

**PRELIMINARY OFFICIAL STATEMENT  
DATED APRIL 8, 2016**

**TWO (2) NEW ISSUES  
BOOK-ENTRY ONLY**

**Ratings: Underlying  
Moody's: Aa2  
(See "Ratings" herein)**

*In the opinion of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, Jackson, Mississippi ("Bond Counsel"), assuming compliance by the County (as defined herein) with certain tax covenants, interest on the Series 2016A Bonds (as defined herein) is excludable from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions. Interest on the Series 2016A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2016A Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" herein for a description of certain other federal tax consequences of ownership of the Series 2016A Bonds. Interest on the Series 2016B Bonds (as defined herein) should be treated as includable in gross income of the holders thereof for federal income tax purposes. Bond Counsel is further of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Series 2016 Refunding Bonds (as defined herein) is exempt from income taxation in the State (as defined herein). See "TAX MATTERS" herein and APPENDIX D - FORMS OF OPINIONS OF BOND COUNSEL attached hereto.*

**\$6,085,000\***

**HINDS COUNTY, MISSISSIPPI  
GENERAL OBLIGATION REFUNDING  
BONDS, SERIES 2016A  
(Tax-Exempt)**

**\$2,185,000\***

**HINDS COUNTY, MISSISSIPPI  
TAXABLE GENERAL OBLIGATION  
REFUNDING BONDS,  
SERIES 2016B**

**Dated:** Date of Delivery

**Due:** November 1, as shown on the inside front cover

Interest on the \$6,085,000\* Hinds County, Mississippi General Obligation Refunding Bonds, Series 2016A (Tax-Exempt) (the "Series 2016A Bonds") will be payable on May 1 and November 1 of each year, commencing November 1, 2016. Interest on the \$2,185,000\* Hinds County, Mississippi Taxable General Obligation Refunding Bonds, Series 2016B (the "Series 2016B Bonds" and together with the Series 2016A Bonds, the "Series 2016 Refunding Bonds") will be payable on May 1 and November 1 of each year, commencing November 1, 2016. The Board of Supervisors of Hinds County, Mississippi (the "County") has designated US Bank National Association, Olive Branch, Mississippi to serve as paying agent, transfer agent and registrar of the Series 2016 Refunding Bonds (the "Paying and Transfer Agent"). The Series 2016 Refunding Bonds will be issued as fully registered bonds in the denomination of \$5,000, or any integral multiple thereof, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2016 Refunding Bonds. See "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS - Book-Entry-Only System" and APPENDIX E.

The Series 2016 Refunding Bonds are general obligations of the County for which the full faith, credit and resources of the County are pledged.

The Series 2016A Bonds are subject to optional and/or mandatory sinking fund redemption, as applicable, prior to their respective maturities. The Series 2016B Bonds are not subject to redemption prior to their respective maturities. See "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS - Redemption Provisions of the Series 2016A Bonds" and "Redemption Provisions of the Series 2016B Bonds."

The Series 2016A Bonds are being offered as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. PROSPECTIVE INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

The Series 2016 Refunding Bonds are offered subject to the final approving opinions of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, Jackson, Mississippi, Bond Counsel. Certain legal matters will be passed upon for the Underwriter (described below) by their counsel, Owens Moss, PLLC, Jackson, Mississippi. Certain legal matters with respect to the County will be passed upon by its counsels, Pieter Teeuwissen, Esq. and Anthony Simon, Esq., Jackson, Mississippi. Comer Capital Group, Jackson, Mississippi, is serving as Financial Advisor to the County in connection with the sale and issuance of the Series 2016 Refunding Bonds. It is expected that delivery of the Series 2016 Refunding Bonds in definitive form will be made on or about April 28, 2016.

**RAYMOND JAMES®**

\* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is deemed final by the issuer of these securities within the meaning of Rule 15(c)(2)-12 of the Securities Exchange Act of 1934 for the purposes of such rule.

**\$6,085,000\***  
**HINDS COUNTY, MISSISSIPPI**  
**GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES 2016A**  
**(Tax-Exempt)**

**MATURITY SCHEDULE\***

Maturity (November 1)	Principal Amount*	Interest Rate	Yield	CUSIP**
2016	\$50,000.00			
2017	75,000.00			
2018	10,000.00			
2019	5,000.00			
2020	500,000.00			
2021	575,000.00			
2022	605,000.00			
2023	615,000.00			
2024	640,000.00			
2025	140,000.00			
2026	145,000.00			
2027	155,000.00			
2028	160,000.00			
2029	165,000.00			
2030	175,000.00			
2031	180,000.00			
2032	185,000.00			
2033	985,000.00			
2034	200,000.00			
2035	305,000.00			
2036	215,000.00			

**\$2,185,000\***  
**HINDS COUNTY, MISSISSIPPI**  
**TAXABLE GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES 2016B**

**MATURITY SCHEDULE\***

Maturity (November 1)	Principal Amount*	Interest Rate	Yield	CUSIP**
2018	\$780,000.00			
2019	805,000.00			
2020	600,000.00			

\* Preliminary, subject to change.

\*\*CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2016 Refunding Bonds only. The County and the Underwriter do not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Series 2016 Refunding Bonds as a result of various subsequent actions, including but not limited to a refunding in whole or in part of the Series 2016 Refunding Bonds.

# **HINDS COUNTY, MISSISSIPPI**

## **BOARD OF SUPERVISORS**

Robert Graham, *District 1*  
Darrel McQuirter, *District 2*  
Peggy Hobson Calhoun, *District 3*  
Mike Morgan, *District 4*  
Bobby "Bobcat" McGowan, *District 5*

## **CLERK OF THE BOARD OF SUPERVISORS**

Eddie Jean Carr

## **COUNTY ADMINISTRATOR**

Carmen Y. Davis

## **COUNSEL TO COUNTY**

Pieter Teeuwissen and Anthony Simon  
*Jackson, Mississippi*

## **FINANCIAL ADVISOR TO COUNTY**

Comer Capital Group  
*Jackson, Mississippi*

## **BOND COUNSEL**

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC  
*Jackson, Mississippi*

## **UNDERWRITER'S COUNSEL**

Owens Moss, PLLC  
*Jackson, Mississippi*

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NO DEALER, BROKER, SALES REPRESENTATIVE OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OR THE UNDERWRITER SHOWN ON THE COVER HEREOF TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED HEREIN IN CONNECTION WITH THE OFFERING OF THE SERIES 2016 REFUNDING BONDS AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2016 REFUNDING BONDS NOR SHALL THERE BE ANY SALE OF THE SERIES 2016 REFUNDING BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE COUNTY AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE. THE INFORMATION SET FORTH HEREIN CONCERNING DTC HAS BEEN FURNISHED BY DTC AND NO REPRESENTATION IS MADE BY THE COUNTY OR THE UNDERWRITER AS TO THE ACCURACY OR COMPLETENESS THEREOF. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY SINCE THE DATE HEREOF.

THIS OFFICIAL STATEMENT CONTAINS FORECASTS, PROJECTIONS AND ESTIMATES THAT ARE BASED ON EXPECTATIONS AND ASSUMPTIONS WHICH EXISTED AT THE TIME SUCH FORECASTS, PROJECTIONS AND ESTIMATES WERE PREPARED. IN LIGHT OF THE IMPORTANT FACTORS THAT MAY MATERIALLY AFFECT ECONOMIC CONDITIONS IN THE COUNTY, THE INCLUSION IN THIS OFFICIAL STATEMENT OF SUCH FORECASTS, PROJECTIONS AND ESTIMATES SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE COUNTY THAT SUCH FORECASTS, PROJECTIONS AND ESTIMATES WILL OCCUR. SUCH FORECASTS, PROJECTIONS AND ESTIMATES ARE NOT INTENDED AS REPRESENTATIONS OF FACT OR GUARANTEES OF RESULTS.

IF AND WHEN INCLUDED IN THIS OFFICIAL STATEMENT, THE WORDS "EXPECTS," "FORECASTS," "PROJECTS," "INTENDS," "ANTICIPATES," "ESTIMATES" AND ANALOGOUS EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS AND ANY SUCH STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COUNTY. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. THE COUNTY DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE COUNTY'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

INFORMATION HEREIN HAS BEEN OBTAINED FROM THE COUNTY, DTC (AS DEFINED HEREIN), AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION IS NOT GUARANTEED BY THE UNDERWRITER.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES OF THE SERIES 2016 REFUNDING BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

UPON ISSUANCE, THE SERIES 2016 REFUNDING BONDS WILL NOT BE REGISTERED BY THE COUNTY UNDER THE SECURITIES ACT OF 1933, AS AMENDED, ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY

**OF THIS OFFICIAL STATEMENT OR THE SERIES 2016 REFUNDING BONDS OFFERED FOR SALE BY THIS OFFICIAL STATEMENT.**

**THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE OF REFERENCE ONLY, AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISION OR SECTIONS OF THIS OFFICIAL STATEMENT. THE OFFERING OF THE SERIES 2016 REFUNDING BONDS IS MADE ONLY BY MEANS OF THIS OFFICIAL STATEMENT.**

**THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: [WWW.MUNIOS.COM](http://WWW.MUNIOS.COM). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IS PRINTED IN ITS ENTIRETY FROM SUCH WEBSITE.**

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OFFICIAL STATEMENT SUMMARY

THE OFFERING

**\$6,085,000\***  
**HINDS COUNTY, MISSISSIPPI**  
**GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES 2016A**  
**(Tax-Exempt)**

<b>The Issuer</b> .....	Hinds County, Mississippi (the "County").
<b>Issue and Date</b> .....	\$6,085,000* Hinds, County, Mississippi General Obligation Refunding Bonds, Series 2016A (Tax-Exempt) (the "Series 2016A Bonds"), dated their date of delivery.
<b>Authority</b> .....	The Series 2016A Bonds will be issued pursuant to the provisions of the Act (as defined herein) and the Resolution (as defined herein).
<b>Purpose</b> .....	The Series 2016A Bonds are being issued for the purpose of (a) refunding and restructuring certain discrete maturities of general obligation bonds and notes previously issued by the County, as more particularly described herein, and (b) paying the costs incident to the sale and issuance of the Series 2016A Bonds, as authorized under the Act.
<b>Amounts and Maturities</b> .....	The Series 2016A Bonds will mature on November 1 in the years and amounts as shown on the inside front cover.
<b>Interest Payment Dates</b> .....	Interest on the Series 2016A Bonds will be payable on May 1 and November 1 of each year, commencing November 1, 2016.
<b>Redemption Provisions</b> .....	The Series 2016A Bonds are subject to optional and mandatory sinking fund redemption prior to their respective maturities (see "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS - Redemption Provisions of the Series 2016A Bonds," herein).
<b>Security for Payment</b> .....	Pursuant to the Act, the Series 2016A Bonds shall be general obligations of the County and are secured by a pledge of the full faith and credit of the County (see "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS - Security," herein).
<b>Tax Matters</b> .....	In the opinion of Bond Counsel (as defined herein), assuming compliance by the County with certain tax covenants, interest on the Series 2016A Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions. Interest on the Series 2016A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2016A Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" herein for a description of certain other federal tax consequences of ownership of the Series 2016A Bonds. Bond Counsel is further of the opinion that under and pursuant to the Act, the Series 2016A Bonds and interest thereon are exempt from all income taxes imposed by the State of Mississippi.
<b>Bank Qualification</b> .....	The Series 2016A Bonds are being offered as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The above information is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, including the Appendices.

\* Preliminary, subject to change.

**OFFICIAL STATEMENT SUMMARY**

**THE OFFERING**

**\$2,185,000\***  
**HINDS COUNTY, MISSISSIPPI**  
**TAXABLE GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES 2016B**

- The Issuer** ..... Hinds County, Mississippi (the "County").
- Issue and Date** ..... \$2,185,000\* Hinds County, Mississippi Taxable General Obligation Refunding Bonds, Series 2016B (the "Series 2016B Bonds"), dated their date of delivery.
- Authority** ..... The Series 2016B Bonds will be issued pursuant to the provisions of the Act and the Resolution.
- Purpose** ..... The Series 2016B Bonds are being issued for the purpose of (a) refunding and restructuring certain general obligation notes previously issued by the County, as more particularly described herein, and (b) paying the costs incident to the sale and issuance of the Series 2016B Bonds, as authorized under the Act.
- Amounts and Maturities** ..... The Series 2016B Bonds will mature on November 1 in the years and amounts as shown on the inside front cover.
- Interest Payment Dates** ..... Interest on the Series 2016B Bonds will be payable on May 1 and November 1 of each year, commencing November 1, 2016.
- Redemption Provisions** ..... The Series 2016B Bonds are not subject to redemption prior to their respective maturities (see "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS - Redemption Provisions of the Series 2016B Bonds," herein).
- Security for Payment** ..... Pursuant to the Act, the Series 2016B Bonds shall be general obligations of the County and are secured by a pledge of the full faith and credit of the County (see "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS - Security," herein).
- Tax Matters** ..... **INTEREST ON THE SERIES 2016B BONDS SHOULD BE TREATED AS INCLUDABLE IN GROSS INCOME OF THE HOLDERS THEREOF FOR FEDERAL INCOME TAX PURPOSES.** In the opinion of Bond Counsel, interest on the Series 2016B Bonds is exempt from all income taxation in the State of Mississippi (see "TAX MATTERS," herein).

The above information is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, including the Appendices.

\* Preliminary, subject to change.

## OFFICIAL STATEMENT

**\$6,085,000\***  
**HINDS COUNTY, MISSISSIPPI**  
**GENERAL OBLIGATION REFUNDING**  
**BONDS, SERIES 2016A**  
**(Tax-Exempt)**

**\$2,185,000\***  
**HINDS COUNTY, MISSISSIPPI**  
**TAXABLE GENERAL OBLIGATION**  
**REFUNDING BONDS,**  
**SERIES 2016B**

### INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover and the Appendices herein, is to set forth certain information concerning Hinds County, Mississippi (the "County") and the County's \$6,085,000\* General Obligation Refunding Bonds, Series 2016A (Tax-Exempt) (the "Series 2016A Bonds"), and \$2,185,000\* Taxable General Obligation Refunding Bonds, Series 2016B (the "Series 2016B Bonds" and together with the Series 2016A Bonds, the "Series 2016 Refunding Bonds").

### DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS

#### General

The Series 2016 Refunding Bonds will be dated the date of delivery, and will be issued as fully registered bonds in the denominations of \$5,000 or any integral multiples thereof, bearing interest at the rates per annum set forth on the inside front cover, payable on May 1 and November 1 of each year, commencing on November 1, 2016, and computed on the basis of a 360-day year consisting of twelve, 30-day months. The County has designated US Bank National Association, Olive Branch, Mississippi to serve as paying agent, transfer agent and registrar of the Series 2016 Refunding Bonds (in such capacity, the "Paying and Transfer Agent"). The Series 2016 Refunding Bonds will be general obligations of the County and the full faith and credit of the County shall be pledged as security for the payment of the principal of and the interest on the Series 2016 Refunding Bonds.

The Series 2016 Refunding Bonds initially will be held in a book-entry-only system administered by The Depository Trust Company, New York, New York ("DTC"). Principal of and interest on the Series 2016 Refunding Bonds held in book-entry form shall be payable as described herein under the heading "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS - Book-Entry-Only System."

The principal of and interest on the Series 2016 Refunding Bonds will be payable by the Paying and Transfer Agent to DTC, which will in turn remit such principal and interest to its Direct Participants (as hereinafter defined) and Indirect Participants (as hereinafter defined), which will in turn remit such principal and interest to the Beneficial Owners (as hereinafter defined) of the Series 2016 Refunding Bonds. If the date for payment is not a business day, then the payment shall be made on the next succeeding business day with the same force and effect as if made on the payment date.

The Series 2016 Refunding Bonds will mature November 1, in the years and in the amounts set forth on the inside cover page hereto.

The Series 2016 Refunding Bonds will be issued pursuant to the provisions of Section 31-15-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "Act") and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on March 21, 2016 (the "Resolution").

#### Series 2016A Bonds

The Series 2016A Bonds are being issued for the purpose of providing funds to (a) refund and/or restructure certain maturities of (i) the outstanding \$7,500,000 (original principal amount) Mississippi

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\* Preliminary, subject to change.

Development Bank Special Obligation Bonds, Series 2005 (Hinds County, Mississippi General Obligation Public Improvements Bond Project), dated as of April 15, 2005 (the "2005 Bank Bonds"), and a corresponding portion of the outstanding \$7,500,000 (original principal amount) Hinds County, Mississippi General Obligation Public Improvements Bond, Series 2005 (the "2005 County Bond"), dated as of April 15, 2005, (ii) the outstanding \$25,500,000 (original principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2007A (Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond Project), dated as of March 1, 2007 (the "2007A Bank Bonds"), and a corresponding portion of the outstanding \$25,500,000 Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond, Series 2007A, dated as of March 1, 2007 (the "2007A County Bond"), and (iii) a portion of the outstanding \$4,000,000 (original principal amount) Hinds County, Mississippi Taxable General Obligation Note, Series 2015, dated July 13, 2015 and amended December 21, 2015 (the "2015 Note") (collectively, the "2016A Refunded Obligations"), and (b) pay the costs incident to the sale and issuance of the Series 2016A Bonds, as authorized under the Act (see "PLAN OF REFUNDING – Series 2016A Bonds," herein).

### **Series 2016B Bonds**

The Series 2016B Bonds are being issued for the purpose of providing funds to (a) refund and restructure (i) all of the outstanding \$3,200,000 (original principal amount) Hinds County, Mississippi General Obligation Note, Series 2013, dated August 21, 2013 (the "2013 Note"), and (ii) a portion of the outstanding 2015 Note (the "2016B Refunded Obligations" and together with the 2016A Refunded Obligations, the "Refunded Obligations"), and (b) pay the costs incident to the sale, issuance and delivery of the Series 2016B Bonds (see "PLAN OF REFUNDING – Series 2016B Bonds," herein).

### **Security**

The Series 2016 Refunding Bonds will be general obligations of the County. The full faith, credit and resources of the County are irrevocably pledged to secure the payment of the principal of and interest on the Series 2016 Refunding Bonds, which are payable out of and secured by the avails of a direct and continuing ad valorem tax to be levied annually without limitation as to rate or amount upon all taxable property within the geographical limits of the County; provided, however, that such tax levy for any year shall be abated *pro tanto* to the extent the County on or prior to September 1 of that year has transferred money to the Bond Fund (as defined in the Resolution), or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the Series 2016 Refunding Bonds due during the ensuing fiscal year of the County. The County, when necessary, will levy annually a special tax upon all taxable property within the geographical limits of the County adequate and sufficient to provide for the payment of principal of and interest on the Series 2016 Refunding Bonds as the same falls due.

The qualified electors of the State of Mississippi (the "State") voted in a general election held on November 7, 1995, to amend the Mississippi Constitution of 1890 (the "Constitution") to add the following new Section 172A (the "Amendment"):

SECTION 172A. Neither the Supreme Court nor any inferior court of this state shall have the power to instruct or order the state or any political subdivision thereof, or an official of the state or any political subdivision, to levy or increase taxes.

The Amendment does not affect the County's underlying obligation to pay the principal of and interest on the Series 2016 Refunding Bonds as they mature and become due nor does it affect the County's obligation to levy a tax sufficient to accomplish that purpose. However, even though it appears that the Amendment was not intended to affect bondholders' remedies in the event of a payment default, the Amendment potentially prevents bondholders from obtaining a writ of mandamus to compel the levying of taxes to pay the principal of and interest on the Series 2016 Refunding Bonds in a State court. It is not certain whether the Amendment would affect the right of a federal court to direct the levy of a tax to satisfy a contractual obligation. Other effective remedies are available to the bondholders in the event of a payment default with respect to the Series 2016 Refunding Bonds.

### **Redemption Provisions of the Series 2016A Bonds**

Optional Redemption. The Series 2016A Bonds will be subject to optional redemption prior to their respective maturities on or after November 1, 20\_\_, either in whole or in part on any date, (as selected by the

County among maturities and by lot within each maturity), at the principal amount thereof, together with the interest accrued thereon to the date fixed for redemption and without premium.

*Mandatory Sinking Fund Redemption.* The Series 2016A Bonds maturing November 1, 20\_\_\_, are subject to mandatory sinking fund redemption, in part, by lot, on November 1, in each of the years set forth below, at one hundred percent (100%) of the principal amount so redeemed or paid, plus accrued interest as set forth below:

\$\_\_\_\_\_

**Term Bond Maturing November 1, 20\_\_**

Year	Principal Amount
*	

\* Final Maturity

**Redemption Provisions of the Series 2016B Bonds**

The Series 2016B Bonds will be not subject to redemption prior to their respective maturities

**Notice of Redemption**

Notice of the call for any redemption (which may be a conditional notice), identifying the Series 2016A Bonds (or any portions thereof in authorized denominations) to be redeemed, will be given by the County at least 30 days prior to the date fixed for redemption by mailing a copy of the redemption notice by registered or certified mail to the Underwriter (as defined herein) and the registered owner of each Series 2016A Bond to be redeemed at the address shown on the records of the Paying and Transfer Agent. Failure to mail such notice to any particular owner of Series 2016A Bonds, or any defect in the notice mailed to any such owner of Series 2016A Bonds, will not affect the validity of any proceeding for the redemption of any other Series 2016A Bonds. So long as DTC or its nominee is the registered owner of the Series 2016A Bonds, notice of the call for any redemption will be given to DTC, and not directly to Beneficial Owners. See the caption, "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS -- Book-Entry-Only System" and APPENDIX E - BOOK-ENTRY-ONLY SYSTEM.

**Defeasance**

Under the Resolution, all Series 2016 Refunding Bonds for the payment of which sufficient moneys shall have been deposited with an escrow agent appointed for such purpose, which may be the Paying and Transfer Agent, all to the extent provided in the Resolution, shall be deemed to have been paid, shall cease to be entitled to any lien, benefit or security under the Resolution and shall no longer be deemed to be outstanding thereunder, and the registered owners shall have no rights in respect thereof except to receive payment of the principal of, premium, if any, and interest on such Series 2016 Refunding Bonds from the funds held for that purpose.

**Registration**

*Series 2016 Refunding Bonds Subject to the Book-Entry-Only System.* For so long as DTC acts as securities depository for the Series 2016 Refunding Bonds, the registration and transfer of ownership interests in Series 2016 Refunding Bonds shall be accomplished by book entries made by DTC and the Direct Participants and, where appropriate, the Indirect Participants, as described herein under the heading "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS-Book-Entry-Only System" and in APPENDIX E - BOOK-ENTRY-ONLY SYSTEM.

Series 2016 Refunding Bonds Not Subject to Book-Entry-Only System. Should the Series 2016 Refunding Bonds no longer be held in book-entry form, each Series 2016 Refunding Bond shall be thereafter evidenced by a bond certificate in fully registered form and transferable only upon the registration records of the County maintained by the Paying and Transfer Agent, by the registered owner thereof or by such registered owner's attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Paying and Transfer Agent, duly executed by the registered owner or such registered owner's duly authorized attorney. Upon the transfer of any Series 2016 Refunding Bond, the County shall issue, in the name of the transferee, a new Series 2016 Refunding Bond or Series 2016 Refunding Bonds of the same interest rate and maturity of like tenor and effect in any authorized denomination equal to the unpaid principal amount of the surrendered Series 2016 Refunding Bond.

Series 2016 Refunding Bonds, upon surrender thereof at the office of the Paying and Transfer Agent with a written instrument of transfer satisfactory to the Paying and Transfer Agent duly executed by the registered owner or such registered owner's duly authorized attorney, may be exchanged for a principal amount of Series 2016 Refunding Bonds of the same interest rate and maturity and of like tenor and effect in any authorized denomination equal to the unpaid principal amount of the surrendered Series 2016 Refunding Bonds. The Paying and Transfer Agent will not be required to register the transfer of or exchange any Series 2016 Refunding Bond after the mailing of notice calling such Series 2016 Refunding Bond for redemption has been given as provided in the Resolution, nor during the period of 15 days next preceding the giving of such notice of redemption.

**Book-Entry-Only System**

The County has determined that it will be beneficial to have the Series 2016 Refunding Bonds held by a central depository system and to have transfers of the Series 2016 Refunding Bonds handled by a book-entry system on the records of DTC. Unless and until the book-entry-only system has been discontinued, the Series 2016 Refunding Bonds will be available only in book-entry form in principal amounts of \$5,000 or any integral multiple thereof. DTC will initially act as securities depository for the Series 2016 Refunding Bonds. The Series 2016 Refunding Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2016 Refunding Bond will be issued for each maturity of the Series 2016 Refunding Bonds, and will be deposited with DTC. See APPENDIX E - BOOK-ENTRY-ONLY SYSTEM, for a detailed discussion of the book-entry-only system and DTC.

In the event the book-entry-only system is discontinued, principal and interest on the Series 2016 Refunding Bonds will be payable by check or draft of the Paying and Transfer Agent as described under the heading "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS - Registration."

**PLAN OF REFUNDING\***

**Series 2016A Bonds**

The Series 2016A Bonds are being issued under and pursuant to the Act and the Resolution for the purpose of (a) refunding and/or restructuring the 2016A Refunded Obligations, as more particularly described below, and (b) paying certain costs incident to the sale and issuance of the Series 2016A Bonds.

\$7,500,000 (original principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2005 (Hinds County, Mississippi General Obligation Public Improvements Bond Project), dated as of April 15, 2005, as described below, and a corresponding portion of the \$7,500,000 (original principal amount) Hinds County, Mississippi General Obligation Public Improvements Bond, Series 2005, dated as of April 15, 2005

<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal Amount</b>	<b>Redemption Date</b>	<b>Redemption Price</b>
10/1/2020	4.300%	\$215,000		100%

\* Preliminary, subject to change.

\$25,500,000 (original principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2007A (Hinds County, Mississippi General Obligation Public Improvement and Refunding Bond Project), dated as of March 1, 2007, as described below, and a corresponding portion of the \$25,500,000 (original principal amount) Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond, Series 2007A, dated as of March 1, 2007

<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal Amount**</b>	<b>Redemption Date</b>	<b>Redemption Price</b>
10/1/2018	4.375%	\$715,000	10/1/2017	100%
10/1/2019	4.375%	\$735,000	10/1/2017	100%
10/1/2020	4.375%	\$315,000	10/1/2017	100%
10/1/2033	4.500%	\$790,000	10/1/2017	100%
10/1/2035	4.500%	\$100,000	10/1/2017	100%

\*\* The County will only refund the listed portions of the Series 2007A mandatory sinking funds which have been deemed to be advance refundable.

A portion of the \$4,000,000 (original principal amount) Hinds County, Mississippi Taxable General Obligation Note, Series 2015, dated July 13, 2015 and amended December 21, 2015, in the principal amount of \$3,500,000, plus accrued interest thereon to the redemption date of \_\_\_\_\_, 2016

In order to effect the refunding and restructuring of the 2016A Refunded Obligations in accordance with the Resolution, a portion of the proceeds of the Series 2016A Bonds will be deposited in an irrevocable trust fund (the "Series 2016A Escrow Account") to be created pursuant to an Escrow Trust Agreement to be dated as of the date of delivery thereof (the "Escrow Agreement") between the County, the Mississippi Development Bank and US Bank National Association, Olive Branch, Mississippi, as escrow trustee thereunder (the "Escrow Trustee"). The Escrow Trustee shall invest a portion of the moneys on deposit in the Series 2016A Escrow Account in direct obligations of or obligations unconditionally guaranteed by the United States of America (the "2016A Investment Securities"). The remainder of such moneys shall be held as uninvested cash. The calculation of the adequacy of the maturing principal and interest payments from the 2016A Investment Securities, together with such uninvested cash, to pay the principal of and interest on the 2016A Refunded Obligations when due will be verified by The Arbitrage Group, Inc. (the "Verification Agent") (see "VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS," herein). Neither the principal of nor the interest on the 2016A Investment Securities nor the uninvested cash will be available for payment of the Series 2016A Bonds. A portion of the proceeds of the Series 2016A Bonds will be deposited in an irrevocable trust fund to be created pursuant to the Escrow Agreement and will be used to pay the costs incident to the sale and issuance of the Series 2016A Bonds (the "Series 2016A Cost of Issuance Account").

