



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

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HINDS COUNTY, MISSISSIPPI

**Primary Government Financial Statements and Special Reports
For the Year Ended September 30, 2000**

HINDS COUNTY
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HINDS COUNTY

FINANCIAL SECTION

HINDS COUNTY

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State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON

THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

March 23, 2001

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, 2000, 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.

Except as discussed in the following paragraph, 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.

The county did not maintain adequate subsidiary records documenting the completeness and valuation of general fixed assets. Due to the nature of the county's records, we were unable to satisfy ourselves as to the fair presentation of the General Fixed Assets Account Group, reported on the combined balance sheet at \$88,657,556, as of September 30, 2000.

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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding general fixed assets described in the third paragraph, 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, 2000, 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, 2000, 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 March 23, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance Audit Division

HINDS COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

HINDS COUNTY
 Combined Balance Sheet - All Fund Types and Account Groups
 September 30, 2000

Exhibit A

	Governmental Fund Types				Fiduciary Fund Types	Account Groups	Totals Memorandum	
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-term Debt	Only Primary Government
ASSETS								
Cash and investments (Note 3)	\$ 5,628,203	8,557,965	555,221	258,022	416,992			15,416,403
Cash with fiscal agent	4,656							4,656
Other receivables	23,931							23,931
Intergovernmental receivables	1,294,689			855				1,295,544
Interfund receivables (Note 4)		320,654	54,726		126,167			501,547
Advances to other funds (Note 4)	50,000							50,000
Lease payments receivable (Note 8)		4,713,450						4,713,450
Fixed assets (Note 5)						88,657,556		88,657,556
Amount available in debt service funds							609,947	609,947
Amount to be provided for retirement of general long-term debt							39,296,514	39,296,514
Total Assets	\$ 7,001,479	13,592,069	609,947	258,877	543,159	88,657,556	39,906,461	150,569,548
LIABILITIES AND FUND EQUITY								
Liabilities:								
Claims payable	\$ 377,383	256,876						634,259
Amounts held in custody for others					344,429			344,429
Intergovernmental payables	2,380,375				126,167			2,506,542
Interfund payables (Note 4)	501,547							501,547
Advances from other funds (Note 4)		50,000						50,000
Deferred revenue - lease principal payments (Note 8)		3,800,000						3,800,000
Deferred revenue - lease interest payments (Note 8)		913,450						913,450
Deferred revenue - other		482,307						482,307
Compensated absences liability (Note 9)							1,610,070	1,610,070
General obligation bonds payable (Note 9)							32,610,000	32,610,000
Grant obligations payable (Note 9)							1,270,000	1,270,000
Limited obligation bond payable (Note 9)							480,000	480,000
Capital lease payable (Note 9)							3,125,000	3,125,000
Other loans payable (Note 9)							811,391	811,391
Total Liabilities	3,259,305	5,502,633	0	0	470,596	0	39,906,461	49,138,995

Fund Equity:								
Investment in general fixed assets						88,657,556		88,657,556
Fund balances:								
Reserved for advances	50,000							50,000
Reserved for debt service			609,947					609,947
Reserved for risk pool deposits	4,656							4,656
Unreserved	<u>3,687,518</u>	<u>8,089,436</u>		<u>258,877</u>	<u>72,563</u>			<u>12,108,394</u>
Total Fund Equity	<u>3,742,174</u>	<u>8,089,436</u>	<u>609,947</u>	<u>258,877</u>	<u>72,563</u>	<u>88,657,556</u>	<u>0</u>	<u>101,430,553</u>
Total Liabilities and Fund Equity	\$ <u>7,001,479</u>	<u>13,592,069</u>	<u>609,947</u>	<u>258,877</u>	<u>543,159</u>	<u>88,657,556</u>	<u>39,906,461</u>	<u>150,569,548</u>

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

HINDS COUNTY

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended September 30, 2000

Exhibit B

	Governmental Fund Types				Fiduciary Fund Type	Totals Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Primary Government
Revenues						
Property taxes	\$ 26,982,408	6,321,193	3,503,961			36,807,562
Licenses, commissions and other revenue	2,071,777	2,439,123	354			4,511,254
Fines and forfeitures	993,214	14,164				1,007,378
Intergovernmental revenues	4,952,182	6,565,926	38,332	2,816,169		14,372,609
Charges for services	2,340,619	2,506,455				4,847,074
Use of money and property	1,175,878	541,860	34,840	97,405		1,849,983
Miscellaneous revenues	765,293	389,835	20,507		222,461	1,398,096
Total Revenues	<u>39,281,371</u>	<u>18,778,556</u>	<u>3,597,994</u>	<u>2,913,574</u>	<u>222,461</u>	<u>64,793,956</u>
Expenditures						
Current:						
General government	19,870,141	86,137				19,956,278
Public safety	15,986,867	10,916,913				26,903,780
Public works		7,566,411				7,566,411
Health & welfare	2,396,423	2,817,808			202,660	5,416,891
Culture & recreation	101,595	1,325,688				1,427,283
Conservation of natural resources	756,085					756,085
Economic development & assistance	653,166	1,570,923				2,224,089
Capital projects				7,154,697		7,154,697
Debt service:						
Principal retirement	153,360	809,669	1,843,160			2,806,189
Interest and fiscal charges	88,184	249,356	1,861,432			2,198,972
Total Expenditures	<u>40,005,821</u>	<u>25,342,905</u>	<u>3,704,592</u>	<u>7,154,697</u>	<u>202,660</u>	<u>76,410,675</u>
Excess of Revenues over (under) Expenditures	<u>(724,450)</u>	<u>(6,564,349)</u>	<u>(106,598)</u>	<u>(4,241,123)</u>	<u>19,801</u>	<u>(11,616,719)</u>
Other Financing Sources (Uses)						
Proceeds of general obligation bonds				4,500,000		4,500,000
Proceeds of other debt		3,125,000				3,125,000
Proceeds from sale of assets	24,000	59,396				83,396
Insurance recoveries	6,554					6,554
Operating transfers in		471,683	342,600			814,283
Operating transfers out	(814,283)					(814,283)
Lease principal payments		215,000				215,000
Proceeds of refunded bond		4,370,000				4,370,000
Payment to refunded bonds escrow agent		(4,273,087)				(4,273,087)
Total Other Financing Sources (Uses)	<u>(783,729)</u>	<u>3,967,992</u>	<u>342,600</u>	<u>4,500,000</u>	<u>0</u>	<u>8,026,863</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>(1,508,179)</u>	<u>(2,596,357)</u>	<u>236,002</u>	<u>258,877</u>	<u>19,801</u>	<u>(3,589,856)</u>
Fund Balances						
Beginning of year	5,230,456	10,685,793	373,945	0	52,762	16,342,956
Residual equity transfers	19,897					19,897
End of year	<u>\$ 3,742,174</u>	<u>8,089,436</u>	<u>609,947</u>	<u>258,877</u>	<u>72,563</u>	<u>12,772,997</u>

