

HINDS COUNTY, MISSISSIPPI

PRIMARY GOVERNMENT FINANCIAL STATEMENTS AND SPECIAL REPORTS

FOR THE YEAR ENDED SEPTEMBER 30, 1999



**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

HINDS COUNTY

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HINDS COUNTY

FINANCIAL SECTION



**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Hinds County, Mississippi

We have audited the accompanying primary government financial statements of Hinds County, Mississippi, as of and for the year ended September 30, 1999, as listed in the table of contents. These primary government financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these primary government financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the primary government of Hinds County, Mississippi, as of September 30, 1999, and the results of its operations and cash flows of its Nonexpendable Trust Fund for the year then ended, in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of component units of Hinds County, Mississippi, do not purport to, and do not present fairly the financial position of Hinds County, Mississippi, as of September 30, 1999, and the results of its operations and cash flows of its Nonexpendable Trust Fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 1, 2000, on our consideration of Hinds County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Bonds, Finley, White & CO.

May 1, 2000

HINDS COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

EXHIBIT A

Fiduciary Fund Type	Account	Groups	Totals
Trust and Agency	General Fixed Assets	General Long-Term Debt	Memorandum Only Primary Government
170,962	-	-	\$ 19,400,071
12,101	-	-	27,773
-	-	-	1,748,599
125,137	-	-	552,230
-	-	-	40,000
-	-	-	5,048,900
-	71,819,601	-	71,819,601
-	-	373,945	373,945
-	-	33,880,654	33,880,654
308,200	71,819,601	34,254,599	\$ 132,891,773
-	-	-	\$ 1,524,735
-	-	-	4,563
90,134	-	-	90,134
144,939	-	-	2,505,054
-	-	-	552,230
-	-	-	40,000
-	-	-	4,015,000
-	-	-	1,033,900
-	-	-	688,636
-	-	1,485,419	1,485,419
-	-	6,600	6,600
-	-	29,635,000	29,635,000
-	-	1,350,000	1,350,000
-	-	594,669	594,669
-	-	1,182,911	1,182,911
235,073	-	34,254,599	44,708,851
-	71,819,601	-	71,819,601
-	-	-	40,000
-	-	-	373,945
20,365	-	-	20,365
52,762	-	-	15,929,011
73,127	71,819,601	-	88,182,922
308,200	71,819,601	34,254,599	\$ 132,891,773

EXHIBIT B

Fiduciary Fund Type Expendable Trust	Totals Memorandum Only Primary Government
-	\$ 34,752,591
-	4,532,539
-	980,631
-	11,343,089
-	4,363,765
361	1,530,663
201,346	1,411,111
<u>201,707</u>	<u>58,914,389</u>
-	18,653,501
-	17,882,296
-	8,303,475
201,156	4,609,505
-	1,115,632
-	694,763
-	3,053,623
-	1,411,095
-	2,530,046
-	2,064,473
-	50,557
<u>201,156</u>	<u>60,368,966</u>
<u>551</u>	<u>(1,454,577)</u>
-	210,000
-	209,202
-	650,000
-	6,917
-	5,850,273
-	(357,910)
<u>-</u>	<u>6,568,482</u>

EXHIBIT B

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals Memorandum Only Primary Government</u>
551	5,113,905
<u>52,211</u>	<u>11,229,051</u>
<u>52,762</u>	<u>\$ 16,342,956</u>

EXHIBIT C

Special	Revenue	Funds
Budget	Actual	Variance Favorable (Unfavorable)
6,072,248	5,965,409	(106,839)
2,358,140	2,382,045	23,905
9,500	8,057	(1,443)
8,959,493	5,574,370	(3,385,123)
1,969,082	2,119,698	150,616
420,714	539,696	118,982
262,234	346,393	84,159
<u>20,051,411</u>	<u>16,935,668</u>	<u>(3,115,743)</u>
145,000	30,325	114,675
6,494,731	3,415,655	3,079,076
7,549,505	7,824,848	(275,343)
1,531,781	1,410,180	121,601
1,333,093	1,140,604	192,489
50,589	-	50,589
5,739,628	2,453,636	3,285,992
-	-	-
-	963,412	(963,412)
-	15,943	(15,943)
<u>22,844,327</u>	<u>17,254,603</u>	<u>5,589,724</u>
(2,792,916)	(318,935)	2,473,981
<u>146,001</u>	<u>419,848</u>	<u>273,847</u>
(2,646,915)	100,913	<u>2,747,828</u>
<u>11,273,945</u>	<u>6,502,858</u>	
<u>8,627,030</u>	<u>6,603,771</u>	