### **Series 2016B Bonds**

The Series 2016B Bonds are being issued under and pursuant to the Act and the Resolution for the purpose of (a) refunding and restructuring the 2016B Refunded Obligations, as more particularly described below, and (b) paying certain costs incident to the sale and issuance of the Series 2016B Bonds.

The \$3,200,000 (original principal amount) Hinds County, Mississippi General Obligation Note, Series 2013, dated August 21, 2013, currently outstanding in the principal amount of \$1,600,000.01 plus accrued interest thereon to the redemption date of \_\_\_\_\_, 2016

A portion of the \$4,000,000 (original principal amount) Hinds County, Mississippi Taxable General Obligation Note, Series 2015, dated July 13, 2015 and amended December 21, 2015, in the principal amount of \$500,000, plus accrued interest thereon to the redemption date of \_\_\_\_\_, 2016

In order to effect the refunding and restructuring of the 2016B Refunded Obligations in accordance with the Resolution, a portion of the proceeds of the Series 2016B Bonds will be deposited in an irrevocable trust fund (the "Series 2016B Escrow Account" together with the Series 2016A Escrow Account, the "Escrow Accounts") to be created pursuant to the Escrow Agreement. The Escrow Trustee shall hold the moneys on deposit in the Series 2016B Escrow Account as uninvested cash. The calculation of the adequacy of the moneys

held in the Series 2016B Escrow Account to pay the principal of and interest on the 2016B Refunded Obligations when due will be verified by the Verification Agent (see "VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS," herein). Such moneys will not be available for payment of the Series 2016B Bonds. A portion of the proceeds of the Series 2016B Bonds will be deposited in an irrevocable trust fund to be created pursuant to the Escrow Agreement and will be used to pay the costs incident to the sale and issuance of the Series 2016B Bonds (the "Series 2016B Cost of Issuance Account").

### SOURCES AND USES OF FUNDS

The following is a summary of the estimated sources and uses of proceeds of the Series 2016 Refunding Bonds.

	Series 2016A Bonds	Series 2016B Bonds
<b>Sources</b>		
Par Amount	\$ _____	\$ _____
Plus Original Issue Premium	_____	_____
Total Sources	\$ _____	\$ _____
<b>Uses</b>		
For Deposit to the Series 2016A Escrow Account	\$ _____	\$ _____
For Deposit to the Series 2016A Cost of Issuance Account <sup>1</sup>	_____	_____
For Deposit to the Series 2016B Escrow Account	_____	_____
For Deposit to the Series 2016B Cost of Issuance Account <sup>1</sup>	_____	_____
Underwriter's Discount	_____	_____
Total Uses	\$ _____	\$ _____

<sup>1</sup> Includes, among other expenses, rating agency fees, and financial advisor and legal fees and expenses. Payment of such fees and expenses is contingent upon the issuance of the Series 2016 Refunding Bonds.

### THE COUNTY

#### General Description

The County, which is equidistance to Memphis and New Orleans as well as Atlanta and Dallas, is often referred to as the "Crossroads of the South." Because of its central location as a transportation corridor through the South where Interstate 55 and Interstate 20 intersect, the area offers many options for quick and easy access to major cities throughout the country. Jackson, Mississippi (the "City"), the capitol of the State, is located in the County and is known for its medical community and as the heart of the government and legal community. The County boasts eight industrial parks which are home to approximately one hundred fifty-five (155) businesses. The County's diverse population makes its workforce one of its strongest assets. Premier access to raw materials and economical movement of finished products is paramount to business growth in this area.

#### Population

County, City and State population figures have been recorded as follows:

	1990	2000	2010	2014 (estimate)
County	254,441	250,800	245,285	243,729
City	196,637	184,256	173,514	171,155
State	2,573,216	2,844,658	2,967,297	2,994,079

Source: United States Department of Commerce, Bureau of the Census, March 2016.

## Government

The County operates under the unit form of government for expenditures, governed by a Board of Supervisors (the "Board of Supervisors" or the "Governing Body"), which is comprised of five persons who serve part-time and are elected for four year terms from separate districts. The Board is the legislative branch of the County's government and is charged with establishing policies. Supervision of the County's day to day operations is handled by a County Administrator who is appointed by and reports to the Board. Meetings of the Board are chaired by the President of the Board who is elected annually by the Board from among its members. The Chancery Clerk of the County, who is elected, serves as the clerk to the Board.

The current members of the Board and the Chancery Clerk, and the year in which they were originally placed in office are as follows:

<b>Name and Title</b>	<b>Position</b>	<b>Office Held Since</b>
Darrel McQuirter	President (2016)	2013
Peggy Hobson Calhoun	Vice President (2016)	1992
Robert Graham	Member	2008
Mike Morgan	Member	2016
Bobby "Bobcat" McGowan	Member	2016
Eddie Jean Carr	Chancery Clerk	2004

## Transportation

Two (2) interstate highway systems cross the County and intersect in the City. Interstate Highway 55 connects Memphis, Tennessee, to the north and New Orleans, Louisiana, to the south; and Interstate Highway 20 connects Birmingham, Alabama, to the east and northern Louisiana and Dallas, Texas to the west. Additionally, Interstate highway 220 forms a ten (10) mile bypass around the northwest perimeter of the City. United States Highways 49, 51 and 80, State Highways 18, 25 and 468 and a number of county roads provide access to all areas of the County and State. Bus service is available through Greyhound.

Rail service is provided to residents of the County by the Canadian National Railroad. Amtrak runs daily north-south passenger service to New Orleans, Louisiana, and Chicago, Illinois, utilizing Canadian National Railroad rails. Numerous motor freight carriers are authorized to serve the City and offer interstate and intrastate shipping services.

Residents of the County may avail themselves of commercial air service which is available at the Jackson-Evers International Airport (the "International Airport") located approximately ten miles east of the City and the County in Rankin County, Mississippi. The International Airport has a modern terminal, 8,500-foot runways and complete F.A.A. equipment for Category I and Category II operation, and has been designated as a general purpose foreign trade zone. Private and business aircraft operate from the field's complete fixed base facilities. Hawkins Field is located within the City and County and serves private aviation and the Hawkins Field Industrial Park. The field provides two runways, one 5,400 feet in length and one 3,600 feet in length, and complete F.A.A. tower service.

The nearest port is the Port of Vicksburg, which is located less than 45 miles to the west of the City on the Mississippi River in Warren County, Mississippi, which adjoins the County on the west. The port, which has a channel depth of twelve feet and a width of three hundred feet, is a United States Customs port of entry and a designated general purpose foreign trade zone.

## Utilities

Entergy Mississippi, Inc., a subsidiary of the Entergy Corporation which is headquartered in New Orleans, Louisiana, furnishes electric power to the City, the County and the surrounding area. Electric power is produced by oil, gas and coal fired plants and the company's allocation of nuclear capacity from the Grand Gulf Nuclear Station located near Port Gibson, Mississippi.

Natural gas is available to the County's residential, commercial and industrial consumers from Atmos Energy Corporation ("Atmos"). The gas used by Atmos is purchased from both interstate pipeline companies and intrastate production companies.

The City owns and operates a municipal water and sewer system. The water portion of the system includes surface water treatment facilities and ground water well systems. Over the years, the City has constructed numerous transmission mains, water storage facilities and distribution facilities to provide service throughout the City and certain parts of the County. The sewer portion of the system consists of wastewater treatment facilities, plus numerous interceptor and collector sewers throughout the metropolitan area, and provides sewer services to the City and parts of the County, Rankin County, Mississippi and Madison County, Mississippi. Other incorporated municipalities, such as Clinton, provide their residents with water and sewer service while the outlying and more rural parts of the County are served by various private water associations.

**Educational Facilities**

The Hinds County Public School District, which incorporates all of the County except the Jackson Public School District and the Clinton Public School District, is comprised of two high schools, four middle/junior high schools, five elementary schools, one public vocational center, and one attendance center. The Jackson Public School District is comprised of eight high schools, thirty-eight (38) elementary schools, ten (10) middle schools, one vocational school and two alternative schools. The Clinton Public School District is comprised of four elementary schools, two junior high schools, one high school, one alternative school and one vocational school.

Enrollment figures for the School Districts in the County for the scholastic year 2015-16 and for the three preceding years are as follows:

Scholastic Year	Jackson Public Schools	Clinton Public School	Hinds County Public Schools	Total
2015-16	28,019	5,129	6,221	39,369
2014-15	29,062	4,954	6,292	40,308
2013-14	29,481	4,903	6,264	40,648
2012-13	29,738	4,748	6,267	40,753

Source: Mississippi Department of Education, Report Services, March 2016.

Over thirty private and parochial schools, seven senior colleges, one community college, a medical school, a dental school and a law school are located in the County.

**Medical Facilities**

A number of general and specialty hospitals are located in the City or the surrounding area and serve the County and the City. Several hospitals in the County with complete diagnostic and treatment facilities, as well as facilities for treatment of mental and related illnesses, attract patients from throughout the County as well as the State. The University Medical Center Complex is also located within the City, and is home to the Schools of Medicine, Dentistry, Nursing, Health Related Professionals and graduate programs in the health sciences. Several facilities located in or just outside of the City provide treatment for mental, chemical and related illnesses.

### Per Capita Income

The following represents per capita income annually from 2010 to 2014 for the County and for non-metropolitan portions of Mississippi and the United States of America:

Year	Hinds County	Non-Metropolitan Areas of Mississippi	United States	County as Percentage of United States
2014	\$38,344	\$32,158	\$46,049	83.3%
2013	37,101	31,486	44,438	83.5
2012	37,662	30,701	44,266	85.1
2011	37,247	29,417	42,453	87.7
2010	35,566	28,233	40,277	88.3

Source: Bureau of Economic Analysis, *Regional Economic Accounts – Per Capita Personal Income*, (2010-2014), March 2016

### Retail Sales and Sales Tax Collected

Fiscal Year	Total Taxable Sales	Total Sales Taxes Collected
2015	\$4,829,112,996	\$306,051,017
2014	\$4,842,623,529	\$303,480,185
2013	\$4,535,143,721	\$274,665,176
2012	\$4,408,445,816	\$266,510,646
2011	\$4,311,347,044	\$260,886,000

Source: Mississippi Department of Revenue, February 2016.

### County Unemployment Statistics

	2016	2015	2014	2013	2012
January	6.4%	7.0%	8.2%	9.5%	9.9%
February	4.6	6.1	8.1	8.5	9.3
March	-	5.6	7.9	7.8	8.9
April	-	5.2	6.5	7.3	8.2
May	-	6.3	7.6	8.0	9.2
June	-	6.5	8.1	8.7	10.7
July	-	6.4	8.4	8.3	10.8
August	-	5.1	7.1	7.4	10.4
September	-	5.5	7.1	7.8	8.8
October	-	5.5	6.7	7.5	9.0
November	-	5.4	6.1	6.6	8.4
December	-	6.7	6.4	6.7	8.9
Annual Average	-	5.9%	7.4%	7.8%	9.3%

Source: *Unemployment Rates - Counties and State*, Labor Market Information Department, Mississippi Employment Security Commission, March 2016.

### County Employment Statistics

<i>Residence Based Employment</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Civilian Labor Force	111,520	112,990	116,280	118,440	119,990
Unemployed	6,630	7,960	9,130	10,020	11,350
Employed	104,890	105,030	107,150	108,420	108,640
<i>Establishment Based Employment</i>					
Manufacturing	3,670	3,480	3,470	3,640	3,560
Nonmanufacturing	129,080	129,350	129,950	127,070	129,120
Natural Resources and Mining	280	250	260	270	260
Construction	4,020	3,410	3,510	3,900	4,290
Trade, Transportation & Utilities	18,	18,190	18,530	18,850	19,590
Information	2,220	2,040	2,120	2,070	2,150
Financial Activities	6,920	7,010	7,050	7,170	7,060
Professional & Business Services	15,290	17,780	17,950	15,310	15,390
Education & Health Services	25,820	25,230	25,120	24,230	24,380
Leisure and Hospitality	10,300	11,000	10,830	9,910	9,970
Other Services	6,610	6,960	6,940	6,730	7,130
Government	38,050	37,480	37,640	38,630	38,900
Public Education	13,300	14,800	14,850	14,820	14,790

**Source:** *Annual Labor Force*, (2011-2015), Labor Market Information Department, Mississippi Employment Security Commission, March 2016.

### City Employment Statistics

<i>Residence Based Employment</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Civilian Labor Force	76,360	76,890	79,360	80,880	82,210
Unemployed	4,820	5,700	6,720	7,390	8,360
Employed	71,540	71,170	72,640	73,380	73,850

**Source:** *Annual Labor Force*, (2011-2015), Labor Market Information Department, Mississippi Employment Security Commission, March 2016.

**Major Employers**

The following is a partial listing of the County's major employers, their products or services and their approximate number of employees:

<b>LARGEST EMPLOYERS</b>		
<b>Employer</b>	<b>Approximate Number Employed</b>	<b>Business Type</b>
State of Mississippi	31,500	State Government
University Medical Center	8,000	Medical
U.S. Government	5,500	Federal Government
Jackson Public Schools	4,800	Education
Baptist Health Systems	2,875	Medical
St. Dominic Health Services	2,600	Medical
City of Jackson	2,300	Government
Jackson State University	1,650	Higher Education
AT&T Mississippi	1,300	Communications
Merit Health Central	1,200	Medical
Trustmark National Bank	1,075	Banking
Hudson Bay Company	800	Back Office Operations
Entergy Mississippi	765	Electric Utility
Eaton Aerospace	625	Aerospace

Source: Hinds County Economic Development Authority, March 2016.