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

HINDS COUNTY

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HINDS COUNTY

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types
For the Year Ended September 30, 2000

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Property taxes	\$ 25,660,532	26,982,688	1,322,156	6,298,213	6,318,169	19,956
Licenses, commissions and other revenue	2,304,646	2,164,380	(140,266)	2,379,145	2,433,132	53,987
Fines and forfeitures	918,736	989,758	71,022	8,057	14,164	6,107
Intergovernmental revenues	6,314,644	6,470,057	155,413	9,719,405	6,632,854	(3,086,551)
Charges for services	2,286,200	2,219,785	(66,415)	2,250,952	2,506,455	255,503
Use of money and property	1,117,115	1,184,835	67,720	388,817	423,211	34,394
Miscellaneous revenues	599,725	760,112	160,387	299,438	394,835	95,397
Total Revenues	<u>39,201,598</u>	<u>40,771,615</u>	<u>1,570,017</u>	<u>21,344,027</u>	<u>18,722,820</u>	<u>(2,621,207)</u>
Expenditures						
General government	20,891,968	19,838,404	1,053,564	249,854	220,930	28,924
Public safety	16,643,654	16,024,964	618,690	8,830,511	7,757,295	1,073,216
Public works				8,571,174	7,747,095	824,079
Health and welfare	2,642,385	2,387,027	255,358	3,335,317	2,917,916	417,401
Culture and recreation	156,640	101,595	55,045	1,287,884	1,190,167	97,717
Conservation of natural resources	436,817	757,233	(320,416)			
Economic development and assistance	653,944	653,104	840	4,262,519	1,556,242	2,706,277
Capital projects	158,642	158,499	143	2,832,912	65,166	2,767,746
Debt service	194,911	194,438	473	636,738	626,662	10,076
Other costs	1,529,000	1,528,720	280			
Total Expenditures	<u>43,307,961</u>	<u>41,643,984</u>	<u>1,663,977</u>	<u>30,006,909</u>	<u>22,081,473</u>	<u>7,925,436</u>
Excess of Revenues over (under) Expenditures	(4,106,363)	(872,369)	3,233,994	(8,662,882)	(3,358,653)	5,304,229
Other Financing Sources (Uses)	(713,334)	(816,246)	(102,912)	471,683	536,078	64,395
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(4,819,697)	(1,688,615)	<u>3,131,082</u>	(8,191,199)	(2,822,575)	<u>5,368,624</u>
Fund Balances						
Beginning of year	<u>5,311,382</u>	<u>5,201,779</u>		<u>11,430,872</u>	<u>11,395,411</u>	
End of year	\$ <u>491,685</u>	<u>3,513,164</u>		<u>3,239,673</u>	<u>8,572,836</u>	

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

Exhibit C

Debt Service Funds			Capital Projects Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
3,303,550	3,503,856	200,306			
600	354	(246)			
38,000	38,332	332	3,400,000	3,110,682	(289,318)
17,000	33,154	16,154		113,271	113,271
	18,263	18,263			
<u>3,359,150</u>	<u>3,593,959</u>	<u>234,809</u>	<u>3,400,000</u>	<u>3,223,953</u>	<u>(176,047)</u>
			7,900,000	7,435,817	464,183
3,755,173	3,704,592	50,581			
<u>3,755,173</u>	<u>3,704,592</u>	<u>50,581</u>	<u>7,900,000</u>	<u>7,435,817</u>	<u>464,183</u>
(396,023)	(110,633)	285,390	(4,500,000)	(4,211,864)	288,136
342,600	342,600	0	4,500,000	4,469,800	(30,200)
(53,423)	231,967	<u>285,390</u>	0	257,936	<u>257,936</u>
<u>319,324</u>	<u>319,324</u>		<u>86</u>	<u>86</u>	
<u>265,901</u>	<u>551,291</u>		<u>86</u>	<u>258,022</u>	

HINDS COUNTY

Exhibit D

Statement of Revenues, Expenses and Changes in Fund Balances -
Health Foundation - Nonexpendable Trust Fund
For the Year Ended September 30, 2000