EXHIBIT C

Capital	Projects	Funds
Budget	Actual	Variance Favorable (Unfavorable)
-	-	-
-	-	-
-	-	-
-	-	-
1,161,038	1,161,037	(1)
-	31	31
-	-	-
<u>1,161,038</u>	<u>1,161,068</u>	<u>30</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,756,449	1,210,308	3,546,141
-	-	-
-	-	-
<u>4,756,449</u>	<u>1,210,308</u>	<u>3,546,141</u>
(3,595,411)	(49,240)	3,546,171
<u>3,595,411</u>	<u>-</u>	<u>(3,595,411)</u>
-	(49,240)	<u>(49,240)</u>
19,126	-	
<u>19,126</u>	<u>(49,240)</u>	

EXHIBIT D

HINDS COUNTY
Statement of Revenues, Expenses and Changes in Fund Balance -
Health Foundation - Nonexpendable Trust Fund
For the Year Ended September 30, 1999

OPERATING REVENUES	
Interest Income	\$ 304,864
Miscellaneous revenues	256,223
TOTAL REVENUES	<u>561,087</u>
OPERATING EXPENSES	
Indigent health care expense	<u>170,911</u>
OPERATING INCOME (LOSS)	<u>390,176</u>
NONOPERATING REVENUES (EXPENSES)	
Operating transfers out	<u>(5,492,363)</u>
NET INCOME (LOSS)	(5,102,187)
FUND BALANCES	
Beginning of Year	<u>5,122,552</u>
End of Year	<u>\$ 20,365</u>

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

EXHIBIT E

HINDS COUNTY
Statement of Cash Flows -
Health Foundation - Nonexpendable Trust Fund
For the Year Ended September 30, 1999

Cash Flows from Operating Activities	
Miscellaneous revenues	\$ 256,223
Indigent health care cash payments	(170,911)
	<u>85,312</u>
Cash Flows from Investing Activities	
Interest income received	<u>304,864</u>
Cash Flows from Nonoperating Financing Activities	
Operating transfers out	<u>(5,492,363)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(5,102,187)</u>
Cash and Cash Equivalents at Beginning of Year	<u>5,122,552</u>
Cash and Cash Equivalents at End of Year	<u>\$ 20,365</u>
Reconciliation of Operating Income to Net Cash Provided	
(Used) by Operating Activities	
Operating income (loss)	\$ 390,176
Adjustments to reconcile operating income to net	
cash provided (used) by operating activities:	
Interest income	<u>(304,864)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 85,312</u>

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

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

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

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

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

B. Basis of Presentation

The accompanying financial statements of the primary government have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. However, the primary government financial statements, because they do not include the financial data of the county's component units, do not present fairly, in all material respects, the financial position and results of operations and cash flows of its Nonexpendable Trust fund for the entire reporting entity.

C. 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 1994 by the Government Finance Officers Association and the Mississippi County Financial Accounting Manual as revised in 1993 by the Office of the State Auditor.

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The financial activities of the county are recorded in individual funds and account groups used to report financial position and results of operations. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. An account group is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in funds because they do not directly affect net expendable available financial resources. The following fund categories, which are further subdivided into separate "fund types", are utilized by the county:

GOVERNMENTAL FUND TYPES

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

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

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

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

FIDUCIARY FUND TYPES

Expendable Trust Funds – These funds are used to account for assets held by the county in a formal trustee capacity where the principal and income may be expended in the course of designated operations.

Nonexpendable Trust Fund – This fund is used to account for assets held by the county in a formal trustee capacity where only income derived from trust principal may be expended in the course of designated operations. Principal must be preserved intact.

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.

ACCOUNT GROUPS – The General Fixed Assets Account Group is used to account for general fixed assets. The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities.

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basis of Accounting/Measurement Focus

Governmental Fund Types and Expendable Trust and Agency Funds – All Governmental Funds and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all Governmental Fund Types, Expendable Trust Funds and Agency Funds. Under this method, revenues are recognized in the accounting period in which they become both available and measurable to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current year or soon enough after year end to liquidate liabilities existing at the end of the year. Expenditures are recognized in the accounting period in which the fund liability is incurred. Modifications to the accrual basis of accounting include:

- Licenses, fees, fines and forfeits and other miscellaneous revenues are recognized when received since they normally are only measurable at that time.
- Property taxes are recognized as revenue when received because the remaining delinquent property taxes not collected before the close of the fiscal year are considered immaterial. See Note 1K for further explanation.
- Principal and interest on general long-term debt are recognized when due.
- Obligations for accumulated unpaid employee benefits are recognized when paid.

Nonexpendable Trust Funds – Nonexpendable Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated in the fund balance for Nonexpendable Trust Funds. The accrual basis of accounting is utilized by Nonexpendable Trust Funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

F. Cash 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.

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. Receivables

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

H. Interfund Receivables/Payables

Transactions between funds that are representative of short-term lending/borrowing arrangements, and that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "interfund receivables/payables." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds are offset by a fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources.

I. Fixed Assets

Fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in Governmental Funds and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are stated at cost where historical records are available and at an estimated historical cost where no historical records exist. The extent to which fixed assets costs have been estimated and the methods of estimation are not readily available. Donated assets are valued at 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 general fixed assets. Public domain (infrastructure) fixed assets consisting of certain improvements other than buildings, such as roads, bridges, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the county, are not capitalized. Depreciation is not provided on general fixed assets.