**TAX INFORMATION**

**Description of County Taxes**

**Procedure for Property Assessments.** Real and personal property valuations other than motor vehicles and property owned by public utilities are determined by the County Tax Assessor. All taxable real property situated in the County is assessed each year and taxes thereon paid for the ensuing year. Assessment rolls of such property subject to taxation are prepared by the County Tax Assessor and are delivered to the Board of Supervisors of the County on the first Monday in July. Thereafter, the assessments are equalized by the Board of Supervisors and notice is given to the taxpayers that the Board of Supervisors will meet to hear objections to the assessments. After objections are heard, the Board of Supervisors adjusts the rolls and submits them to the Department of Revenue. The Department of Revenue may then accept the rolls, or, if it finds the rolls incorrect in any valuation, it may return the rolls to the Board of Supervisors for correction. The Board of Supervisors then revises the tax rolls in accordance with the recommendations of the Department of Revenue. If the Board of Supervisors has any objections to the direction of the Department of Revenue to revise the rolls, it may arrange a hearing before the Department of Revenue. Otherwise, the assessment rolls are

finalized and are submitted to the County Tax Collector for collection. The assessed value of motor vehicles is determined by an assessment schedule prepared each year by the Department of Revenue. With minor exceptions, the property of public utilities is assessed each year by the Department of Revenue.

**Procedure for Tax Collections.** The Board of Supervisors is required each year to levy taxes upon all of the taxable property within the County to provide sufficient revenue to cover the operating expenses of the County, including the payment of the principal of and interest on its outstanding general obligation bonds. If any taxpayer neglects or refuses to pay his taxes on the due date thereof, the unpaid taxes will bear interest at the rate of one percent per month or fractional part thereof from the delinquent date to the date of payment of such taxes. When enforcement officers take action to collect delinquent taxes, other fees, penalties and costs may accrue. Both real and personal property is subject to being sold at public sale for nonpayment of taxes.

Ad valorem taxes on personal property are payable at the same time and in the same manner as on real property. These taxes are due by February 2nd of the year subsequent to assessment. Section 27-41-15, Mississippi Code of 1972, as amended, provides that upon failure of a taxpayer to make timely payment, the tax collector of each county is authorized to sell any personal property liable for unpaid taxes at the courthouse door of such county unless the property is too cumbersome to be removed. Five days' notice of the sale in an advertisement posted in three public places in such county, one of which must be the courthouse, is required. Interest, fees, costs and expenses of sale are recoverable in addition to the delinquent taxes. If sufficient personal property cannot be found, the tax collector may make a list of debts due such taxpayer by other persons and sell such debts and is further directed to distrain and sell sufficient other properties of such taxpayer to pay the delinquent taxes. Debts sold may be redeemed within six months from the sale in the same manner as redemption of land from tax sales.

Section 27-41-55, Mississippi Code of 1972, as amended, provides that after the fifth day of August in each year, the tax collector for each county shall advertise and sell all land in such county on which all taxes due and in arrears have not been paid, as well as all land liable for other matured taxes. The sale is held at the door of the courthouse of such county on the last Monday of August following. The owner, or any person interested in the land sold for taxes, may redeem the land at any time within two years after the date of sale by paying all taxes, costs, interest and damages due to the county's chancery clerk. A valid tax sale will mature two years after the date of sale unless the land is redeemed and title will vest in the purchaser on such date.

At the option of the tax collector, advertisement for the sale of such county lands may be made after the fifteenth day of February in each year with the sale of such lands to be held on the first Monday of April following. All provisions which relate to the tax sale held in August of each year shall apply to the tax sale if held in April.

County and municipal taxes, assessed upon land or personal property, are entitled to preference over all judgments, executions, encumbrances or liens however created.

**Assessed Valuation for the County**

<b>Class</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Real Property	\$1,166,145,165	\$1,173,260,738	\$1,182,398,908	\$1,193,124,605
Personal Property (includes mobile homes and automobiles)	\$463,361,515	455,321,640	455,927,609	461,599,569
Public Utilities	<u>\$234,647,082</u>	<u>230,149,500</u>	<u>206,894,948</u>	<u>209,882,230</u>
<b>TOTAL</b>	<u>\$1,864,153,762</u>	<u>\$1,858,731,878</u>	<u>\$1,845,221,465</u>	<u>\$1,864,606,404</u>
<b>Class</b>	<b>2011</b>			
Real Property	\$1,173,390,492			
Personal Property (includes mobile homes and automobiles)	455,356,981			
Public Utilities	<u>201,619,743</u>			
<b>TOTAL</b>	<u>\$1,830,867,216</u>			

Source: Office of the Hinds County Tax Assessor, March 2016.

**Assessed Valuation for the City**

<b>Class</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Real Property	\$780,885,736	\$791,229,956	\$803,769,340	\$815,180,210
Personal Property (includes mobile homes and automobiles)	\$294,191,074	292,651,562	291,157,693	305,227,483
Public Utilities	<u>\$133,711,644</u>	<u>129,809,648</u>	<u>104,487,079</u>	<u>108,622,422</u>
<b>TOTAL</b>	<b><u>\$1,208,788,454</u></b>	<b><u>\$1,213,691,166</u></b>	<b><u>\$1,119,414,112</u></b>	<b><u>\$1,229,030,115</u></b>

<b>Class</b>	<b>2011</b>
Real Property	\$807,600,739
Personal Property (includes mobile homes and automobiles)	301,389,859
Public Utilities	<u>105,066,109</u>
<b>TOTAL</b>	<b><u>\$1,214,056,707</u></b>

Source: Office of the Hinds County Tax Assessor, March 2016.

The above assessed valuations are based upon the following assessment ratios: real and personal property (excluding single-family owner-occupied residential real property and motor vehicles, respectively), 15% of true value; single-family owner-occupied residential real property, 10% of true value; and motor vehicles and public utility property, 30% of true value.

**Reappraisal of Property and Limitations on Ad Valorem Levies**

Senate Bill 2672, General Laws of Mississippi, Regular Session 1980, codified in part as Sections 27-35-49 and 27-35-50, Mississippi Code of 1972, as amended (the "Reappraisal Act"), provides that all real and personal property in the State shall be appraised at true value and assessed to true value. To insure that property taxes did not increase dramatically as the counties completed reappraisals, the Reappraisal Act provided for the limit on increase in tax revenues as discussed below.

The statute limits ad valorem tax levies by the County subsequent to October 1, 1980, to a rate which will result in an increase in total receipts of not greater than 10% over the previous year's receipts, excluding revenue from ad valorem taxes on any newly constructed properties, any existing properties added to the tax rolls or any properties previously exempt which were not assessed in the next preceding year. This limitation does not apply to levies for the payment of the principal of and the interest on general obligation bonds issued by the County or to certain other specified levies. The limitation may be increased only if the proposed increase is approved by a majority of those voting in an election held on such question.

On August 20, 1980, the Mississippi Supreme Court rendered its decision in *State Tax Commission v. Fondren*, 387 So.2d 712, affirming the decree of the Chancery Court of the First Judicial District of Hinds County, Mississippi, wherein the State Tax Commission was enjoined from accepting and approving assessment rolls from any county in the State for the tax year 1983 unless the State Tax Commission equalized the assessment rolls of all of the counties. Due to the intervening passage of the Act, the Supreme Court reversed that part of the lower court's decree ordering the assessment of property at true value (although it must still be appraised at true value), holding instead that assessed value may be expressed as a percentage of true value. Pursuant to the Supreme Court modification of the Chancellor's decree, on November 15, 1980, the State Tax Commission filed a master plan to assist counties in determining true value. On February 7, 1983, the Chancery Court granted an extension until July 1, 1984, of its previous deadline past which the State Tax Commission could not accept and approve tax rolls from counties which had not yet reappraised. The County completed reappraisals in 2012. The next reappraisals will be completed in 2016.

**Tax Levy Per \$1,000 Valuation**

<b>County Wide Millage</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
<b>General Fund</b>	26.535	26.535	26.175	23.840	25.590
Special Ad Valorem Reappraisal	0.880	0.880	0.880	0.880	0.880
Road Maintenance & Construction	1.016	1.016	1.016	1.016	1.016
Maintenance & Construction of Bridges & Culverts	0.762	0.762	0.762	0.762	0.762
Bond Sinking Fund	1.930	1.930	1.750	1.750	2.455
Hinds County Economic Development Authority	0.508	0.508	0.388	0.388	0.388
Hinds County Economic Development Capital Account	0.000	0.000	0.120	0.120	0.00
Rankin Hinds Flood Control	4.750	4.750	4.750	4.750	4.750
Hinds Comm. College Sup. & Maintenance	2.460	2.460	2.460	2.460	2.460
Hinds Comm. College Plant & Expansion	1.280	1.280	1.280	1.280	1.280
Hinds Comm. College Special Levy	0.990	0.990	0.990	0.990	0.990
Hinds Comm. College Special Levy	0.300	0.300	0.300	0.300	0.300
Hinds Agriculture HS	0.000	0.000	0.540	0.540	0.540
Mental Health Commission	0.742	0.742	0.742	0.742	0.742
Jackson Hinds Library	0.927	0.927	0.927	0.927	0.927
Volunteer Fire	1.070	1.070	1.070	1.070	1.070
Garbage	5.800	5.800	5.800	5.800	5.800
<b>School Purposes</b>					
Hinds County Schools	50.983	48.098	47.589	47.202	46.060
Adequate Education Program	0.648	0.000	0.000	0.000	0.000
Limited School Note	2.683	2.547	2.529	2.979	2.910
Millage for G.O. Bonds	<u>12.736</u>	<u>14.355</u>	<u>10.882</u>	<u>10.819</u>	<u>12.030</u>
<b>Total Millage</b>	<b><u>117.000</u></b>	<b><u>114.950</u></b>	<b><u>110.950</u></b>	<b><u>110.950</u></b>	<b><u>110.950</u></b>

Source: Hinds County Chancery Clerk, March 2016.

**Ad Valorem Tax Collections**

<b>Fiscal Year Ended September 30</b>	<b>Total Tax Levy<sup>1</sup></b>	<b>Taxes Due/Budgeted</b>	<b>Taxes Collected</b>	<b>Difference from Taxes Budgeted and Taxes Collected Over (Under)</b>
2015*		\$ 55,959,120	**\$ 57,648,568	\$ 1,689,448
2014	58,425,130	54,508,889	55,498,033	989,144
2013	58,690,244	55,202,490	55,703,918	501,428
2012	56,544,442	53,039,323	54,183,817	1,144,494
2011	56,544,442	52,498,103	52,029,532	468,571

<sup>1</sup> Represents taxes levied. The figure does not include County School District taxes.

\* Represents unaudited information

\*\*Represents taxes collected per Hinds County Budget for fiscal year 2015

Source: Hinds County Tax Collector, March 2016.

## Ten Largest Taxpayers

The ten (10) largest taxpayers in the County as of February 1, 2016, excluding motor vehicles, are as follows:

<b>Taxpayer</b>	<b>2015 Assessed Valuation</b>	<b>Total Tax</b>
Entergy of Mississippi	\$129,929,009	\$7,940,881.11
Bellsouth Telecommunications	32,096,742	1,448,498.34
MidContinent Express Pipeline LLC	26,106,770	2,930,484.93
Gulf South Pipeline Co. LP	22,244,187	2,442,979.37
Atmos Energy	14,917,148	751,381.40
Entergy Services, Inc.	10,032,332	1,684,561.30
Illinois Central Railroad	8,846,486	678,421.56
WalMart	8,595,425	1,538,838.93
Jackson HMA	8,087,970	1,447,989.29
Texas Eastern Transmission Company	6,855,552	775,637.15

Source: Office of the Hinds County Tax Collector, March 2016.

## DEBT INFORMATION

### Statutory Debt Limitations

The County is subject to a general statutory debt limitation under which no county in the State may incur general obligation bonded indebtedness in an amount which will exceed 15% of the assessed value of all taxable property within such county according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of this 15% limitation, there may be deducted all bonds or other evidences of indebtedness heretofore or hereafter issued for the construction of hospitals, ports or other capital improvements payable primarily from the net revenues to be generated from such hospitals, ports or other capital improvements in cases where such revenue is pledged to the retirement of the indebtedness, together with the full faith and credit of such county. However, in no case may a county contract indebtedness which, when added to all of its outstanding indebtedness, both bonded and floating, exceeds 20% of the assessed value of the taxable property within such county.

The total general obligation indebtedness of a county, both bonded and floating (including bonds excepted from the 15% debt limit above), may not exceed 20% of the assessed value of all taxable property within such county. However, bonds issued for school purposes and industrial development bonds issued under the State's Balance Agriculture with Industry Program are specifically excluded from both the 15% debt limitation and the 20% debt limitation (but are subject to statutory limits applicable to bonds of each type, respectively). Bonds issued for washed-out or collapsed bridges apply only against the 20% debt limitation.

<b>Legal Debt Limit Statement</b> (as of February 1, 2016)		
	<b>15% Limit</b>	<b>20% Limit</b>
Authorized Debt Limit - (Last Completed Assessment for Taxation - \$1,864,153,762)	\$279,623,064	\$372,830,752
Present Debt Subject to Debt Limits <sup>1</sup>	<u>41,785,001</u>	<u>41,785,001</u>
Margin for Further Debt Under Debt Limits	\$237,838,063	\$331,045,751

<sup>1</sup> Includes the Refunded Obligations, but does not include the Series 2016 Refunding Bonds  
Source: Hinds County Chancery Clerk, March 2016.