Operating Expenses	
Indigent health care expense	\$ <u>468</u>
Operating Income (Loss)	<u>(468)</u>
Fund Balances	
Beginning of year	<u>20,365</u>
Residual equity transfers	<u>(19,897)</u>
End of year	\$ <u>0</u>

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

HINDS COUNTY
Statement of Cash Flows -
Health Foundation - Nonexpendable Trust Fund
For the Year Ended September 30, 2000

Exhibit E

Cash Flows From Operating Activities	
Indigent health care cash payments	\$ <u>(468)</u>
Cash Flows From Noncapital Financing Activities	
Cash paid to other funds	
Residual equity transfers out	<u>(19,897)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(20,365)</u>
Cash and Cash Equivalents at Beginning of Year	<u>20,365</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>0</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating income (loss)	\$ <u>(468)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(468)</u></u>

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

HINDS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2000

(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 elected and appointed officials are all part of the county legal entity and therefore are reported as part of the primary government financial statements.

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

B. Basis of Presentation.

The 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 Financial Statements For the Year Ended September 30, 2000

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 or for major capital projects) 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 - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

FIDUCIARY FUND TYPES

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 Funds - These funds are 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 Financial Statements For the Year Ended September 30, 2000

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 measurements 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.

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.

HINDS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2000

H. Interfund Receivables/Payables.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "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. However, the General Fixed Assets Account Group, reported on the accompanying combined balance sheet, is not fairly presented because the county did not maintain adequate subsidiary records documenting the completeness and valuation of general fixed assets. 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 fixed assets are recorded at their fair 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.

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 Year Ended September 30, 2000

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 \$1,610,070 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 financial 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.

(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 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.

HINDS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2000

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Budget (Cash Basis)	\$ (1,688,615)	(2,822,575)	231,967	257,936
Increase (Decrease)				
Net adjustment for revenue accruals	(103,532)	(631,704)	4,035	(294,513)
Net adjustment for expenditure accruals	303,865	857,922		295,454
Other reconciling items:				
Residual equity transfer	(19,897)			
GAAP Basis	\$ <u>(1,508,179)</u>	<u>(2,596,357)</u>	<u>236,002</u>	<u>258,877</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2000, was \$13,476,403 and the bank balance was \$15,775,278. The bank balance is categorized below to reflect the level of credit risk assumed by the county at year end.

	Bank Balance
Amount federally insured or collateralized with securities held by the county or its agent in the county's name.	\$ 401,184
Amount collateralized with securities held by the pledging financial institution's trust department or agent in the county's name.	<u>15,374,094</u>
Total Bank Balance	\$ <u>15,775,278</u>

HINDS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2000

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.

	Fair Value/ Carrying Amount	Cost
Repurchase agreements	\$ 1,940,000	\$ 1,940,000

(4) Interfund Receivables and Payables.

The composition of interfund balances at September 30, 2000, consists of the following:

Interfund Receivables/Payables:

Receivable Fund	Payable Fund	Amount
Jackson-Hinds library system	General Fund	\$ 18,256
Hinds mental health	General Fund	17,672
Garbage and solid waste	General Fund	32,699
Rankin/Hinds flood district	General Fund	6
Volunteer fire department	General Fund	7,261
Countywide road	General Fund	226,797
Countywide bridge	General Fund	17,963
Countywide bond and interest	General Fund	54,726
Junior colleges	General Fund	126,167
Total		\$ 501,547

Advances to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	DEQ waste tire grant	\$ 40,000
General Fund	Title III aging grant	10,000
Total		\$ 50,000

HINDS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2000

(5) Fixed Assets.

The General Fixed Assets Account Group balances at September 30, 2000, are as follows:

	<u>Balance</u> <u>Sept. 30, 2000</u>
Land	\$ 2,462,033
Buildings	46,591,567
Improvements other than buildings	510,963
Construction in progress	9,255,775
Mobile equipment	11,362,220
Other furniture and equipment	15,349,998
Leased property under capital leases	<u>3,125,000</u>
Total	<u>\$ 88,657,556</u>

(6) Commitments.

As of September 30, 2000, the county had the following commitments with respect to unfinished capital projects:

<u>Description of</u> <u>Commitment</u>	<u>Remaining Financial</u> <u>Commitment</u>	<u>Expected Date</u> <u>of Completion</u>
Hinds County Juvenile Center	\$ 561,434	November, 2000

(7) 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.

The county had no year end liability because cash on deposit in the risk pool exceeded the pool's accrued unpaid claims in the amount of \$4,656, reported on the combined balance sheet in the General Fund.

(8) Capital Leases.

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2000:

<u>Class of Property</u>	<u>Amount</u>
Buildings	\$ <u>5,000,000</u>

HINDS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2000

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2000, are as follows:

	<u>Amount</u>
Year Ending September 30:	
2001	\$ 334,000
2002	337,400
2003	335,500
2004	338,450
2005	336,100
Later years	<u>3,032,000</u>
Total Minimum Lease Receivables	4,713,450
Less: Amount representing interest	<u>913,450</u>
Present Value of Net Minimum Lease Receivables	<u>\$ 3,800,000</u>

As Lessee:

The county is obligated for the following assets acquired through capital leases as of September 30, 2000:

<u>Class of Property</u>	<u>General Fixed Assets Group</u>
Other furniture and equipment	\$ <u>3,125,000</u>

The future minimum lease payments together with the present value of the net minimum lease payables as of September 30, 2000, are as follows:

	<u>General Long-term Debt Group</u>
Year Ending September 30:	
2001	\$ 565,993
2002	565,993
2003	565,993
2004	565,993
2005	565,993
Later years	<u>1,131,985</u>
Total Minimum Lease Payments	3,961,950
Less: Amount representing interest	<u>836,950</u>
Present Value of Net Minimum Lease Payments	<u>\$ 3,125,000</u>

HINDS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2000

(9) Long-term Debt.