J. Fund Equity

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

K. 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.

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Generally accepted accounting principles require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue when received. Real property taxes are recognized as revenue when received because most delinquent real property taxes are collected by selling real property for taxes, together with all fees, penalties and damages accruing until date of sale, before the close of the fiscal year. The remaining amount of real property not sold for taxes at the tax sale is considered immaterial; therefore, no end of year delinquent taxes receivable is recorded. The amount of delinquent personal property taxes unpaid at year end is also considered immaterial. 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.

L. 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.

M. 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. Generally accepted accounting principles require accrual of accumulated unpaid employee benefits in Governmental Funds to the extent that they are to be paid with current assets and the remainder of the liability to be reported in the General Long-term Debt Account Group, representing the county's commitment to fund such costs from future operations. Due to immateriality, the current portion of the liability was not estimated and reported in the Governmental Funds. Therefore, the county's full liability in the amount of \$1,485,419 for accumulated unpaid personal leave up to a maximum of 30 days per employee is reported in the General Long-term Debt Account Group of the accompanying combined balance sheet.

N. Total Column on Primary Government Financial Statements

The total column on the primary government financial statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate analysis. Data in this column does not present financial position and results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, Tax Assessor and the 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 encumbered 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. Budget/GAAP Reconciliation

The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances:

Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget (Cash Basis) -	\$4,604,794	100,913	319,324	\$(49,240)
Increase (Decrease)				
Net adjustment for revenue accruals	37,590	(360,626)	15,435	226,086
Net adjustment for expenditure accruals	<u>455,903</u>	<u>(59,979)</u>	-	<u>(176,846)</u>
	<u>\$5,098,287</u>	<u>(319,692)</u>	<u>334,759</u>	<u>\$ -</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

The carrying amount of the county's total deposits with financial institutions at September 30, 1999, was \$ 4,750,514 and the bank balance was \$7,797,107. The bank balance is categorized below to reflect the level of credit risk assumed by the county at year end.

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

	<u>Bank Balance</u>
Amount federally insured or collateralized with securities held by the county or its agent in the county's name.	\$ 152,898
Amount collateralized with securities held by the pledging financial institutions' trust department or agent in the county's name.	<u>7,644,209</u>
Total Bank Balance	<u>\$7,797,107</u>

Investments

The county's investments at year end are shown below. All of the county's investments are uninsured and unregistered and are held by the counterparty's trust department or by its agent in the county's name.

	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. government securities	\$ 20,365	\$ 20,365
Repurchase agreements	<u>14,629,192</u>	<u>14,629,192</u>
Total	<u>\$14,649,557</u>	<u>\$14,649,557</u>

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at September 30, 1999, consists of the following:

Interfund Receivable/Payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Garbage and solid waste	General Fund	\$ 31,113
Volunteer fire department	General Fund	7,047
Countywide road	General Fund	219,670
Countywide bridge	General Fund	17,931
Jackson-Hinds library system	General Fund	18,230
Hinds mental health	General Fund	17,646
Rankin/Hinds flood district	General Fund	3
Countywide bond and interest	General Fund	54,621
Junior College	General Fund	125,137
Local Law Enforcement Block Unit	General Fund	27,762
Youth Detention Center	General Fund	30,200
Christian In Action	General Fund	<u>2,870</u>
Total		<u>\$552,230</u>

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES (Continued)

Advances to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	DEQ Waste Tire Grant	\$40,000

NOTE 5 – FIXED ASSETS

Changes in the General Fixed Assets Account Group at September 30, 1999, are as follows:

	<u>Balance</u> <u>Oct. 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Sept. 30, 1999</u>
Governmental Funds:					
Land	\$2,462,033	-	-	-	\$2,462,033
Buildings	46,392,689	23,941	-	160,187	46,576,817
Improvements other than Buildings	510,963	-	-	-	510,963
Mobile equipment	8,695,251	935,644	853,750	-	8,777,145
Other furniture and equipment	8,010,393	1,442,970	598,180	-	8,855,183
Leased property under capital Leases	2,667,700	43,565	155,880	(19,003)	2,536,382
Construction in Progress	<u>713,924</u>	<u>1,387,154</u>	<u>-</u>	<u>-</u>	<u>2,101,078</u>
Total	<u>\$69,452,953</u>	<u>3,833,274</u>	<u>1,607,810</u>	<u>141,184</u>	<u>\$71,819,601</u>

The adjustments to the General Fixed Assets Group of accounts; as shown in the Schedule above; were made to complete the corrections related to the year ended September 30, 1997 in which a disclaimer of opinion was issued because of not maintaining adequate subsidiary records documenting the completeness and valuation of general fixed assets.

