to maintain separate cash journals and a lack of subsidiary ledgers to account for amounts held in custody could result in the loss or misappropriation of public funds.

Recommendation The Circuit Clerk should account for each bank account with a separate set of self-balancing accounts. He should create accounts payable subsidiary ledgers to account for eminent domain, cash bonds, appeals costs, and any other amounts held in custody. Any unidentified funds should be settled to the Board of Supervisors. The subsidiary ledgers should be reconciled along with the cash balances to the appropriate accounts monthly.

Views of Responsible Official(s) See Corrective Action Plan.

HINDS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Tax Collector.

Material Weakness

2020-005. The Tax Collector should strengthen controls and ensure compliance over financial documentation.

Repeat Finding No

Criteria An effective system of internal control over the collection, recording and disbursement of cash in the Tax Collector's office should include proper maintenance of a cash journal, daily activity listings, daily check-up sheets, and settlement reports.

Condition During audit procedures performed in the Tax Collector's office; the auditors noted the following internal control deficiencies:

- Daily activity listing sheets for two receipts chosen were not available for inspection at time of test.
- A cash count of the Jackson office on 2/23/2023 revealed an overage of \$46,442 in the operating account. There were also several collection drawers and petty cash drawers that were not counted because the drawers were not presented to the auditors at the time of the count.
- The Tax Collector's cash journal contained errors such as carrying balances for bank accounts that were closed, a lack of continuity from end of month to beginning of month balances, and an incomplete record of collections and disbursements.
- The Tax Collector's current processes and procedures for computing monthly auto ad valorem settlements do not allow for timely and accurate reconciliation between the Marvin generated collections reports and the auto ad valorem settlement reports manually calculated by the Tax Collector's Office.

Cause Various factors contributed to the deficiencies in controls over financial documentation including a lack of timeliness in posting collections and disbursements to the Tax Collector's cash journal, an ineffective system for retaining and quickly providing documentation necessary for audit, and challenges created by the state's new system for issuing car tags.

Effect Failure to develop and monitor controls over the cash journal and settlement reports could result in errors going undetected, incorrect settlements, as well as the loss or misuse of public funds.

Recommendation We recommend the Tax Collector strengthen controls over the preparation of the cash journal and settlement reports. The Tax Collector should have settlement reports, receipt, and disbursement documentation available for audit.

Views of Responsible Official(s) See Corrective Action Plan..

Sheriff.

Significant Deficiency

2020-006. The Sheriff's unidentified funds should be settled to the Board of Supervisors.

Repeat Finding No

HINDS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Criteria	An effective system of internal controls over seized funds should include reconciliation of accounts payable records to the bank account monthly.
Condition	At 9/30/2020 the Sheriff was holding \$678,831 in seized money in two bank accounts. \$199,163 was unidentified because the recordkeeping system was compromised resulting in a loss of records documenting who the money was seized from and the disposition of the case.
Cause	Controls were not in place to safeguard the missing documentation.
Effect	Failure to properly account for seized money could result in the loss or misappropriation of public funds.
Recommendation	Unidentified money in the seizure accounts should be settled to the Board of Supervisors.

Views of Responsible Official(s) See Corrective Action Plan.

Purchase Clerk.

Material Weakness

Material-Noncompliance

2020-007. The Purchase Clerk shall be responsible for the maintenance of the central purchasing system of the County.

Repeat Finding No

Criteria Section 31-7-103, *Mississippi Code of 1972 Annotated*, requires the Purchase Clerk to maintain the central purchasing system of the County.

Condition During a test of the County's central purchasing system, we noted that purchasing documents were not properly dated and signed including possible alteration. We also noted one instance of a requisition that did not match the purchase order for the items requested for purchase.

Cause The County did not follow state law.

Effect Failure to properly complete purchase documents could result in the loss or misappropriation of public funds.

Recommendation The Purchase Clerk should ensure that purchasing documents are present, complete, prepared in order and, and in agreement with each other.

Views of Responsible Official(s) The Purchasing Clerk will ensure that the purchasing documents will be properly dated and signed with all documents be matched correctly. The County will follow state laws. The Purchasing Clerk will make sure the department documents are present, complete, prepared in order, and in agreement with each other. Please note that the Present Purchasing Clerk was not the clerk in the FYE of 09/30/2020.

HINDS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Inventory Control Clerk.

Material Weakness

Material-Noncompliance

2020-008. The County should establish and maintain effective internal controls over financial reporting of capital assets.

Repeat Finding Yes

Criteria Section 31-7-107, *Mississippi Code of 1972 Annotated*, requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal controls over capital assets should include proper recording of additions and deletions.

Condition The County's current record keeping system and accounting processes and procedures for capital assets do not allow for timely and accurate reconciliation of additions and deletions of capital assets in the proper period. Errors were identified in the capital asset schedules that were not detected by management.

Cause There are no procedures in place to reconcile construction in progress 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 possible errors.

Effect 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.

Recommendation 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.

Views of Responsible Official(s) See Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.