Debt outstanding as of September 30, 2000, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
General Long-term Debt Account Group:			
A. General Obligation Bonds:			
Detention center	\$ 875,000	6 to 8.5	03-01-01
Industrial park 1994	5,230,000	7.8 to 9	07-15-14
1994 refunding bonds	13,855,000	3.75 to 6.25	03-01-11
Double G Coating bonds	3,800,000	3	05-01-14
Refunding bond 1999A	4,350,000	4.25 to 4.65	03-01-05
Youth detention center 1999A	4,000,000	4.8 to 6	10-01-19
Youth detention center 1999B	<u>500,000</u>	5.2 to 7	10-01-19
Total General Obligation Bonds	<u>\$ 32,610,000</u>		
B. Limited Obligation Bond:			
Wal-Mart tax increment financing	<u>\$ 480,000</u>	5.681	09-01-17
C. Grant Obligations:			
JRA - MCAA tower parking	\$ 650,000	7.6 to 8	08-01-09
JRA - Urban renewal	<u>620,000</u>	4.1 to 5.7	11-01-03
Total Grant Obligations	<u>\$ 1,270,000</u>		
D. Capital Lease:			
E-911 system	<u>\$ 3,125,000</u>	6.09	03-15-07
E. Other Loans:			
Metro parkway project	\$ 172,002	0	12-01-05
Document imaging/computer equipment	<u>639,389</u>	4.74	08-04-02
Total Other Loans	<u>\$ 811,391</u>		

HINDS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2000

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

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>	<u>Limited Obligation Bonds</u>	<u>Grant Obligations</u>	<u>Other Loans</u>	<u>Total</u>
2001	\$ 3,791,330	42,405	164,540	371,267	4,369,542
2002	3,780,670	41,430	168,453	371,267	4,361,820
2003	3,751,120	40,485	161,778	28,667	3,982,050
2004	3,735,690	44,570	160,043	28,667	3,968,970
2005	3,719,401	43,350	162,705	28,667	3,954,123
Later years	<u>27,942,784</u>	<u>557,528</u>	<u>943,696</u>	<u>28,667</u>	<u>29,472,675</u>
Total	46,720,995	769,768	1,761,215	857,202	50,109,180
Less: Amounts representing interest	<u>14,110,995</u>	<u>289,768</u>	<u>491,215</u>	<u>45,811</u>	<u>14,937,789</u>
Total at Present Value	\$ <u>32,610,000</u>	<u>480,000</u>	<u>1,270,000</u>	<u>811,391</u>	<u>35,171,391</u>

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, 2000, the amount of outstanding general obligation bonded debt was equal to 2.58% of the latest property assessments.

Advance Refunding - In October 1999, the county received \$4,370,000 as the proceeds of general obligation bonds with an issue date of September 1, 1999. This issue has an average interest rate of 4.42% and was issued to advance refund \$4,145,000 of the following outstanding bond issue:

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
General obligation bonds - detention center	6.45	\$ 4,145,000

The general obligation bonds - detention center had an outstanding balance of \$5,835,000 at the time of refunding but only \$4,145,000 of the bonds were refunded, leaving a remaining principal balance of \$1,690,000, of which \$815,000 was redeemed during fiscal year 2000.

HINDS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2000

The net proceeds of \$4,273,087 (after payment of \$96,913 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the General Long-term Debt Account Group.

The county advance refunded the above bonds to reduce its total debt service payments over the next six years by almost \$73,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$176,535.

The following changes occurred in liabilities reported at year end:

<u>Styling</u>	<u>Balance Oct. 1, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 2000</u>
General Long-term Debt Account Group:					
Compensated absences	\$ 1,485,419	124,651			1,610,070
Claims and judgments	6,600	211,205	217,805		
General obligation bonds	29,635,000	8,870,000	1,750,000	(4,145,000)	32,610,000
Limited obligation bond			10,000	490,000	480,000
Grant obligation	1,350,000		80,000		1,270,000
Capital lease	594,669	3,125,000	594,669		3,125,000
Other loans	1,182,911		371,520		811,391
Total	\$ 34,254,599	12,330,856	3,023,994	(3,655,000)	39,906,461

The adjustment of \$4,145,000 is to remove general obligation bonds from the General Long-term Debt Account Group that were partially defeased during the fiscal year. The adjustment of \$490,000 is to record limited obligation bonds erroneously omitted from the prior year's financial statements.

(10) 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. As of September 30, 2000, the single audit performed on these federal grants disclosed a material instance of noncompliance, resulting in questioned costs by the auditor in the amount of \$65,616. Any disallowance by the grantor agency could result in a liability of the county, but ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the county's financial statements.

HINDS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2000

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.

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:

<u>Styling</u> _____	<u>Balance at September 30, 2000</u>
JRA - Urban Renewal - Jackson State	\$ <u>5,050,000</u>

- (11) 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 rights 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:

<u>Styling</u> _____	<u>Balance at September 30, 2000</u>
Industrial revenue bonds and notes	\$ <u>57,606,500</u>

- (12) Related Organization.

The Hinds County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Hinds County Livestock Commission, but the county's accountability for this organization does not extend beyond making the appointments. During the year, the county appropriated \$25,000 to this organization.

- (13) Joint Venture.