NOTE 6 – CLAIMS AND JUDGMENTS

Risk Financing

The county finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county purchases commercial insurance to cover all claims in excess of premium contributions.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Changes in the balances of claims liabilities during the year are as follows:

Unpaid Claims – Beginning of Fiscal Year	\$ 32,152
Plus: Incurred Claims (Including IBNRs)	150,604
Less: Claims Payments	<u>176,156</u>
Unpaid Claims – End of Fiscal Year	<u>\$ 6,600</u>

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 7 - CAPITAL LEASES

As Lessor:

The county leases the following property with varying terms and options as of September 30, 1999:

<u>Classes of Property</u>	<u>General Fixed</u>
Building	<u>Assets Group</u>
	<u>\$5,000,000</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 1999, are as follows:

Year Ending September 30:	<u>General</u>
	<u>Long-term</u>
	<u>Debt Group</u>
2000	\$ 335,450
2001	334,000
2002	337,400
2003	335,500
2004	338,450
Later Years	<u>3,368,100</u>
	5,048,900
Total Minimum Lease Receivables	
Less: Amount representing interest	<u>1,033,900</u>
Present Value of Net Minimum Lease Receivables	<u>\$4,015,000</u>

As Lessee:

The county is obligated for the following assets acquired through capital leases as of September 30, 1999:

<u>Classes of Property</u>	<u>General Fixed</u>
Mobile equipment	<u>Assets Group</u>
	<u>\$2,536,382</u>

The future minimum lease payments together with the present value of the net minimum lease payables as of September 30, 1999 are as follows:

Year Ending September 30:	<u>General</u>
	<u>Long-term</u>
	<u>Debt Group</u>
2000	<u>\$ 653,538</u>
Total Minimum Lease Payments	653,538
Less: Amount representing interest	<u>58,869</u>
Present Value of Net Minimum Lease Payments	<u>\$ 594,669</u>

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 8 – LONG TERM DEBT

Debt outstanding as of September 30, 1999, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
General Long-term Debt Account Group:			
A. General Obligation bonds:			
Detention center	\$ 5,835,000	6 to 8.5	3-1-11
Industrial park 1994	5,475,000	7.8 to 9	7-15-14
1994 refunding bonds	14,310,000	3.75 to 6.25	3-1-11
Double G Coating bonds	<u>4,015,000</u>	3.0	5-11-14
Total General Obligation Bonds	<u>\$29,635,000</u>		
B. Capital Leases:			
Road equipment	<u>\$594,669</u>	5.38	8/30/00
C. Grant Obligations:			
JRA-MCCA tower parking	700,000	2 to 10.29	8/1/09
JRA-Medical Mall	<u>650,000</u>	4.1 to 5.7	11/1/03
Total Grant Obligations	<u>\$1,350,000</u>		
D. Other Loans:			
Voting machine repair	\$ 44,693	5.4	3/31/00
Metro parkway project	200,669	0	12/1/05
Document imaging/computer Equipment	<u>937,549</u>	4.74	8/4/02
Total Other Loans	<u>\$1,182,911</u>		

Annual debt service requirements to maturity for the following debt reported in the General Long-Term Debt Group are as follows:

<u>Year Ending September 30</u>	<u>Bonds</u>	<u>Grants</u>	<u>Loans</u>	<u>Total</u>
2000	3,458,051	165,050	418,374	4,041,475
2001	3,444,421	164,540	371,267	3,980,228
2002	3,434,379	168,453	371,267	3,974,099
2003	3,405,779	161,778	28,667	3,596,224
2004	3,394,879	160,043	28,667	3,583,589
Later Years	<u>25,594,213</u>	<u>1,106,401</u>	<u>57,334</u>	<u>26,757,948</u>
Total	42,731,722	1,926,265	1,275,576	45,933,563
Less: Amount representing interest	<u>13,096,722</u>	<u>576,265</u>	<u>92,665</u>	<u>13,765,652</u>
Total at Present Value	<u>\$29,635,000</u>	<u>1,350,000</u>	<u>1,182,911</u>	<u>\$32,167,911</u>

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 8 – LONG TERM DEBT (Continued)

Legal Debt Margin – The amount of general obligation bonded debt that can be incurred by the county is limited by state statute. Total outstanding general obligation bonded 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, 1999, the amount of outstanding general obligation bonded debt was equal to 2.33% of the latest property assessments.

Prior Year Defeasance of Debt – In prior years, the county defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county's financial statements. On September 30, 1999, \$4.39 million of bonds outstanding were considered defeased.

The following changes occurred in liabilities reported at year end:

<u>Styling</u>	<u>Balance Oct. 1, 1998</u>	<u>Addition</u>	<u>Reductions</u>	<u>Balance Sept. 30, 1999</u>
General Long-term Debt Account Group:				
Compensated absences	\$ 1,512,459	-	27,040	\$ 1,485,419
Claims and judgments	32,152	-	25,552	6,600
General obligations bonds	31,200,000	-	1,565,000	29,635,000
Grant obligations	745,000	650,000	45,000	1,350,000
Capital leases	1,158,978	-	564,309	594,669
Other loans	<u>1,538,648</u>	<u>-</u>	<u>355,737</u>	<u>1,182,911</u>
Total	<u>\$36,187,237</u>	<u>650,000</u>	<u>2,582,638</u>	<u>\$34,254,599</u>

NOTE 9 – 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. Accordingly, 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.