HINDS COUNTY

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HINDS COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN
AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

HINDS COUNTY

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ROBERT GRAHAM
District 1

DAVID L. ARCHIE
District 2

CREDELL CALHOUN
District 3



VERN O. GAVIN
District 4
President

BOBBY "BOBCAT" MCGOWAN
District 5
Vice President

KENNETH WAYNE JONES
County Administrator

CORRECTIVE ACTION PLAN

November 30, 2023

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Gentlemen:

Hinds County respectfully submits the following corrective action plan for the year ended September 30, 2020.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2020-001. Corrective Action Planned: Going forward, the cardholders will be made aware of the importance of submitting credit card receipts timely to be verified by the Chancery Clerk and the Purchase Clerk so that the credit card bills can be paid timely or document disputed claims. Also, for every docket with claims that credit cards are included, Credit Card Reports are on the Board's Agenda under Chancery Clerk Minute Insertions

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Kenneth Wayne Jones

2020-002. Corrective Action Planned: I do not agree with this finding. Yes, we made "Interfund Loans" from the E- 911 fund, but these loans were repaid with interest at the same rate as the bank interest would have been. The County did not divert these funds, the County borrowed from an internal source ("any available fund in the county treasury") as allowed under MS Code Section 19-9-27, then repaid the loan with interest, as required.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Kenneth Wayne Jones

2020-003 Corrective Action Planned: We will research the unidentified overage and turn over any remaining overages to the Board. Effective 1/17/2023, only land redemption releases **will** be deposited into the land redemption account. We will settle by the 20th day of the following month.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Eddie Jean Carr

2020-004. Corrective Action Planned: Our court docketing system maintains records of money accepted and refunded to party or attorney. All accounts are separated by type of cases that are filed. Hopefully, our court system (MEG) will provide an accounting system within the future.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Zack Wallace

2020-005. Corrective Action Planned: Since taking office as the Tax Collector of Hinds County, I have maintained an effective system of following internal controls over collections. In 20 years we have not been informed that there was a lack or deficiency in the controls or any other issues with the processes being used. I was/am certainly disappointed and concerned that issues were noted in this year's audit findings. Over the past couple of years, we lost the comptroller and the accountant who had served for the last 19 years. I'm sure the lack of experience of the current staff with a full blown audit is a contributing factor to your findings. After carefully, reviewing your findings, my team and I are working to strengthen the processes of documentation, collections, disbursement and monitoring as noted in your findings. We will provide the State Auditor's guide for internal controls shared in Collector of Revenue courses and other staff training to ensure that all clerks are aware of the expectations moving forward.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Eddie J. Fair

2020-006. Corrective Action Planned: In response to the recent finding regarding unidentifiable seized funds, I have instructed Capt. Luke to go forward with the plan to capture the unidentified cases and settle these funds to the Hinds County Chancery Clerk. The Sheriff's Fiscal Office will maintain itemized spreadsheets on each account identifying all seized funds being held by this department, including disbursements of settled cases and file a monthly report with the Chancery Clerk on each account. Further, I have instructed my Fiscal Officer to move forward with settling the Inmate account which holds unclaimed funds from the Inmate Commissary Fund. This account has been stagnant for many years and Inmate Commissary is now contracted through an outside vendor. I want to thank you for assisting this department with these issues and we look forward to working with the Office of State Auditor on future business.

Anticipate Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Tyree D. Jones

2020-007. Corrective Action Planned: The Purchasing Clerk will ensure that the purchasing documents will be properly dated and sign with all documents be matched correctly. The County will follow state laws. The Purchasing Clerk will make sure the department documents are present, complete, prepared in order, and in agreement with each other. Please note that the Present Purchasing Clerk was not the clerk in the FYE of 09/30/2020

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Kenneth Wayne Jones

2020-008. Corrective Action Planned: Hinds County has developed a small team to reconcile the Inventory System and the Capital Assets Schedule. The team will resume its annual Internal Audits of Capital Assets, focusing primarily on construction in progress and correcting any accounting errors related to misstated financials. The county has implemented Workday software to help in calculating depreciation moving forward

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Kenneth Wayne Jones

SECTION 3: FEDERAL AWARD FINDINGS

There are no findings and questioned costs related to federal awards.

Sincerely yours,



Vern O. Gavin, e.,!
Board President 2
601-968-6501

HINDS COUNTY

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ROBERT GRAHAM
District 1

DAVID L. ARCHIE
District 2

CREDELL CALHOUN
District 3

VERN O. GAVIN
District 4
President

BOBBY "BOBCAT" MCGOWAN
District 5
Vice President

KENNETH WAYNE JONES
County Administrator

Summary Schedule of Prior Audit Findings

August 12, 2021

Office of the State Auditor
P.O. Box 958
Jackson, Mississippi 39205

Gentlemen:

Hinds County respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2020.

The findings from the prior year's Schedule of Findings and Questioned Costs are discussed below. The findings are numbered with the numbers assigned in the first year of issuance. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2019-001. 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.

No corrective action has been taken at this time.

2019-002. 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.

Corrected.

SECTION 3: FEDERAL AWARD FINDINGS

There were no prior year findings and questioned costs related to federal awards.

Sincerely yours


Vern O. Gavin
Board President
601-968-8501