The county participates in the following joint venture:

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 to the joint venture was \$1,190,167 in fiscal year 2000. Complete financial statements for the Jackson-Hinds Library System can be obtained from 400 North State Street, Jackson, MS 39201.

HINDS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2000

(14) 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 board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$53,104 for support of the district in fiscal year 2000.

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 members of the college board of trustees. The county appropriated \$7,635,017 for maintenance and support of the college in fiscal year 2000.

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 \$250,000 for support of the agency in fiscal year 2000.

(15) 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, 2000, 1999 and 1998 were \$2,118,127, \$1,990,594 and \$1,973,964, respectively, equal to the required contributions for each year.

HINDS COUNTY

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HINDS COUNTY

SUPPLEMENTAL INFORMATION

HINDS COUNTY

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HINDS COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2000

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
MAJOR FEDERAL AWARDS			
U.S. Department of Labor - Employment and Training Administration Welfare to work grants	17.253	Y-1798-9-00-81-60	\$ <u>1,493,037</u>
Employment and Training Administration/Passed-through the Mississippi Department of Economic and Community Development			
Employment and training assistance - dislocated workers, Title III (60%)	17.246	8-99-985-ED-51	109,233
Employment and training assistance - dislocated workers, Title III (40%)	17.246	8-99-985-ED-51	3,055
Employment and training assistance - dislocated workers, Title III (60%)	17.246	7-99-985-ED-51	35,711
Employment and training assistance - dislocated workers, Title III (40%)	17.246	7-99-985-ED-51	<u>10,061</u>
Total			<u>158,060</u>
Employment and Training Administration/Passed-through the Mississippi Department of Economic and Community Development			
Job training partnership act - Title II-A (77%)	17.250	8-99-985-TA-51	59,951
Job training partnership act - Title II-A (6%)	17.250	8-99-985-T6-51	669
Job training partnership act - Title II-C	17.250	8-99-985-TH-51	3,657
Job training partnership act - Title II-A (5%)	17.250	8-99-985-T3-51	112
Job training partnership act - Title II-A (70%)	17.250	7-99-985-TA-51	10,871
Job training partnership act - Title II-A (6%)	17.250	7-99-985-T6-52	18,264
Job training partnership act - Title II-C	17.250	7-99-985-TH-51	45,339
Job training partnership act - Title II-A (5%)	17.250	7-99-985-T3-51	103
Job training partnership act - Title II-A (77%)	17.250	9-99-985-TA-51	471,673
Job training partnership act - Title II-A (6%)	17.250	9-99-985-T6-51	23,761
Job training partnership act - Title II-A (6%)	17.250	9-99-985-ED-51	564,398
Job training partnership act - Title II-C	17.250	9-99-985-TH-51	107,135
Job training partnership act - Title II-A (5%)	17.250	9-99-985-T3-51	25,768
Job training partnership act - WIA transition	17.250	400-99-985-ED	<u>46,021</u>
Total			<u>1,377,722</u>
Total U.S. Department of Labor			<u>3,028,819</u>

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Justice - Office of Justice Programs			
Local law enforcement block grant program	16.592	1999-LBVX4310	590,547
Local law enforcement block grant program	16.592	1999-LBVX7384	<u>53,556</u>
Total U.S. Department of Justice			<u>644,103</u>
Total Expenditures of Major Federal Awards			<u>3,672,922</u>
OTHER FEDERAL AWARDS			
U.S. Department of Health and Human Services/Passed-through the Mississippi Department of Human Services			
Special programs for the aging - Title III-B	93.044	377Z21	<u>23,937</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Department of Economic and Community Development			
HOME investment partnerships program	14.239	M98-SG28-025-1210	274,165
Community development block grant	14.228	96-025-STEP-01	<u>120,664</u>
Total U.S. Department of Housing and Urban Development			<u>394,829</u>
U.S. Department of Justice - Office of Justice Programs			
Drug court discretionary grant program	16.585	98-DC-MX-0046	<u>55,548</u>
Office of Juvenile Justice and Delinquency Prevention/ Passed-through the Mississippi Department of Public Safety			
Juvenile justice and delinquency prevention	16.540	8VA1251	32,173
Juvenile justice and delinquency prevention	16.540	9VA1251	3,704
Juvenile justice and delinquency prevention	16.540	7NW1251	1,566
Juvenile justice and delinquency prevention	16.540	8NW1251	51,115
Juvenile justice and delinquency prevention	16.540	8NW1253	<u>31,882</u>
Total			<u>120,440</u>
Office of Justice Programs/Passed-through the Mississippi Department of Public Safety			
Violence against women formula grants	16.588	8SL1251	27,863
Violence against women formula grants	16.588	9SL1251	5,444
Violence against women formula grants	16.588	9SP1251	<u>20,511</u>
Total			<u>53,818</u>
Total U.S. Department of Justice			<u>229,806</u>

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
Office of National Drug Control Policy/Passed-through the Mississippi Department of Public Safety			
High intensity drug trafficking area award	07.UN	I9PGCP532	24,654
High intensity drug trafficking area award	07.UN	I0PGCP532	<u>7,682</u>
Total Office of National Drug Control Policy			<u>32,336</u>
U.S. Department of Transportation - Federal Highway Administration/Passed-through the Mississippi Department of Transportation			
Bridge inspection program	20.205	N/A	<u>46,200</u>
Total Expenditures of Other Federal Awards			<u>727,108</u>
Total Expenditures of Federal Awards			<u>\$ 4,400,030</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

HINDS COUNTY

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HINDS COUNTY

SPECIAL REPORTS

HINDS COUNTY

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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*

March 23, 2001

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, 2000, and have issued our report thereon dated March 23, 2001. 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, and the report is qualified because the county did not maintain adequate subsidiary records documenting the completeness and valuation of general fixed assets. 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*. However, we noted certain instances of noncompliance that we have reported to the management of Hinds County, Mississippi, in the Independent Auditor's Report on Compliance with State Laws and Regulations and the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules dated March 23, 2001, included within this document.