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 9 – CONTINGENCIES (Continued)

Contingent Liability – The county is contingently liable for certain obligations which are repaid by the Jackson Redevelopment Authority (JRA). The principal amount of such debt outstanding at year end consists of the following:

	Balance
	<u>September 30, 1999</u>
JRA-Urban Renewal-Jackson State	\$5,300,000

NOTE 10 – NO COMMITMENT DEBT (Not Included in Financial Statements)

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the county's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the county other than possibly an agreement to assist creditors in exercising their right in the event of default. Because a default may adversely affect the county's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

	Balance
	<u>September 30, 1999</u>
Industrial revenue bonds and notes	\$58,396,500

NOTE 11 – JOINT VENTURES

Hinds 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 for city and county residents and is governed by 14 board members with each entity appointing seven members. By contractual agreement, the county's appropriation from the Jackson-Hinds Library System Fund to the joint venture amounted to \$1,119,076. Complete financial statements for the Jackson-Hinds Library System can be obtained from 400 North State Street, Jackson, Mississippi 39201.

Note 12 – JOINTLY GOVERNED ORGANIZATIONS

The county participates in the following jointly governed organizations

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Hinds County Board of Supervisors appoints three of the 33 members of the Planning and Development District. The county appropriated approximately \$53,104 for the maintenance and support of the district in fiscal year 1999.

Hinds Community College operates in a district composed of the Counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Hinds County Board of Supervisors appoints five of the 15 board members. The county appropriated approximately \$6,585,130 for maintenance and support of the college in fiscal year 1999.

HINDS COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 1999

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

Hinds County Human Resource Agency, Inc. operates in a district composed of Hinds County, private citizens and local civic organizations. The Hinds County Board of Supervisors appoints five of the 15 members of the agency. The county appropriated approximately \$200,000 for maintenance and support of the agency in fiscal year 1999.

NOTE 13 – 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. During the year, there were no appropriations to this organization by the county.

NOTE 14 – DEFINED BENEFIT 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. Benefit provisions are established by state law 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.

Funding Policy – PERS members are required to contribute 7.25% of their annual covered salary and the county is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members 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, 1999, 1998 and 1997 were \$1,990,594, \$1,973,964 and \$1,871,534, respectively, equal to the required contributions for each year.

HINDS COUNTY

SUPPLEMENTAL INFORMATION

HINDS COUNTY
Schedule of Expenditure of Federal Awards
For the Year Ended September 30, 1999

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Federal Revenues	Federal Expenditures
<u>U.S. Department of Labor</u>					
Direct Program:					
Welfare to Work	17.253	Y-7198-9-00- 81-60	\$ 3,294,191	376,475	\$ 376,475
Pass-through the Mississippi Department of Economic and Community Development Job Training Partnership Act Program					
Title II-A (77%)	17.250	3359	677,981	352,587	352,587
Title II-B	17.250	3357		(2,416)	(2,416)
Title III (60%) dislocated	17.246	3124		307,473	307,473
Title III (40%) dislocated	17.246	3125		132	132
Title II-C	17.250	3361 & 3325		176,429	176,429
Title II-A (5%)	17.250	3360		15,719	15,719
Title II-A (70%) Fund	17.250	3349	499,937	13,859	13,859
Title II-A (6%)	17.250	3353		(486)	(486)
Title II-B	17.250	3347	478,453	316	316
Title II-C	17.250	3351 & 3348	256,957	13,141	13,141
Title III (60%)	17.250	3121	575,740	12,214	12,214
Title III (40%)	17.250	3122	30,000	3,887	3,887
Title II-A (5%)	17.250	3350	38,988	568	568
JTPA General Adm.	17.250	Not available		63,915	63,915
Title II A (77%)	17.250	3331	584,596	151,333	151,333
Title II-B	17.250	3367		497,099	497,099
Title III (60%)	17.250	3112	835,808	75,374	75,374
Title II-C	17.250	3332	122,039	42,325	42,325
Title II-A (5%)	17.250	3329	45,592	1,675	1,675
Title II-A (77%)	17.250	3335	648,062	69,329	69,329
Title II-A (6%)	17.250	3338	42,506	1,994	1,994
Title III (60%) dislocated	17.246	3115	572,605	15,049	15,049
Title II-C	17.250	3337	345,975	5,792	5,792
Title II-A (5%)	17.250	3340		3,741	3,741
JTPA General Adm.	17.250	Not available		(7,954)	(7,954)
JTPA General Adm.	17.250	Not available	-	11,840	11,840
			<u>5,755,239</u>	<u>1,824,935</u>	<u>1,824,935</u>
Total U.S. Department of Labor			<u>9,049,430</u>	<u>2,201,410</u>	<u>2,201,410</u>