<b>Outstanding General Obligation Bonded Debt</b> (as of February 1, 2016)			
<b>Name of Issue</b>	<b>Date of Issue</b>	<b>Original Issue Size</b>	<b>Outstanding January, 2015</b>
General Obligation Bond, Series 2005 <sup>2,6</sup>	04/22/2005	\$7,500,000	\$215,000
General Obligation Bond, Series 2007A <sup>3,6</sup>	03/01/2007	25,500,000	12,010,000
General Obligation Bond, Series 2007B <sup>4</sup>	03/01/2007	14,000,000	12,005,000
General Obligation Bond, Series 2010 <sup>5</sup>	06/02/2010	2,500,000	2,020,000
General Obligation Negotiable Note 2013 (E911) <sup>6</sup>	08/21/2013	3,200,000	1,600,001
General Obligation Refunding Bond, Series 2015	03/10/2015	9,995,000	9,935,000
General Obligation Negotiable Note 2015 <sup>6</sup>	07/13/2015	4,000,000	4,000,000
<b>TOTAL</b>			<b>\$41,785,001</b>

<sup>2</sup> This bond, secured by the pledge of the full faith and credit and taxing power of the County, was purchased by the Mississippi Development Bank from the proceeds of its \$7,500,000 Mississippi Development Bank Special Obligation Bonds, Series 2005 (Hinds County, Mississippi General Obligation Public Improvements Bond Project).

<sup>3</sup> This bond, secured by the pledge of the full faith and credit and taxing power of the County, was purchased by the Mississippi Development Bank from the proceeds of its \$25,500,000 Mississippi Development Bank Special Obligation Bonds, Series 2007A (Hinds County, Mississippi General Obligation Bond Project) and is being partially refunded by the Series 2015 Bonds.

<sup>4</sup> This bond, secured by the pledge of the full faith and credit and taxing power of the County, was purchased by the Mississippi Development Bank from the proceeds of its \$14,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2007B (Hinds County, Mississippi Taxable General Obligation Bond Project).

<sup>5</sup> This bond, secured by the pledge of the full faith and credit and taxing power of the County, was purchased by the Mississippi Development Bank from the proceeds of its \$2,500,000 Mississippi Development Bank Special Obligation Bonds, Series 2010 (Hinds County, Mississippi General Obligation Bond Project).

<sup>6</sup> All or a portion of these obligations are being refunded with the proceeds of the Series 2016 Refunding Bonds.

**Source:** Office of the Hinds County Chancery Clerk, February 2016

**Annual Debt Service Requirements  
for General Obligation Indebtedness of the County**

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
<b>Sept. 30</b>			
2016	\$ 2,878,333.33	\$ 1,719,507.24	\$ 4,597,840.57
2017	2,938,333.34	1,654,269.03	4,592,602.37
2018	3,003,333.34	1,589,351.24	4,592,684.58
2019	2,525,000.00	1,523,012.44	4,048,012.44
2020	2,090,000.00	1,467,043.50	3,557,043.50
2021	1,355,000.00	1,421,567.40	2,776,567.40
2022	1,390,000.00	1,384,665.52	2,774,665.52
2023	1,450,000.00	1,346,342.65	2,796,342.65
2024	1,510,000.00	1,308,019.78	2,818,019.78
2025	1,585,000.00	1,279,137.77	2,864,137.77
2026	1,655,000.00	1,250,255.76	2,905,255.76
2027	1,715,000.00	2,887,402.57	4,602,402.57
2028	1,795,000.00	2,862,410.57	4,657,410.57
2029	1,875,000.00	1,174,386.88	3,049,386.88
2030	1,950,000.00	1,148,502.00	3,098,502.00
2031	1,855,000.00	1,119,897.13	2,974,897.13
2032	1,945,000.00	1,091,292.26	3,036,292.26
2033	2,055,000.00	1,057,053.01	3,112,053.01
2034	2,130,000.00	1,022,813.76	3,152,813.76
2035	2,235,000.00	986,726.13	3,221,726.13
2036	<u>1,850,000.00</u>	<u>950,638.50</u>	<u>2,800,638.50</u>
<b>TOTAL</b>	<b>\$41,785,000.01</b>	<b>\$30,244,295.14</b>	<b>\$72,029,295.15</b>

Debt Service requirements based on current Outstanding General Obligation Bonded Debt, not including the Series 2016 Refunding Bonds.  
Source: Office of the Hinds County Chancery Clerk, March 2016.

<b>Other Debt</b> (as of March, 2016)			
<b>Name of Issue</b>	<b>Date of Issue</b>	<b>Original Issue Size</b>	<b>Outstanding</b>
<b>Limited Obligation Bonds</b>			
Wal-Mart TIF Bonds	09/01/1997	\$ 500,000	\$90,000
Wal-Mart TIF Bonds-Clinton	04/01/2000	700,000	175,000
Byram Parkway TIF Bonds	07/28/2005	690,000	215,000
<b>Revenue Bonds</b>			
Mental Health Commission Bonds	08/01/2006	7,000,000	5,560,000
<b>Capital Leases</b>			
2011 Public Works Equipment	11/1/2011	238,581	50,473
2013 Video Arraignment Equipment	04/23/2013	126,406	7,227
2013 Vehicle Lease Purchase	05/24/2013	127,891	10,924
2013 Public Works Equipment	12/31/2013	975,082	575,520
2014 Vehicle/Equip. Lease Purchase	11/3/2014	193,973	135,902
2015 VFD Vehicle Lease Purchase	04/23/2015	39,547	28,794
2015 Sheriff Vehicles Lease Purchase	08/26/2015	264,460	264,460
2015 Vehicle/Equip Lease Purchase	09/30/2015	276,448	239,012
2015 E-911 MS WIN Lease-Purchase	10/5/2015	9,000,000	9,000,000
2015 Public Works Equip. Lease	06/15/2015	151,900	147,112

<b>Other Long Term Debt</b>			
2007 Voluntary Fire Dept Fire Safety Apparatus	06/08/2007	\$636,696	\$63,670
<b>Other Loans</b>			
Mental Health Commission 2007	08/01/2007	965,000	771,652
2014 Westin Hotel Loan (CHA) <sup>1</sup>	4/21/2014	20,000,000	17,895,933
2015 VFD Note	12/7/2015	645,133	645,133

<sup>1</sup> The County's MDA loan is secured by project revenue and the homestead exemption annual loss reimbursement to which the County may be entitled under Section 27-33-77, Mississippi Code of 1972, as amended. This loan has not been drawn fully as of March 1, 2016

Source: Office of the Hinds County Chancery Clerk, March 2016.

<b>Debt Ratios</b>		
<b>Fiscal Year Ended Sept. 30</b>	<b>General Obligation Debt</b>	<b>General Obligation Debt to Assessed Value</b>
2015	\$41,785,001	2.24
2014	36,845,000	1.98
2013	38,605,000	2.09
2012	40,370,000	2.11
2011	43,085,000	2.35

Source: Office of the Hinds County Chancery Clerk, March, 2016

## **LITIGATION**

The County's General Counsel, Pieter Teeuwissen, Esq. and Anthony Simon, Esq., Jackson, Mississippi, have reviewed the status of all pending litigation. While the County is involved in numerous legal proceedings, there are no pending legal proceedings which might be expected to affect the County's ability to perform its obligations to the registered owner of the Series 2016 Refunding Bonds.

It is anticipated, regardless of the ultimate outcome of this litigation, that neither the courts nor the Board of Supervisors will act inconsistently with the County's financial ability to pay all outstanding bonded indebtedness and the interest thereon, including the Series 2016 Refunding Bonds. It is not anticipated that the ultimate outcome of any or all of the pending litigation will result in obligations exceeding the financial resources of the County, so that in all events it is reasonable to expect that the County will remain in a sufficiently viable financial position to meet all of these obligations, including, but not limited to, the Series 2016 Refunding Bonds, provided the same are issued, validated, sold and delivered. To predict with any degree of accuracy the ultimate outcome of such litigation would be conjectural.

## **FINANCIAL ADVISOR**

The County has retained the firm of Comer Capital Group as Independent Registered Municipal Advisor (the "Financial Advisor") to the County in connection with the issuance of the Series 2016 Refunding Bonds. In such capacity the Financial Advisor has provided recommendations and other financial guidance to the County with respect to the preparation of documents, the preparation for the sale of the Series 2016 Refunding Bonds and the time of the sale, market conditions and other factors related to the sale of the Series 2016 Refunding Bonds.

Although the Financial Advisor performed an active role in the drafting of this Official Statement, it has not independently verified any of the information set forth herein. The information contained in this Official Statement has been obtained primarily from the County's records and from other sources which are believed to be reliable, including financial records of the County and other entities, which records may be subject to interpretation. No guarantee is made as to the accuracy or completeness of any information obtained from sources other than the County. Any summaries or excerpts of statutes, ordinances, resolutions or other documents do not purport to be complete statements of the same and reference is made to such original sources in all respects.

## **RATING**

Moody's Investors Service, Inc. ("Moody's"), has assigned a rating of "Aa2" to the Series 2016 Refunding Bonds. Such rating reflects only the view of such organization, and an explanation of the significance of the rating may be obtained only from said rating agency.

There is no assurance that present or future ratings will continue for any given period of time or that the rating may not be lowered or withdrawn if in the judgment of Moody's circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the secondary market price of the Series 2016 Refunding Bonds. Such rating reflects the views of Moody's and is not a recommendation to buy, sell or hold the Series 2016 Refunding Bonds.

## **RECORD OF NO DEFAULT**

There is no record of any default on general obligations of the County as to payment of either principal or interest or in any other material respect at any time in at least the past 25 years. No principal or interest on any obligation of the County is currently past due.

## **NO BOND PROCEEDS FOR CURRENT OPERATING EXPENSES**

No proceeds from the sale of securities (except tax anticipation notes issued against revenues of a current fiscal year) have been used by the County for current operating expenses at any time in at least the past ten years.

## PENSION PLANS

The County has no pension plan or retirement plan for its employees. The County employees are members of and contribute to the Mississippi Public Employees' Retirement System ("PERS"), a cost-sharing, multi-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The PERS Board of Trustees authority to determine contribution rates is established by Section 25-11-1 et seq. of Mississippi Code of 1972 and may be amended only by the State Legislature.

The Governmental Accounting Standards Board (GASB) approved two (2) new standards on June 25, 2012 that will substantially improve the accounting and financial reporting of public employee pensions by state and local governments, including the State. Statement No. 67, Financial Reporting for Pension Plans, revises existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions as amended by Statement No. 71, revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits.

The Provisions in Statement 67 are effective for financial statements for the period beginning after June 15, 2013. The provisions in Statement 68 and Statement 71 are effective for fiscal years beginning after June 15, 2014. PERS is compliant with Statement 67 and is making plans to fully comply with Statement 68 and 71.

At June 30, 2015, PERS employers' total pension liability was \$40.4 billion. The plan fiduciary net position was \$24.9 billion resulting in a net pension liability of 15.5 billion. The plan fiduciary net position as a percentage of the total pension liability was 61.6 percent using measurements established by GASB Statement No. 67, Financial Reporting for Pension Plans. PERS latest publicly available financial report for 2015 is available on the PERS website located at <http://www.pers.ms.gov/Content/CAFR/CAFR2015.pdf>.

At June 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at June 30, 2015 was 15.75% of annual covered payroll. The County's portion of the \$15.5 billion PERS total unfunded liability (including the Office of the Chancery Clerk and the Office of the Circuit Clerk) was 0.492014% or \$76,262,170 as of June 30, 2015.

## UNDERWRITING

The Underwriter shown on the cover page hereof (the "Underwriter") has agreed to purchase the Series 2016A Refunding Bonds, subject to certain conditions, at a price of \$\_\_\_\_\_, representing the aggregate principal amount of the Series 2016A Refunding Bonds in the amount of \$\_\_\_\_\_, plus a net original issue premium of \$\_\_\_\_\_ and less an underwriting discount of \$\_\_\_\_\_. The Underwriter has agreed to purchase the Series 2016B Refunding Bonds, subject to certain conditions, at a price of \$\_\_\_\_\_, representing the aggregate principal amount of the Series 2016B Refunding Bonds in the amount of \$\_\_\_\_\_, and less an underwriting discount of \$\_\_\_\_\_. The obligation of the Underwriter to purchase the Series 2016 Refunding Bonds is subject to certain terms and conditions set forth in a Bond Purchase Agreement entered into between the Underwriter and the County. The Series 2016 Refunding Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices shown on the cover page of this Official Statement, and such initial offering prices may be changed from time to time by the Underwriter.

## CONTINUING DISCLOSURE

On November 10, 1994 and May 26, 2010, the Securities and Exchange Commission (the "SEC") amended Rule 15c2-12 (the "Rule") which was originally adopted by the Commission in 1989 under the Securities Exchange Act of 1934 and set forth certain disclosure requirements relating to a primary offering of municipal securities. The amendments to the Rule, the newest of which apply to primary offerings that occur on or after December 1, 2010, add to the existing disclosure obligations relating to municipal securities by requiring that, prior to purchasing or selling municipal securities, brokers, dealers and municipal securities dealers must reasonably determine that the issuer of such municipal securities, together with any other "obligated persons," within the meaning of the Rule, have entered into an undertaking for the benefit of bondholders to make certain information available to bondholders on a continuing basis. The County is an "obligated person" with respect to the Series 2016 Refunding Bonds within the meaning of the Rule.