Internal Control Over Financial Reporting

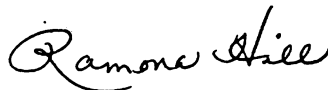
In planning and performing our audit, we considered Hinds County, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider 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 2000-1, 2000-2, 2000-3, 2000-4, 2000-5 and 2000-6.

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, of the reportable conditions described above, we consider item 2000-1 to be 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.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance Audit Division



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

March 23, 2001

Members 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, 2000. 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's 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 item 2000-7 in the accompanying Schedule of Findings and Questioned Costs, Hinds County, Mississippi, did not comply with the requirement regarding matching that is applicable to its U.S. Department of Justice; local law enforcement block grant program. Compliance with such requirements 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, 2000. The results of our auditing procedures also disclosed another instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2000-8.

Internal Control Over Compliance

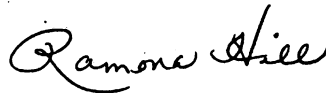
The management of Hinds County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hinds County, Mississippi's 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.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance Audit Division



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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))

March 23, 2001

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, 2000. 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.

The county did not maintain adequate subsidiary records documenting the completeness and valuation of general fixed assets.

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.

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. Finding

Section 31-7-13(b), Miss. Code Ann. (1972), allows the Purchase Clerk to obtain two competitive written bids for purchases between \$1,500 and \$10,000 without publishing or posting advertisements for bids. The Purchase Clerk did not obtain two written competitive bids for the purchase of fire fighting equipment.

Recommendation

The Purchase Clerk should comply with the bid requirements of the law.

Purchase Clerk's Response

The individual who was responsible for the purchases being made without complying with the bid law of getting two written bids (quotations) is no longer employed by the purchasing division. Proper instruction and training is and will be given to all purchasing agents.

2. Finding

Section 31-7-103 and 31-7-109, Miss. Code Ann. (1972), requires a requisition, purchase order and receiving report for all purchases, except for those items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, Miss. Code Ann. (1972). We noted the following deviations from the prescribed systems:

- a. One purchase was made without the required purchase documents.
- b. One purchase transaction document appeared to have been prepared after the fact as indicated by the dates on the documents.
- c. Two purchase orders did not include all items received.

Recommendation

The Purchase Clerk should ensure that the required purchase transaction documents are present and completed with sufficient detail and specific amounts, and in the proper time sequence.

Purchase Clerk's Response

I will ensure that all purchase transaction documents are present and completed with sufficient detail and specific amounts as required and in the proper time sequence by instructing and training all purchase agents, elected officials and county personnel of the prescribed system.

Inventory Clerk.

3. Finding

Section 7-7-211, Miss. Code Ann. (1972), gives the Office of the State Auditor the authority to prescribe accounting systems. We noted the following problems with the general fixed assets records:

- a. The complete inventory of fixed assets records was not reconciled with the fixed asset records of the finance department. The mobile equipment and other furniture and equipment balances on the fixed asset records were different by a material amount from the finance department balances.
- b. Improper cost was posted to the inventory records for some equipment.
- c. Incorrect value was used for some equipment.

Recommendation

The Inventory Clerk should ensure that the problems noted above are corrected.

Inventory Clerk's Response

I will correct this by the end of the fiscal year.

In our opinion, except as explained in the third paragraph and 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.

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 is 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.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance Audit Division

HINDS COUNTY
 Schedule of Purchases Not Made From the Lowest Bidder
 For the Year Ended September 30, 2000

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reasons for Accepting Other Than the Lowest Bid</u>
09-28-00	Square hay bailer	\$ 13,265	Deviney Equipment of Jackson	\$ 13,206	Vendor could deliver 90 days sooner.

HINDS COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2000

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reasons for Emergency Purchase</u>
04-03-00	2000 lbs. of fire ant granules	\$ 4,000	Jazon, Inc.	Public demand.
06-05-00	Repair to cooler at penal farm	777	Yates Air Conditioning	Food is stored in cooler and the repair was after business hours.

HINDS COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2000

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
08-07-00	ATLV 3000 vacuum	\$	25,805	Tennant Company



State of Mississippi
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

March 23, 2001

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, 2000, and have issued our report thereon dated March 23, 2001. 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, and the report is qualified because the county did not maintain adequate subsidiary records documenting the completeness and valuation of general fixed assets. 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.

The results of our procedures and our audit of the primary government financial statements disclosed certain immaterial instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are disclosed below:

Circuit Clerk.

1. Finding

Section 9-1-43, Miss. Code Ann. (1972), requires the Circuit Clerk to maintain a fee journal to account for the receipts and expenses related to the operation of the office. Personal expenses such as deferred compensation payments, employee retirement portion, employee FICA portion, and various tax payments were made from the fee account.

Recommendation

The Circuit Clerk should cease paying personal fringes and taxes from the fee account.

Circuit Clerk's Response

I feel the present system is appropriate and all fees and expenses are properly accounted for. I will implement a separation of these expenses as soon as possible.

2. Finding

Section 9-1-45, Miss. Code Ann. (1972), requires the Circuit Clerk to file a true and accurate annual report. For the 1999 fee report, the Circuit Clerk did not properly compute the amount earned in excess of the salary cap, resulting in an underpayment to the county in the amount of \$7,500.