HINDS COUNTY
Schedule of Expenditure of Federal Awards
For the Year Ended September 30, 1999

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program or Award Amount</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
U.S. Department of Justice					
Direct Program:					
Local Law Enforcement Block Grant	16.592	1997-LBVX4310	\$ 11,937	11,937	11,937
Pass through City of Jackson Local Law Enforcement Block Grant	16.592	1997-LBVX4310	537,396	537,394	537,394
			<u>549,333</u>	<u>549,331</u>	<u>549,331</u>
Pass-through the Mississippi Department of Public Safety					
DUI		9J7125-1	33,524	28,887	28,887
DUI		8J7125-1	41,393	29,613	29,613
			<u>-</u>	<u>58,500</u>	<u>58,500</u>
Victims witness grant	16.540	8VA1251	42,335	7,520	7,520
Victims witness grant	16.540	7VA1252	44,536	28,747	28,747
Christains In Action	16.540	6NW1251	24,373	206	206
Christains In Action	16.540	7NW1251	37,249	35,683	35,683
			<u>148,493</u>	<u>72,156</u>	<u>72,156</u>
Stop Violence Against Women	16.588	8SL1251	45,901	4,962	4,962
Stop Violence Against Women	16.588	7SL1251	34,590	22,896	22,896
			<u>80,491</u>	<u>27,858</u>	<u>27,858</u>
D. A. R. E.		8DF-580-1	34,997	32,524	32,524
Total U.S. Department of Justice			<u>813,314</u>	<u>740,369</u>	<u>740,369</u>

HINDS COUNTY
Schedule of Expenditure of Federal Awards
For the Year Ended September 30, 1999

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Federal Revenues	Federal Expenditures
Executive Office of the President- Office of National Drug Control Policy					
Direct Program:					
High Intensity Drug Traffing Area	16.728	18PGCP512	\$ 17,510	10,295	\$ 10,295
High Intensity Drug Traffing Area	16.728	19PGCP532	31,136	6,482	6,482
			<u>48,646</u>	<u>16,777</u>	<u>16,777</u>
U. S. Department of Health and Human Services					
Pass-through the Mississippi Department of Human Services					
Special Program for the Aging- Title III B	93.044	377Y21	20,243	(1,468)	(1,468)
Special Program for the Aging- Title III B	93.044	377Z21	3,831	3,345	3,345
Total U.S. Department of Health and Human Services			<u>24,074</u>	<u>1,877</u>	<u>1,877</u>
U. S. Department of Housing and Urban Development					
Pass-through the Mississippi Department of Economic and Community Development Community Development Block Grant:					
Home Program	14.218	M98-SG-28- 025-1210	334,000	53,365	53,365
Total U.S. Department of Housing and Urban Development			<u>334,000</u>	<u>53,365</u>	<u>53,365</u>

HINDS COUNTY
 Schedule of Expenditure of Federal Awards
 For the Year Ended September 30, 1999

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Federal Revenues	Federal Expenditures
<u>U. S. Department of Environmental Control</u>					
Pass-through the Mississippi Department of Environmental Quality					
Waste Tire Grant	66.708	WT071-062297	\$ 96,000	29,131	\$ 29,131
Solid Waste Assistance	66.708	SWC014-980723	96,793	62,500	62,500
Solid Waste Assistance	66.708	SW031-032698	16,650	5,043	5,043
Total U.S. Department of Environmental Control			<u>209,443</u>	<u>96,674</u>	<u>96,674</u>
Total Expenditures of Federal Awards			<u>\$ 10,478,907</u>	<u>3,110,472</u>	<u>\$ 3,110,472</u>

HINDS COUNTY

SPECIAL REPORTS



**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

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

Member of the Board of Supervisors
Hinds County, Mississippi

We have audited the primary government financial statements of Hinds County, Mississippi, as of and for the year ended September 30, 1999, and have issued our report thereon dated May 1, 2000. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hinds County, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we considered to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Hinds County, Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 99-1 through 99-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks, Finley, White & Co.

May 1, 2000



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Member of the Board of Supervisors
Hinds County, Mississippi

Compliance

We have audited the compliance of Hinds County, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 1999. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hinds County, Mississippi's management. Our responsibility is to express an opinion on Hinds County, Mississippi' compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on Hinds County, Mississippi's compliance with those requirements.

As described in items 99-4 and 99-5 in the accompanying Schedule of Findings and Questioned Costs, Hinds County, Mississippi did not comply with the requirement of subrecipient auditing that is applicable to its Job Training Partnership Act Program. Compliance with such requirement is necessary, in our opinion, for Hinds County, Mississippi, to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Hinds County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1999.

Internal Control Over Compliance

The management of Hinds County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hinds County, Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks, Finley, White & Co.