The County has covenanted for the benefit of the owners of the Series 2016 Refunding Bonds to provide certain financial information and operating data relating to the County within 365 days of the Fiscal Year End commencing October 1, 2016 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, in certain cases if deemed material under federal laws. The Annual Report and notices of material events will be filed by the County with (a) the Municipal Securities Rulemaking Board (the "MSRB") through MSRB's Electronic Municipal Market Assess system at <http://emma.msrb.org> ("EMMA") in the electronic format then prescribed by the Securities and Exchange Commission (the "SEC") pursuant to SEC Rule 15c2-12(b)(5) (the "Rule"), and with (b) any public or private repository or entity designated by the State as a State repository, if any, for the purposes of the Rule. This information will be made available free to securities brokers and the general public through EMMA. For the procedures for all filings and notices due to the MSRB, instructions will be provided on the following website for MSRB: <http://emma.msrb.org>. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in "APPENDIX C – FORMS OF CONTINUING DISCLOSURE CERTIFICATES". These covenants have been made in order to assist the Underwriter in complying with the Rule.

In each of the last five years, the County has been unable to timely file its current audited financial statements with its Annual Report because the audit was not complete. In addition, since the County does not prepare unaudited financial statements, it has in the past, only filed its adopted fiscal year end budgets as unaudited financial information for the same period of time in addition to the balance of the Annual Report. The County has not timely filed, in each year, its budgets and Annual Reports. Furthermore, in 2010, the County failed to timely file notice of a ratings change on one series of its bonds. Although the County has not always timely filed the information required by its previous continuing disclosure undertakings, it believes that the information required by its continuing disclosure undertakings under the Rule is now current. In its undertaking, the County has agreed to provide its audited financial statements within 365 days of its Fiscal Year End, or if unavailable, within 60 days of receipt of final approval of such audited financial statements from the Board of Supervisors. The County has also agreed to provide reasonably available and accessible unaudited financial information describing the County's financial situation for the prior fiscal year. The County has taken steps to ensure that it will timely comply with all undertakings in the future. Specifically, the County has designated the Office of the Chancery Clerk, under the assistance of an outside consultant, as responsible for future filings to ensure compliance.

#### **VALIDATION**

Prior to issuance, the Series 2016 Refunding Bonds will be validated before the Chancery Court of Hinds County, Mississippi, as provided by Section 31-13-1 *et seq.*, Mississippi Code of 1972, as amended.

#### **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters incident to the authorization and issuance of the Series 2016 Refunding Bonds are subject to the approval of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, Jackson, Mississippi ("Bond Counsel"), whose approving legal opinions will be available at the time of delivery of the Series 2016 Refunding Bonds (see APPENDIX D hereto). Certain legal matters will be passed upon for the County by its counsel, Pieter Teeuwissen, Esq. and Anthony Simon, Esq., Jackson, Mississippi, and for the Underwriter by its counsel, Owens Moss, PLLC, Jackson, Mississippi.

No representation is made to the registered owners of the Series 2016 Refunding Bonds that Bond Counsel has verified the accuracy, completeness or fairness of the statements in this Official Statement and Bond Counsel assumes no responsibility to the registered owners of the Series 2016 Refunding Bonds except for the matters set forth in such legal opinions.

#### **VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS**

The accuracy of the mathematical computations supporting the conclusions (a) that the principal amounts and the interest thereon of the 2016A Investment Securities and the other cash to be deposited in trust with the Escrow Trustee (see "PLAN OF REFUNDING" herein) are adequate to provide for the payment when due, of the principal of and interest on the Refunding Obligations, as applicable, and (b) that the Series 2016A Refunding Bonds are not "arbitrage bonds" under Section 148 of the Code will be verified by The Arbitrage Group, Inc., independent certified public accountants. Such verification will be based, in part, upon information supplied to the certified public accountants by the Underwriter.

## TAX MATTERS

### Series 2016A Bonds

The Internal Revenue Code of 1986, as amended and supplemented from time to time (the "Code"), and the applicable regulations promulgated thereunder (the "Regulations"), include requirements which the County must continue to meet after the issuance of the Series 2016A Bonds in order that interest on the Series 2016A Bonds not be included in gross income for federal income tax purposes. The County's failure to meet these requirements may cause interest on the Series 2016A Bonds to be included in gross income for federal income tax purposes retroactive to its date of issuance. The County has covenanted in the Resolution to comply with the requirements of the Code in order to maintain the exclusion of interest on the Series 2016A Bonds from gross income for federal income tax purposes.

In the opinion of Bond Counsel, assuming compliance by the County with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, interest on the Series 2016A Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Series 2016A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2016A Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations.

Bond Counsel is further of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Series 2016A Bonds is exempt from income taxation in the State.

The opinion of Bond Counsel described above is subject to the condition that the County comply with all requirements of the Code and the Regulations, including, without limitation, certain limitations on the use, expenditure and investment of the proceeds of the Series 2016A Bonds and the obligation to rebate certain earnings on investments of proceeds to the United States Government, that must be satisfied subsequent to the issuance of the Series 2016A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Series 2016A Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2016A Bonds. Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Series 2016A Bonds, and taxpayers should consult their tax advisors regarding such other federal tax consequences. Ownership of tax-exempt obligations such as the Series 2016A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2016A Bonds should consult their tax advisors as to the applicability and impact of any such collateral consequences.

The County has designated the Series 2016A Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

### Series 2016A Premium Bonds\*

The initial public offering prices of the Series 2016A Bonds maturing on November 1 in the years 20\_\_\_\_ through and including 20\_\_\_\_ are more than the amounts payable at the maturity dates thereof as set forth on the cover page of this Official Statement. Such Series 2016A Bonds are hereinafter referred to as the "2016A Premium Bonds." Under the Code, the difference between the principal amount of a 2016A Premium Bond and the cost basis of such 2016A Premium Bond to its owner (other than an owner who holds such a 2016A Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium." Bond premium is amortized over the term of such a 2016A Premium Bond for federal income tax purposes. The owner of a 2016A Premium Bond is required to decrease his basis in such 2016A Premium Bond by the amount of amortizable bond premium attributable to each taxable year he holds the 2016A Premium Bond. The amount

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\* Preliminary, subject to change.

of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes.

Owners of 2016A Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of such 2016A Premium Bonds and with respect to the state and local tax consequences of owning and disposing of such 2016A Premium Bonds.

### **Series 2016A Discount Bonds\***

The initial public offering prices of the Series 2016A Bonds maturing on November 1 of the years 20\_\_ through and including 20\_\_ are less than the amounts payable at the maturity dates thereof as set forth on the inside front cover of this Official Statement. Such Series 2016A Bonds are hereinafter collectively referred to as the "Series 2016A Discount Bonds." An amount not less than the difference between the initial public offering price of each Series 2016A Discount Bond and the amount payable at maturity date thereof constitutes original issue discount which will be treated as interest on such Series 2016A Discount Bond, and to the extent properly allocable to an owner who acquires a Series 2016A Discount Bond at the initial offering thereof, will be excludable from gross income for federal income tax purposes, and a portion of the original issue discount that accrues in each year to an owner of a Series 2016A Bond that is a Series 2016A Discount Bond will not be an item of tax preference in computing the alternative minimum tax for individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes) such original issue discount that accrues in each year is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations. Consequently, corporate owners of any Series 2016A Discount Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability although the corporate owners of such Series 2016A Discount Bonds have not received cash attributable to such original issue discount in such year.

Owners of Series 2016A Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to Series 2016A Discount Bonds and other tax consequences of owning and disposing of Series 2016A Discount Bonds, and with respect to the state and local tax consequences of owning and disposing of Series 2016A Discount Bonds.

### **Future Legislation**

The federal government is considering various legislative proposals for reducing the federal budget deficit and the federal debt and promoting economic growth, and some of these proposals, if enacted, could affect the tax-exempt status and/or market price or marketability of state and local bonds, such as the Series 2016A Bonds. In addition, future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2016A Bonds to be subject, directly or indirectly and retroactively, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent holders from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2016A Bonds. Prospective purchasers of the Series 2016A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

In addition, prospective purchasers of the Series 2016 Refunding Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the environmental tax, the branch profits tax and the tax on passive investment income of corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

### **Series 2016B Bonds**

#### **INTEREST ON THE SERIES 2016B BONDS SHOULD BE TREATED AS INCLUDABLE IN GROSS INCOME OF THE HOLDERS THEREOF FOR FEDERAL INCOME TAX PURPOSES.**

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2016B Bonds is exempt from income taxation in the State.

**MISCELLANEOUS**

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of the statements will be realized.

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2016 Refunding Bonds, the security for the payment of the Series 2016 Refunding Bonds and the rights and obligations of the registered owners thereof.

The information contained in this Official Statement has been taken from sources considered reliable, but is not guaranteed. To the best of the County's knowledge, information in this Official Statement does not include any untrue statement of any material fact nor does the information omit the statement of any material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

References herein to the Act, and all other legislative acts referred to herein are only summaries, excerpts or brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof. Additional information may be obtained upon request from the office of the Board of Supervisors, 316 S. President Street, Jackson, Mississippi 39201, attention: Carmen Y. Davis, Administrator, telephone: (601) 968-6501 or from the Financial Advisor, Edward L. Norwood Jr., Comer Capital Group, telephone: (769) 257-5039.

The execution of this Official Statement has been duly authorized by the Board of Supervisors of the County.

**HINDS COUNTY, MISSISSIPPI**

By \_\_\_\_\_  
President of the Board of Supervisors

**APPENDIX A**

**DEBT SERVICE ON THE SERIES 2016A AND SERIES 2016B BONDS**

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**DEBT SERVICE ON THE SERIES 2016A BONDS**

**\$6,085,000\***

**HINDS COUNTY, MISSISSIPPI  
GENERAL OBLIGATION REFUNDING BONDS,  
SERIES 2016A  
(Tax-Exempt)**

<b>Fiscal Year</b>	<b>Principal*</b>	<b>Interest</b>	<b>Total Principal &amp; Interest</b>
2016	\$50,000.00		
2017	75,000.00		
2018	10,000.00		
2019	5,000.00		
2020	500,000.00		
2021	575,000.00		
2022	605,000.00		
2023	615,000.00		
2024	640,000.00		
2025	140,000.00		
2026	145,000.00		
2027	155,000.00		
2028	160,000.00		
2029	165,000.00		
2030	175,000.00		
2031	180,000.00		
2032	185,000.00		
2033	985,000.00		
2034	200,000.00		
2035	305,000.00		
2036	215,000.00		
<b>TOTAL</b>	<b>\$6,085,000.00</b>	<b>\$ _____</b>	<b>\$ _____</b>

\* Preliminary, subject to change

**DEBT SERVICE ON THE SERIES 2016B BONDS**

**\$2,185,000\***

**HINDS COUNTY, MISSISSIPPI  
TAXABLE GENERAL OBLIGATION REFUNDING BONDS,  
SERIES 2016B**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal &amp; Interest</b>
2018	\$780,000.00		
2019	805,000.00		
2020	600,000.00		
<b>TOTAL</b>	<b>\$2,185,000.00</b>	<b>\$ _____</b>	<b>\$ _____</b>

\* Preliminary, subject to change

**APPENDIX B**

**AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2014 AND BUDGETS FOR FISCAL YEARS ENDED  
SEPTEMBER 30, 2015 AND SEPTEMBER 30, 2016**

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Hinds County, Mississippi  
Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2014



HINDS COUNTY, MISSISSIPPI

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HINDS COUNTY, MISSISSIPPI

FINANCIAL SECTION

## Independent Auditor's Report

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Hinds County, Mississippi (the County), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Hinds County Economic Development Authority (the Authority), a discretely presented component unit, which represents 44%, 50% and 7%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units column. We also did not audit the financial statements of Hinds County Mental Health Commission (the Commission), a discretely presented component unit, which represents 56%, 50% and 93%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units column. The financial statements of these entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hinds County, Mississippi

as of September 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in 2014, the County adopted the new accounting guidance included in Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the General Fund's budgetary comparison schedule and retiree health plan information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information, including the 2007 Taxable Bonds' Budgetary Comparison Schedule and the Schedule of Expenditures of Federal Awards required by the OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information***

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*BKD, LLC*

Jackson, Mississippi  
June 26, 2015

HINDS COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS SECTION

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014

The Management's Discussion and Analysis by Hinds County, Mississippi (the County) is designed to do the following (a) give a summary of the County's financial activities for the year ended September 30, 2014, (b) indicate any major financial issues, (c) show changes in the County's financial position, and (d) identify any significant variations from the County's financial plan (the original budget). This discussion and analysis by management is structured to highlight the fiscal year being audited. The financial statements and the notes to these statements give a more precise understanding of the County's financial picture.

The Management's Discussion and Analysis is a requirement from the Governmental Accounting Standards Board (GASB), which issues the standards for accounting for state and local governments. As a part of the many changes brought about by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, management is required to write a discussion and analysis for the purposes of making county government financial statements more like business statements which outline economic gain and loss.

### Using the Annual Report

The following discussion is intended to describe the County's basic financial statements, which are comprised of 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

- **Government-wide Financial Statements.** The government-wide financial statements are designed to give you a business like overview of the County's financial activities.

The focus of the Statement of Net Position is intended to be similar to the bottom line for the County and its governmental activities. It presents financial information on all the County assets, liabilities and deferred inflows of resources, with the difference being reported as net position. From year to year, you can use the increases and decreases in net position as a possible indicator of the financial health of the County. You will be able to tell if it is improving, staying the same or weakening.

Component units, which are other governmental units over which the County (the Board of Supervisors as a group) can exercise influence and/or be obligated to provide financial assistance. These units are presented as separate columns in the government-wide statements.

The Statement of Activities is based on the gross and net cost of various activities. These are comprised of activities of government and component units, which are provided by the government's general tax and other revenues. The intent of this statement is to provide a summary of the cost analysis of the various government services.

Governmental activities of the County are comprised of general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, and interest on long-term debt. General government includes the basic services for operating the government, collecting taxes, appraising property, building inspections, supervisors, chancery and circuit clerks, and operation of the courts. Public safety includes the Sheriff, emergency management, and fire services, while Public Works include the maintenance and construction of roads and bridges.

- **Fund Financial Statements.** The focus is on major funds rather than fund types. A fund is used to group related accounts for financial purposes or legal compliance. The funds of the County are divided into governmental and fiduciary funds.