Recommendation

The Circuit Clerk should settle the amount in excess of the salary cap to the General Fund. The Circuit Clerk should also properly compute amounts in excess of the salary cap when preparing the annual report and should settle the amounts due to the county by April 15th of each year.

Circuit Clerk's Response

A clerical mistake was made on the 1999 fee report. A corrected report will be done and the balance remitted to the county.

Auditor's Note

The balance of \$7,500 from the incorrect 1999 fee report was remitted to the county by the Circuit Clerk on April 5, 2001.

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.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance Audit Division

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, 2000

Section 1: Summary of Auditor's Results

1. A qualified opinion was issued on the primary government financial statements.
2. 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. The reportable condition described in Finding 2000-1 is considered a material weakness.
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 awards programs except for U.S. Department of Justice; local law enforcement block grant 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: Welfare to Work Grants, CFDA No. 17.253; Employment and Training Assistance - Dislocated Workers, CFDA No. 17.246; Job Training Partnership Act, CFDA No. 17.250; and Local Law Enforcement Block Grant Program, CFDA No. 16.592.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Hinds County, Mississippi, was not determined to be a low-risk auditee.

Section 2: Financial Statement Findings

Inventory Clerk.

2000-1. Finding

We noted the following problems with the general fixed assets records:

- a. The complete inventory of fixed assets records was not reconciled with the fixed assets records of the finance department. The mobile equipment and other furniture and equipment balances on the fixed assets records were different by a material amount from the finance department balances.
- b. Improper cost was posted to the inventory records for some equipment.
- c. Incorrect value was used for some equipment.

HINDS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2000

Recommendation

The Inventory Clerk should ensure that the problems noted above are corrected.

Circuit Clerk.

2000-2. Finding

Section 7-7-211, Miss. Code Ann. (1972), gives the Office of the State Auditor the authority to prescribe accounting systems. We noted the following deviations from the prescribed accounting system contained in the *Mississippi County Financial Accounting Manual*:

- a. The bank statements did not reconcile to the cash journals.
- b. An accounts receivable control account was not maintained for subsidiary accounts receivable records.

Recommendation

The Circuit Clerk should establish a control account in order to balance monthly to the individual accounts receivable and reconcile bank statements to the cash journals.

2000-3. Finding

There is no separation of duties in the handling of transactions. One employee receives cash, makes settlements, issues and posts all receipts and disbursements. The lack of segregation of duties increases the chances that funds could be mishandled.

Recommendation

The Circuit Clerk should ensure that there is an adequate separation of duties in the collection, deposit preparation, disbursement and recording functions. If a separation of duties is not possible, another employee or the Circuit Clerk should review receipts, disbursements and reconciliations periodically and investigate any unusual items.

Management Information System Department.

2000-4. Finding

Control Objectives for Information Related Technologies (COBIT) and industry best practices require a documented disaster recovery plan. The county did not have a documented disaster recovery plan for data processing and had not performed a formal risk assessment.

HINDS COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2000

Recommendation

A formal disaster recovery plan for the data processing department should be developed. A risk assessment should be included in this process. An arrangement should be made with a vendor or user of comparable equipment for support of needed hardware and software in the event of a disaster. A hard copy of the disaster recovery plan should be maintained off-site. The plan should be updated as equipment, software and staff change.

2000-5. Finding

Control Objectives for Information Related Technologies (COBIT) and industry best practices require formal written policies for access security. The county did not have written policies for access security or procedures for maintenance and control over passwords. Passwords were not changed on a regular basis, and terminal access violations were not being investigated.

Recommendation

Written policies and procedures for access security should be implemented for maintenance and control over passwords. The county should document procedures for approving and assigning passwords. A limit of invalid access attempts should be implemented. Terminal access violations should be investigated.

2000-6. Finding

Control Objectives for Information Related Technologies (COBIT) and industry best practices require formal written policies for security. The county did not have written policies for security over the data processing facility.

Recommendation

The county should develop written policies for security over the data processing facility.

HINDS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2000

Section 3: Federal Award Findings and Questioned Costs

2000-7. Finding

Program: U.S. Department of Justice - Office of Justice Programs; local law enforcement block grant program - CFDA No. 16.592; Grant No. 1999-LBVX4310

Compliance Requirement: Matching

Under the Omnibus Appropriations Act of 1998, (Public Law 105-119), special conditions are set forth to ensure proper disbursement of grant funds provided for a particular federal program. Special Condition 5 of local law enforcement block grant program agreement 1999-LBVX4310 states that a cash match totaling \$65,616 is to be provided over the grant period by the county. Expenditures totaling \$590,547 were paid from funds provided directly from the U.S. Department of Justice. The total award of this grant was \$590,547. Accounting records showed the receipt and expenditures of the entire grant award. However, accounting records did not show a matching amount flowing through the account fund set up specifically for this program. Future participation in this program may be jeopardized if this compliance requirement is not met.

Questioned Costs: \$ 65,616

Recommendation

Grant awards and matches must be shown flowing through a specific fund, and also expenditures must be illustrated as to which department the monies are spent.

2000-8. Finding

Program: U.S. Department of Justice - Office of Justice Programs; local law enforcement block grant program - CFDA No. 16.592; Grant No. 1999-LBVX4310 and Grant No. 1999-LBVX7384

Compliance Requirement: Reporting

Under the requirements of the Single Audit Act, adequate reporting of the receipt of federal monies and the expenditures of these funds must be compiled and then submitted to the federal awarding agency. No reporting worksheets were found to account for the spent funds from the local law enforcement block grant. Inadequate record keeping of federal award expenditures can adversely affect future grant awards from this program.