May 1, 2000



INDEPENDENT AUDITOR'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 made a study and evaluation of the central purchasing system and inventory control system of Hinds County, Mississippi, as of and for the year ended September 30, 1999. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

The Board of Supervisors of Hinds County, Mississippi, is responsible for 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). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). 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 evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Hinds County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

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 study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.

This report intended for use in evaluating the central purchasing system and inventory control system of Hinds County, Mississippi, and is not intended to be and should not be relied upon for any other purpose.

Banks, Finley, White & Co.

May 1, 2000

SCHEDULE 1

HINDS COUNTY
Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 1999

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

SCHEDULE 2

HINDS COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 1999

Our test results did not identify any emergency purchases.

SCHEDULE 3

HINDS COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 1999

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
3/23/99	Promotional T Shirts	\$4,908	National Association Town Watch
9/17/99	APCO License Fee	8,600	APCO



**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS

Members of the Board of Supervisors
Hinds County, Mississippi

We have audited the primary government financial statements of Hinds County, Mississippi, as of and for the year ended September 30, 1999, and have issued our report thereon dated May 1, 2000. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. We conducted our audit in accordance with generally accepted auditing standards and the procedures prescribed by the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the State Legal Compliance Audit Program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. 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.

With respect to the items tested, the results of those procedures and our audit of primary government financial statements disclosed no instances of noncompliance with state laws and regulations other than those discussed in the Schedule of Findings and Questioned Costs.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks, Finley, White & Co.

May 1, 2000

HINDS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HINDS COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 1999

Section 1: Summary of Auditor's Results

1. An unqualified opinion was issued on the primary government financial statements.
2. The audit of the primary government financial statements did not disclose any material weaknesses in internal control over financial reporting. As described in Section 2 of this schedule, reportable conditions in internal control over financial reporting were disclosed by the audit of the primary government financial statements.
3. The audit did not disclose any noncompliance which is material to the primary government financial statements.
4. The audit did not disclose any material weaknesses in internal control over major programs.
5. An unqualified opinion was issued on compliance over all major federal award programs, except for the Job Training Partnership Act Program, which was qualified.
6. The audit disclosed audit findings which are required to be reported under section 510(a) of OMB Circular A-133. These findings are described in Section 3 of this schedule.
7. The programs tested as major programs included: Job Training Partnership Act, CFDA numbers 17.246 and 17.250, Local Law Enforcement Block Grant, CFDA number 16.592 and U.S. Department of Commerce Grant for Public Works, CFDA number 11.300.
8. The threshold for distinguishing Types A and Type B programs was \$300,000.
9. Hinds County, Mississippi, was not determined to be a low-risk auditee.

Section 2: Financial Statements Findings

Chancery Clerk's Office

99-1 Finding

During our review of the mineral stamps of the Raymond office, we noted that the settlement made in January 1999 was under by \$44.00. This shortage in settlement was due to the clerk recording the sale of eleven (11) \$5.00 stamps as \$11.00.

Recommendation

The \$44.00 shortage in settlement for the month of January 1999 should be remitted to the county.

HINDS COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 1999

Sheriff's Office

99-2 Finding

During our review and count of the imprest petty cash funds of the sheriff's office we noted that the funds were not maintained at their authorized amounts. Details are as follows:

	<u>Vice and Narcotic Fund</u>	<u>Special Account</u>
Funds authorize	\$10,000.00	\$3,000.00
Funds on hand per count	<u>8,253.68</u>	<u>2,438.88</u>
Shortage	<u>\$ 1,746.32</u>	<u>\$ 561.12</u>

Recommendation

Procedures should be adopted to ensure that the imprest petty cash funds are maintained at the authorized amounts.

Inventory Control Clerk

99-3 Finding

The inventory records of the inventory department were not reconciled with the inventory records of the finance department. Both records represent the inventory of fixed assets of Hinds County and should be reconciled during the year and at year end.

Recommendation

The complete inventory of fixed assets records of the inventory department should be reconciled with the fixed assets records of the finance department. The two records should both include: Asset number, location of the asset, description of the item, date added to the inventory, date of purchase, cost, and any transfers. The records should be reconciled at periodic intervals and agreed at year end.

Section 3: Federal Award Findings and Questioned Costs

Job Training Partnership Act Program – CFDA Nos. 17.246 and 17.250

99-4 Finding

As reported in the prior year audit report, the Private Industry Council of Hinds County had one (1) subrecipient with expenditures that exceeded \$300,000 for the program year ended June 30, 1999 that did not have a timely issued audit report in accordance with OMB Circular A-133. The lack of timely issued audit reports prevents the council from issuing timely management decisions on the audits and requiring the subrecipient to take timely corrective actions on deficiencies identified in the audit.

HINDS COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 1999

Recommendation

The Private Industry Council should require its subrecipient's with expenditures in excess of \$300,000 to submit timely audit reports in accordance with OMB Circular A-133 requirements.

Welfare to Work – CFDA No. 17.253

99-5 Finding

The county is not submitting the Quarterly Progress Report to the Department of Labor within 30 days after the end of the calendar quarter as required by the special conditions of the grant agreement. No progress report were submitted during the audit period.