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014

Government funds account for basically the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide statements, governmental funds financial statements focus on current sources and uses. This is the manner in which the County's financial plan or budget is typically developed. Governmental funds include general, special revenue, debt service, and capital project funds.

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

Hinds County follows the *Mississippi County Financial Accounting Manual* to set up and maintain funds. The County adopts an annual operating budget for all governmental funds. As required supplementary information, this report includes a budgetary comparison statement for each major special revenue fund.

Effective October 1, 2013, the County adopted the new accounting and financial reporting guidance included in GASB Statement No. 65 (Statement No. 65), *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities to deferred outflows or inflows of resources and recognizes as expenses or revenues certain items that were previously reported as assets and liabilities. The adjustments required for the County's 2013 financial statements, not presented herein, for adoption of Statement No. 65 include reducing current and other assets and increasing general government expenses, net of debt issuance costs previously amortized during 2013, for previously capitalized debt issuance costs and classifying deferred property tax revenues and deferred fines receivable as deferred inflows of resources.

The County's 2013 summarized financial information presented below has been restated to reflect the adoption of Statement No. 65.

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014

**Government-wide Financial Analysis**

**Statements of Net Position**

The following statements reflect the condensed Statements of Net Position at September 30, 2014 and 2013.

**Statements of Net Position**

	<b><u>Restated</u></b>	
	<b><u>2013</u></b>	<b><u>2014</u></b>
Current assets	\$ 91,524,751	\$ 99,702,571
Capital assets, net	116,996,519	116,832,183
Total assets	<u>\$ 208,521,270</u>	<u>\$ 216,534,754</u>
Current liabilities	\$ 18,888,362	\$ 21,673,165
Long-term liabilities	47,363,733	47,171,128
Total liabilities	<u>66,252,095</u>	<u>68,844,293</u>
Deferred inflows of resources	<u>45,577,927</u>	<u>46,767,612</u>
Net position:		
Net investment in capital assets	99,315,459	100,510,545
Restricted	5,282,010	4,531,873
Unrestricted	<u>(7,906,221)</u>	<u>(4,119,569)</u>
Total net position	<u>\$ 96,691,248</u>	<u>\$ 100,922,849</u>

There are normal financial transactions that affect the Statements of Net Position.

- Net Results of Activities - This will either increase/decrease current assets and unrestricted assets. During FY 2014, net position increased by \$4.2 million from FY 2013.
- Borrowing for Capital - This will increase financial assets and long-term liabilities. During FY 2014, the County paid down \$3.0 million for capital projects. Long-term debt decreased overall by \$2.0 million.
- Spending Borrowed Proceeds on New Capital - This will reduce financial assets and increase capital assets. This will also increase the net investment in capital assets, which will not change total net position. In 2014, the County spent approximately \$975,000 of debt proceeds on capital projects.
- Spending of Nonborrowed Current Assets on New Capital - This will reduce current assets, increase capital assets, reduce unrestricted assets, and increase net investment in capital assets. The County spent \$6.8 million of nonborrowed cash on new capital assets during 2014.
- Principal Payment on Debt - This will reduce current assets, reduce long-term debt, reduce unrestricted net position, and increase net investment in capital assets. The County reduced principal on long-term debt by \$3.0 million.

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014

- Reduction of Capital Assets Through Depreciation - This will reduce capital assets and net investment in capital assets. This is a noncash expense. The County recorded depreciation of \$5.6 million in FY 2014.

**Changes in Net Position**

Hinds County's total revenue for the fiscal year ended September 30, 2014 was \$84.1 million, as compared to \$77.6 million for the fiscal year ended September 30, 2013. The total cost of services provided by the County was \$79.9 million for the fiscal year ended September 30, 2014, as compared to \$77.3 million for the fiscal year ended September 30, 2013. The County had an increase in net position of \$4.2 million related to an 8% increase in revenue, while expenditures increased by only 3.0%.

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2014 and 2013.

**Statement of Activities**

	<b><u>Restated</u></b>	
	<b><u>2013</u></b>	<b><u>2014</u></b>
Revenues:		
Program revenues		
Charges for services	\$ 9,074,257	\$ 9,680,183
Operating grants and contributions	7,199,168	5,244,126
Capital grants and contributions	4,934,899	3,565,288
General revenues		
Property taxes	55,703,918	55,498,033
Road and bridge privilege tax	2,714,720	2,658,591
Grants and contributions not restricted	2,856,296	2,917,460
Unrestricted interest income	112,072	133,399
Loss on disposal of assets	(30,714)	(133,069)
Gain (loss) related to derivative instrument	(6,214,848)	3,421,189
Miscellaneous	1,226,402	1,145,653
Total revenues	<u>77,576,170</u>	<u>84,130,853</u>
Expenses:		
General government	25,167,049	27,583,946
Public safety	31,277,782	33,033,885
Public works	12,470,593	10,271,678
Health and welfare	3,022,571	2,945,767
Culture and recreation	1,791,289	1,871,375
Conservation of natural resources	341,510	328,794
Economic development and assistance	879,354	1,912,034
Interest on long-term debt	2,309,091	1,951,773
Total expenses	<u>77,259,239</u>	<u>79,899,252</u>
Special item - transfer of roads to municipalities	<u>(557,261)</u>	<u>-</u>
Change in net position	(240,330)	4,231,601
Net position, beginning	<u>96,931,578</u>	<u>96,691,248</u>
Net position, ending	<u>\$ 96,691,248</u>	<u>\$ 100,922,849</u>

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014

**Governmental Activities**

The following table presents the cost of eight major services provided by the County. These are general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, and interest on long-term debt.

**Cost of Major Services for the Taxpayers**

<u>Program</u>	<b>2014</b>		
	<u>Total Costs</u>	<u>Revenues</u>	<u>Net Costs</u>
General government	\$ 27,583,946	\$ 4,768,612	\$ 22,815,334
Public safety	33,033,885	7,645,090	25,388,795
Public works	10,271,678	5,456,332	4,815,346
Health and welfare	2,945,767	545,382	2,400,385
Culture and recreation	1,871,375	64,181	1,807,194
Conservation of natural resources	328,794	-	328,794
Economic development and assistance	1,912,034	10,000	1,902,034
Interest on long-term debt	1,951,773	-	1,951,773

<u>Program</u>	<b>Restated 2013</b>		
	<u>Total Costs</u>	<u>Revenues</u>	<u>Net Costs</u>
General government	\$ 25,167,049	\$ 6,143,883	\$ 19,023,166
Public safety	31,277,782	7,545,069	23,732,713
Public works	12,470,593	6,792,337	5,678,256
Health and welfare	3,022,571	639,921	2,382,650
Culture and recreation	1,791,289	61,229	1,730,060
Conservation of natural resources	341,510	-	341,510
Economic development and assistance	879,354	25,885	853,469
Interest on long-term debt	2,309,091	-	2,309,091

**Financial Analysis of the County's Funds**

As of year-end, the governmental funds reported, as audited, a fund balance of \$35.1 million. This is an increase of \$0.7 million from the prior year's fund balance of \$34.4 million, which is due to the increase in general government revenue.

The General Fund, the County's primary operating fund, had an ending fund balance of \$11.4 million, an increase of \$0.7 million from the prior year. The Series 2007B Taxable Bonds Fund decreased \$0.5 million to a fund balance of \$11.4 million.

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014

**Capital Assets and Debt Administration**

**Capital Assets**

As of September 30, 2014, the County had a total of \$198 million invested in a variety of depreciable capital assets. The largest investments in depreciable capital assets are in roads and bridges (infrastructure) with a total of \$88.5 million (45%). Roads and bridges and other infrastructure are included, as required by GASB 34, in the County's financial records. GASB also requires depreciation, a noncash expense, to now be recorded. Accumulated depreciation was \$104 million at September 30, 2014.

The County's total capital assets, net of depreciation, total \$116.8 million, compared to a prior year net balance of \$117.0 million.

**Debt**

At the end of September 30, 2014, the County had \$41.6 million in outstanding long-term debt. This includes general obligation bonds, limited obligation bonds, grant obligations, capital leases and other loans. This is \$2.0 million less than the prior year of \$43.6 million.

The State of Mississippi limits the amount of debt counties can issue to 20% of total assessed value. During FY 2014, Hinds County was at 2.0%, well below its current limit.

**Long-term Debt  
As of September 30, 2014**

	<u>Balance Oct. 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Sept. 30, 2014</u>
Governmental Activities:				
General obligation bonds	\$ 38,605,000	\$ -	\$ (1,760,000)	\$ 36,845,000
Limited obligation bonds	506,000	-	(96,000)	410,000
Grant obligations	60,000	-	(60,000)	-
Capital leases	788,951	975,082	(287,167)	1,476,866
Other loans	3,684,334	-	(810,249)	2,874,085
Total	<u>\$ 43,644,285</u>	<u>\$ 975,082</u>	<u>\$ (3,013,416)</u>	<u>\$ 41,605,951</u>

HINDS COUNTY, MISSISSIPPI  
Management's Discussion and Analysis  
For the Year Ended September 30, 2014

**Budget - Original vs. Final**

The following is a review of the significant changes from the original budget to the final for the major governmental funds. The County's budget is a financial plan for the various departments and their management to follow during the year. This plan is made in the summer before the fiscal year starts in October. These estimates and projections change as the year progresses. Some changes to the budget are made by budget amendment, and the remainder is amended at the end of the year to reflect actual revenue received and expenditures made.

**Budget Analysis Summary**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Between Original and Final Budgets</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Between Final Budget and Actual</u>
<b><u>General Fund</u></b>					
Revenues	\$ 53,719,094	\$ 53,886,311	\$ 167,217	\$ 57,134,198	\$ 3,247,887
Expenditures	55,129,118	59,534,235	4,405,117	57,497,873	(2,036,362)
<b><u>Fund 377</u></b>					
Revenues	200,000	200,000	-	19,253	(180,747)
Expenditures	-	1,175,000	1,175,000	265,891	(909,109)

The general fund revenue was running about 6.0% ahead of budget. This was primarily due to increased collections in taxes, our major source of revenue, and an increase in fines and forfeitures. On the expenditure side, the County was able to hold expenditures below budget by approximately 3.0%. Restructuring in various departments resulted in the savings.

**Financial Contact**

The County's financial statements are designed to present users with a general overview of the County's finances and to demonstrate the County's accountability and fiduciary responsibilities for the funds it receives and the services it provides. If you have any questions or need any additional information, please contact County Administrator Carmen Y. Davis, 316 South President Street, Jackson, MS 39201, (601) 968-6501.

HINDS COUNTY, MISSISSIPPI

FINANCIAL STATEMENTS

HINDS COUNTY, MISSISSIPPI  
Statement of Net Position  
September 30, 2014

Exhibit 1

	Primary Government	Component Units		
	Governmental Activities	Economic Development Authority	Mental Health Commission	Total
<b>ASSETS</b>				
Cash	\$ 39,077,925	\$ 624,486	\$ 1,742,619	\$ 2,367,105
Property tax receivable	46,767,612	-	-	-
Fines receivable (net of allowance for uncollectibles of \$13,920,012)	561,530	-	-	-
Intergovernmental receivables	3,869,373	425,236	652,547	1,077,783
Other receivables	9,183,880	-	78,025	78,025
Prepaid items	242,251	1,430	86,114	87,544
Other assets	-	-	277,030	277,030
Capital assets, net	116,832,183	5,952,962	6,180,691	12,133,653
<b>Total Assets</b>	<b>216,534,754</b>	<b>7,004,114</b>	<b>9,017,026</b>	<b>16,021,140</b>
<b>LIABILITIES</b>				
Claims payable	2,531,591	231,964	349,370	581,334
Amounts held in custody for others	2,766,082	-	-	-
Intergovernmental payables	11,849,606	5,261,811	-	5,261,811
Matured bonds and interest payable	18,459	-	-	-
Accrued interest payable	52,471	-	62,529	62,529
Unearned revenue	172,809	-	-	-
Long-term liabilities				
Due within one year:				
Capital debt	1,751,579	-	231,068	231,068
Noncapital debt	1,108,705	-	169,535	169,535
Claims and judgments payable	1,347,000	-	-	-
Postemployment benefit obligation	1,556,728	-	-	-
Due in more than one year:				
Capital debt	28,940,838	-	5,835,222	5,835,222
Noncapital debt	12,466,278	-	848,679	848,679
Fair value of derivative instruments	4,282,147	-	-	-
<b>Total Liabilities</b>	<b>68,844,293</b>	<b>5,493,775</b>	<b>7,496,403</b>	<b>12,990,178</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	46,767,612	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	100,510,545	687,953	114,401	802,354
Restricted:				
Expendable:				
General government	82,881	-	-	-
Public safety	1,713,907	-	-	-
Public works	1,803,242	-	-	-
Health and welfare	253,955	-	716,308	716,308
Culture and recreation	512,672	-	-	-
Economic development	165,216	-	-	-
Unrestricted	(4,119,569)	822,386	689,914	1,512,300
<b>Total Net Position</b>	<b>\$ 100,922,849</b>	<b>\$ 1,510,339</b>	<b>\$ 1,520,623</b>	<b>\$ 3,030,962</b>

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

HINDS COUNTY, MISSISSIPPI  
Statement of Activities  
For the Year Ended September 30, 2014