Questioned Costs: None

Recommendation

The county should have copies of the reporting worksheets to ensure accurate accounting of program expenditures.

HINDS COUNTY

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

HINDS COUNTY

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CHARLES BARBOUR
District 1
President

DOUGLAS "DOUG" ANDERSON
District 2

PEGGY HOBSON CALHOUN
District 3



RONNIE CHAPPELL
District 4

GEORGE S. SMITH
District 5
Vice President

EUGENE L. McLEMORE, J.D.
County Administrator

AUDITEE'S CORRECTIVE ACTION PLAN

March 23, 2001

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, 2000.

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

00-1 Corrective Action Planned:

The inventory records will be corrected and reconciled. The inventory records on the computer that 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.

Anticipated Completion Date:

September 30, 2001

Name of Contact Person Responsible for Corrective Action:

James Ingram, Inventory Clerk

00-2 Corrective Action Planned:

Bank statements are reconciled with the current month's activity on disbursements and receipts monthly by CPA firm. The control account is presently maintained on index cards, which cannot

efficiently be balanced to the control account without a computer program. My intent is to solve the problems outlined in the findings.

Anticipated Completion Date:

We will explore remedies with our CPA to eliminate this finding within the next 30 days.

Name of Contact Person Responsible for Corrective Action:

Barbara Dunn, Circuit Clerk

00-3 Corrective Action Planned:

I will work with the CPA through evaluation of job duties and responsibilities to provide for adequate separation of duties within the Circuit Clerk's office.

Anticipated Completion Date:

This will be accomplished within approximately the next 30 days.

Name of Contact Person Responsible for Corrective Action:

Barbara Dunn, Circuit Clerk

00-4 Corrective Action Planned:

Hinds County Data Processing Division will perform a risk assessment of the counties automated systems. A disaster recovery plan will be developed and presented to Board of Supervisors for approval. The disaster recovery plan will address vendor support, reciprocal agreements, hot or cold site support. A copy of the final approved plan will be maintained off site and regularly updated.

Anticipated Completion Date:

September 30, 2001

Name of Contact Person Responsible for Corrective Action:

Steve Ottis, Director of Information Management Systems

00-5 Corrective Action Planned:

Current policies and procedures for access security will be documented in a formal written document. Password procedures will be reviewed and documented in a written form.

Anticipated Completion Date:

September 30, 2001

Name of Contact Person Responsible for Corrective Action:

Steve Ottis, Director of Information Management Systems

00-6 Corrective Action Planned:

Current security polices will be documented in a formal written document.

Anticipated Completion Date:

September 30, 2001

Name of Contact Person Responsible for Corrective Action:

Steve Ottis, Director of Information Management Systems

SECTION 3: FEDERAL AWARD FINDINGS

00-7 Corrective Action Planned:

The issue of matching funds in the amount of \$65,516, will be discussed and appropriate action will be taken on instruction from the Department of Justice.

Anticipated Completion Date:

July 31, 2001

Name of Contact Persons Responsible for Corrective Action:

Dr. Eugene L. McLemore, County Administrator
Ms. Lillie Woods, Budget Coordinator

00-8 Corrective Action Planned:

The Board of Supervisors will ensure the preparation of outstanding reporting worksheets as required to the Federal awarding agency. These reporting worksheets will account for all expenditures and will reflect adequate and accurate record keeping. All future reports will be forwarded in a timely manner.

Anticipated Completion Date:

On going.

Name of Contact Person Responsible for Corrective Action:

Dr. Eugene L. McLemore, County Administrator
Ms. Lillie Woods, Budget Coordinator

Sincerely yours,

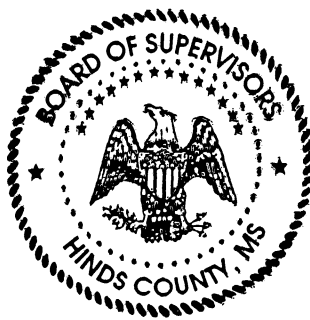
A handwritten signature in black ink, appearing to read "Eugene L. McLemore". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Dr. Eugene McLemore
County Administrator
(601) 968-6502

CHARLES BARBOUR
District 1
President

DOUGLAS "DOUG" ANDERSON
District 2

PEGGY HOBSON CALHOUN
District 3



RONNIE CHAPPELL
District 4

GEORGE S. SMITH
District 5
Vice President

EUGENE L. McLEMORE, J.D.
County Administrator

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For Year Ended September 30, 2000

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

Gentlemen:

Hinds County respectfully submits the following summary schedule of prior audit findings relative to federal awards.

U.S. DEPARTMENT OF LABOR

1999 - FINDING NO. 1: Job Training Partnership Act Program - CFDA Nos. 17.246 and 17.250

Condition:

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 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 subrecipient's with expenditures in excess of \$300,000 to submit timely audit reports in accordance with OMB Circular A-133 requirements.

Current Status:

Corrective action was taken.

1999 - FINDING NO. 2: Welfare to Work - CFDA No. 17.253

Condition:

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 reports were submitted during the audit period.

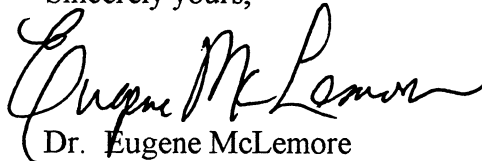
Recommendation

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

Current Status:

Corrective action was taken.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Eugene McLemore".

Dr. Eugene McLemore
County Administrator
(601) 968-6502