Recommendation

The Quarterly Progress Reports should be filed with the Department of Labor in accordance with the special conditions of the grant.

HINDS COUNTY

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

CHARLES BARBOUR
District 1
Vice President

DOUGLAS "DOUG" ANDERSON
District 2
President

PEGGY HOBSON CALHOUN
District 3



RONNIE CHAPPELL
District 4

GEORGE S. SMITH
District 5

EUGENE L. McLEMORE, J.D.
County Administrator

AUDITEE'S CORRECTIVE ACTION PLAN

May 23, 2000

Office of the State Auditor
3750 I-55 North Frontage Road
Jackson, MS 39211

Gentlemen:

Hinds County respectfully submits the following corrective plan for the year ended September 30, 1999.

The finds 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

Ref.#

99-1 1. Name of Contact Person Responsible for Corrective Action:

L. Glynn Pepper, Chancery Clerk

2. Corrective Action Planned

The error has been corrected and the money has been settled to the County.

3. **Anticipated Completion Date:**

The noted error has been corrected already (5/22/2000)

99-2 1. **Name of Contact Person Responsible for Corrective Action:**

Gene Beck , Fiscal Officer for Sheriff's Office

2. **Corrective Action Planned**

The Sheriff's office will submit to the County vouchers for reimbursements to the petty cash account timely in order to maintain the required cash in the respective petty cash funds.

3. **Anticipated Completion Date:**

This procedure will start immediately.

99-3 1. **Name of Contact Person Responsible for Corrective Action:**

James Ingram or Carolyn Hinton

2. **Corrective Action Planned:**

The inventory records are being reconciled for the period in question immediately. The records on the computer which are maintained by the inventory department are compared to the listing given to the budget and finance director for any discrepancies. The differences will be adjusted.

3. **Anticipated Completion Date:**

August 31, 2000.

Section 3: Federal Awards Findings:

99-4 1. **Name of Contact Person Responsible for Corrective Action:**

Sam Mozee

2. **Corrective Action Planned:**

The subrecipient that did not provide a timely audit report is currently in the process of an audit and the report will be forwarded. The Private Industry Council is requiring all subrecipients to submit audit reports timely in accordance with OMB Circular A-133.

3. **Anticipated Completion Date:**

June 30, 2000

99-5

1. **Name of Contact Person Responsible for Corrective Action:**

Patricia Neal or Sam Mozee

2. **Corrective Action Planned:**

The Hinds County Staff will comply with the special conditions of the grant agreement. The staff will submit quarterly reports to the Department of Labor within 30 days after each calendar quarter.

3. **Anticipated Completion Date:**

June 30, 2000

Sincerely,



Carolyn S. Hinton, Budget/Accounting Coordinator

cc: Dr. Eugene McLemore, County Administrator

CHARLES BARBOUR
District 1
Vice President

DOUGLAS "DOUG" ANDERSON
District 2
President

PEGGY HOBSON CALHOUN
District 3



RONNIE CHAPPELL
District 4

GEORGE S. SMITH
District 5

EUGENE L. McLEMORE, J.D.
County Administrator

May 23, 2000

Office of the State Auditor
3750 I-55 North Frontage Road
Jackson, MS 39211

Gentlemen:

The Hinds County Board of Supervisors respectfully submit the following summary schedule of prior audit findings. The schedule reports the status of all audit findings relative to federal award programs for the year ended September 30, 1998.

1. **Finding**

The Private Industry Council of Hinds County had one (1) subrecipient with expenditures that exceeded \$300,000 for the program year ended June 30, 1998 that did not have a timely issued audit report in accordance with OMB Circular A-133. The lack of timely issued audit reports prevents the council from issuing timely management decisions on the audits and requiring the subrecipient to take timely corrective actions on deficiencies identified in the audit.

Recommendation

The Private Industry Council should require its subrecipients with expenditures in excess of \$300,000 to submit timely audit reports in accordance with OMB Circular A-133 requirements.

Corrective Action

The Private Industry Council of Hinds County requires subrecipients with expenditures in excess of \$300,00 to submit timely audit reports in accordance with OMB Circular A-133 requirements. It is difficult to force subrecipients to submit the reports timely. More strenuous procedures are being enforced to ensure the audit reports will be submitted timely.

2. **Finding**

During our test of expenditures, we noted that an item of equipment purchased with JTPA funds costing \$5,872 that was not include on the county's property inventory records.

Recommendation

Procedures should be adopted to ensure that equipment purchased are added to the county's property inventory records in a timely manner.

Corrective Action

The inventory clerk has instituted procedures to ensure that all fixed assets purchased by the county are recorded on the fixed assets records. This finding did not occur this year due to the procedures being followed efficiently.

Sincerely,



Carolyn S. Hinton, Budget/Accounting Coordinator

cc: Dr. Eugene McLemore, County Administrator