Exhibit 2

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
					Governmental Activities	Economic Development Authority	Mental Health Commission	Total
Governmental activities:								
General government	\$ 27,583,946	\$ 4,214,994	\$ 553,618	\$ -	\$ (22,815,334)			
Public safety	33,033,885	5,390,196	2,162,512	92,382	(25,388,795)			
Public works	10,271,678	812	1,982,614	3,472,906	(4,815,346)			
Health and welfare	2,945,767	-	545,382	-	(2,400,385)			
Culture and recreation	1,871,375	64,181	-	-	(1,807,194)			
Conservation of natural resources	328,794	-	-	-	(328,794)			
Economic development and assistance	1,912,034	10,000	-	-	(1,902,034)			
Interest on long-term debt	1,951,773	-	-	-	(1,951,773)			
Total Governmental Activities	<u>79,899,252</u>	<u>9,680,183</u>	<u>5,244,126</u>	<u>3,565,288</u>	<u>(61,409,655)</u>			
Total Primary Government	<u>\$ 79,899,252</u>	<u>\$ 9,680,183</u>	<u>\$ 5,244,126</u>	<u>\$ 3,565,288</u>	<u>(61,409,655)</u>			
Component unit:								
Hinds County Economic Development Authority	\$ 658,091	\$ -	\$ 645,059	\$ -	\$ (13,032)	\$ -	\$ (13,032)	
Hinds County Mental Health Commission	9,220,917	8,794,263	8,455	-	-	(418,199)	(418,199)	
Total Component Units	<u>\$ 9,879,008</u>	<u>\$ 8,794,263</u>	<u>\$ 653,514</u>	<u>\$ -</u>	<u>(13,032)</u>	<u>(418,199)</u>	<u>(431,231)</u>	
General Revenues:								
Property taxes					55,498,033	-	1,394,782	1,394,782
Road and bridge privilege taxes					2,658,591	-	-	-
Grants and contributions not restricted to specific programs					2,917,460	-	-	-
Unrestricted interest income					133,399	890	976	1,866
Gain (loss) on disposal of assets					(133,069)	104,670	-	104,670
Gain on derivative instrument					3,421,189	-	-	-
Miscellaneous					1,145,653	24,413	3,553	27,966
Total General Revenues					<u>65,641,256</u>	<u>129,973</u>	<u>1,399,311</u>	<u>1,529,284</u>
Change in Net Position					<u>4,231,601</u>	<u>116,941</u>	<u>981,112</u>	<u>1,098,053</u>
Net Position - Beginning of year, as previously reported					97,035,602	1,393,398	991,511	2,384,909
Adjustment for adoption of new accounting standard (Note 1T)					(344,354)	-	(452,000)	(452,000)
Net Position - Beginning of year, as restated					<u>96,691,248</u>	<u>1,393,398</u>	<u>539,511</u>	<u>1,932,909</u>
Net Position - End of year					<u>\$ 100,922,849</u>	<u>\$ 1,510,339</u>	<u>\$ 1,520,623</u>	<u>\$ 3,030,962</u>

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

HINDS COUNTY, MISSISSIPPI  
Balance Sheet - Governmental Funds  
September 30, 2014

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	Series 2007B Taxable Bonds Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash	\$ 16,201,298	\$ 9,388,149	\$ 13,488,479	\$ 39,077,926
Property tax receivable	36,252,597	-	10,515,015	46,767,612
Fines receivable (net of allowance for uncollectibles of \$13,930,012)	561,530	-	-	561,530
Intergovernmental receivables	1,525,961	-	2,343,412	3,869,373
Other receivables	6,877,881	-	2,305,999	9,183,880
Due from other funds	-	-	353,816	353,816
Advances to other funds	533,000	2,140,000	-	2,673,000
Prepaid items	242,251	-	-	242,251
<b>Total Assets</b>	<b>\$ 62,194,518</b>	<b>\$ 11,528,149</b>	<b>\$ 29,006,721</b>	<b>\$ 102,729,388</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Claims payable	\$ 1,386,086	\$ 96,063	\$ 1,047,522	\$ 2,529,671
Amounts held in custody for others	2,766,082	-	-	2,766,082
Intergovernmental payables	9,547,234	-	2,304,292	11,851,526
Due to other funds	353,816	-	-	353,816
Advances from other funds	-	-	2,673,000	2,673,000
Matured bonds and interest payable	-	-	18,459	18,459
Unearned revenue	-	-	172,809	172,809
<b>Total Liabilities</b>	<b>14,053,218</b>	<b>96,063</b>	<b>6,216,082</b>	<b>20,365,363</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue - property taxes	36,252,597	-	10,515,015	46,767,612
Unavailable revenue - fines	500,965	-	-	500,965
<b>Total Deferred Inflows of Resources</b>	<b>36,753,562</b>	<b>-</b>	<b>10,515,015</b>	<b>47,268,577</b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Advances to other funds	533,000	2,140,000	-	2,673,000
Prepaid items	242,251	-	-	242,251
<b>Restricted for:</b>				
General government	41,642	-	41,239	82,881
Public safety	-	-	1,713,908	1,713,908
Public works	-	-	1,803,242	1,803,242
Health and welfare	-	-	253,955	253,955
Culture and recreation	-	-	512,672	512,672
Economic development	-	-	165,216	165,216
Capital projects	-	8,548,386	3,682,394	12,230,780
Debt service	-	-	37,527	37,527
<b>Committed to:</b>				
General government	-	-	713,313	713,313
Public safety	-	-	224,950	224,950
Economic development	-	-	499,011	499,011
Capital projects	-	743,700	2,628,197	3,371,897
Unassigned	10,570,845	-	-	10,570,845
<b>Total Fund Balances</b>	<b>11,387,738</b>	<b>11,432,086</b>	<b>12,275,624</b>	<b>35,095,448</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 62,194,518</b>	<b>\$ 11,528,149</b>	<b>\$ 29,006,721</b>	<b>\$ 102,729,388</b>

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

HINDS COUNTY, MISSISSIPPI  
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
 September 30, 2014

Exhibit 3-1

	<u>Amount</u>
Total Fund Balances - Governmental Funds	\$ 35,095,448
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$104,013,790.	116,832,183
Other long-term assets, such as fines receivable, are not available to pay for current period expenditures and, therefore, are unearned in the funds.	500,964
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(45,614,400)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(52,471)
Postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(1,556,728)
Liability for derivative instruments is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(4,282,147)</u>
Total Net Position - Governmental Activities	<u><u>\$ 100,922,849</u></u>

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

HINDS COUNTY, MISSISSIPPI

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2014

	Major Funds			Total Governmental Funds
	General Fund	Series 2007B Taxable Bonds Fund	Other Governmental Funds	
<b>REVENUES</b>				
Property taxes	\$ 43,341,450	\$ -	\$ 12,156,583	\$ 55,498,033
Road and bridge privilege taxes	-	-	2,658,591	2,658,591
Licenses, commissions and other	2,339,130	-	81,763	2,420,893
Fines and forfeitures	1,811,858	-	789,410	2,601,268
Intergovernmental	5,203,638	-	6,523,236	11,726,874
Charges for services	1,730,071	-	2,950,031	4,680,102
Interest income	84,133	19,253	30,013	133,399
Miscellaneous	333,511	-	126,755	460,266
Total Revenues	<u>54,843,791</u>	<u>19,253</u>	<u>25,316,382</u>	<u>80,179,426</u>
<b>EXPENDITURES</b>				
Current:				
General government	31,546,563	361,954	1,040,194	32,948,711
Public safety	27,599,087	-	4,465,946	32,065,033
Public works	-	-	13,144,251	13,144,251
Health and welfare	1,350,676	-	1,502,679	2,853,355
Culture and recreation	78,186	-	1,752,020	1,830,206
Conservation of natural resources	319,579	-	-	319,579
Economic development and assistance	68,838	-	1,950,302	2,019,140
Debt service:				
Principal	221,007	-	2,792,356	3,013,363
Interest	7,225	-	1,938,641	1,945,866
Total Expenditures	<u>61,191,161</u>	<u>361,954</u>	<u>28,586,389</u>	<u>90,139,504</u>
Excess of Revenues over (under) Expenditures	<u>(6,347,370)</u>	<u>(342,701)</u>	<u>(3,270,007)</u>	<u>(9,960,078)</u>

HINDS COUNTY, MISSISSIPPI

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Continued)  
For the Year Ended September 30, 2014

	Major Funds			Total Governmental Funds
	General Fund	Series 2007B Taxable Bonds Fund	Other Governmental Funds	
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	\$ 6,774,051	\$ -	\$ 975,082	\$ 7,749,133
Proceeds from sale of capital assets	21,878	-	2,200,276	2,222,154
Compensation for loss of capital assets	685,267	-	-	685,267
Transfers in	444,156	-	805,565	1,249,721
Transfers out	(897,657)	(120,000)	(232,064)	(1,249,721)
Total Other Financing Sources (Uses)	<u>7,027,695</u>	<u>(120,000)</u>	<u>3,748,859</u>	<u>10,656,554</u>
Net Change in Fund Balances	680,325	(462,701)	478,852	696,476
Fund Balances - Beginning	<u>10,707,413</u>	<u>11,894,787</u>	<u>11,796,772</u>	<u>34,398,972</u>
Fund Balances - Ending	<u>\$ 11,387,738</u>	<u>\$ 11,432,086</u>	<u>\$ 12,275,624</u>	<u>\$ 35,095,448</u>

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

HINDS COUNTY, MISSISSIPPI

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2014

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 696,476
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$7,777,177 exceeded depreciation of \$5,586,290 in the current period.	2,190,887
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of proceeds from sale of assets of \$2,222,154 and the net loss from the sale of capital assets in the amount of \$133,069 in the current period.	(2,355,223)
Fines revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition was required on the Statement of Activities using the full accrual basis of accounting.	(21,961)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that short and long-term debt proceeds of \$975,082 exceeded repayments of \$3,013,362.	2,038,281
Governmental Funds do not report the change in fair value of the derivative instrument. However, in the Statement of Activities, the change in fair value is recorded in the Statement of Activities as an item of general revenues.	3,421,189
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in claims and judgments payable	(1,190,500)
The amount of increase in compensated absences	(156,835)
The amount of increase in postemployment benefit obligation	(384,806)
The amount of decrease in accrued interest payable	<u>(5,907)</u>
Change in Net Position of Governmental Activities	<u>\$ 4,231,601</u>

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

HINDS COUNTY, MISSISSIPPI  
Statement of Fiduciary Assets and Liabilities  
September 30, 2014

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,207,916
Other receivables	<u>151,822</u>
Total Assets	<u>\$ 1,359,738</u>
LIABILITIES	
Other liabilities	\$ 1,179,891
Intergovernmental payables	<u>179,847</u>
Total Liabilities	<u>\$ 1,359,738</u>

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

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

Discretely Presented Component Units

The component unit columns in the financial statements include the financial data of the following component units of the County. They are reported in separate columns to emphasize that they are legally separate from the County.

Hinds County Economic Development Authority – In accordance with House Bill No. 1687 of the laws of the State of Mississippi, the Hinds County Board of Supervisors established the Hinds County Economic Development Authority (the Authority). The Board of Supervisors appoints board members to the Authority and provides the Authority with operating funds. The County provided \$794,134 of funds to the Authority for operations during the fiscal year ended September 30, 2014, pursuant to the related property tax millage assessed and collected. Complete financial statements for the Authority can be obtained from 909 North President Street, Jackson, Mississippi 39202.

Hinds County Mental Health Commission – Pursuant to Miss. Code Sections 41-19-31 and 41-19-33 and a resolution adopted by the Hinds County Board of Supervisors, the Hinds County Mental Health Commission (the Commission) was formed. The Commission is governed by a seven-member Board appointed by the Hinds County Board of Supervisors. The County provided \$1,592,363 of funds to the Commission for operations during the County's fiscal year ended September 30, 2014, pursuant to the related property tax millage assessed and collected. The Commission operates on a calendar year reporting cycle, and the financial statements as of and for the year ended December 31, 2013, are included in the government-wide financial statements. The beginning net position of the Commission was decreased by \$452,000 to \$539,511. The decrease in beginning net position was a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Financial statements for the Commission can be obtained from 3450 Highway 80 West, Jackson, Mississippi 39209.

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

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

HINDS COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2014

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements, which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. The primary government is reported separately from its legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities of the County and its component units at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and its component units. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. Internal service charges have been eliminated against the expenses and program revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary types. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting.

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period

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or within 60 days after year-end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues and deferred inflows of resources, where applicable, in the current fiscal period.

The County reports the following major Governmental Funds:

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

Series 2007B Taxable Bonds Fund - This capital projects fund is used to account for proceeds from the \$14,000,000 Mississippi Development Bank Special Obligation Taxable Bonds, Series 2007B (Hinds County, Mississippi General Obligation Public Parking Project).

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

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

#### FIDUCIARY FUND TYPES

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

#### D. Account Classifications.

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

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E. Use of Estimates.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

F. Deposits and Investments.

State law authorizes the County to invest in interest-bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements. The County did not make any investments during the fiscal year.

Cash includes cash on hand, demand deposits, certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. The County did not invest in any governmental securities during the fiscal year.

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are reported as nonspendable fund balance. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements, and the related assets are reported as capital assets in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital asset, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal

HINDS COUNTY, MISSISSIPPI  
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maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets for governmental activities.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Hinds County meets these criteria and has so elected. General infrastructure assets acquired after September 30, 1980, are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide financial statements. Depreciation is calculated on the straight-line basis for all assets, except land. Depreciation expense includes amortization of capital leases. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ -	N/A
Infrastructure	-	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\* Capitalization thresholds and estimated useful lives of leased property will correspond with the amounts for the asset classification, as listed above.

K. Deferred Inflows of Resources

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

Property tax for future period/unavailable revenue - property taxes - Deferred inflows of resources should be reported when resources associated with imposed nonexchange transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue - fines - When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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L. Long-term Liabilities

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities within the Statement of Net Position. Bond premiums and discounts are recognized as a component of long-term liabilities and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflow of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

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

M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as one of the five components below:

Nonspendable - Amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

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Committed - Amounts that can be used only for the specific purposes determined by resolution of the Board of Supervisors. Commitments may be changed or lifted only by issuance of a resolution by the Board of Supervisors.

Assigned - Amounts intended to be used by the County for specific purposes as determined by management. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - The residual classification for the General Fund and includes all amounts not contained in the other classifications.

The County considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The County applies committed amounts first, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

N. 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.

Accounting principles generally accepted in the United States of America require property taxes receivable to be recognized at the levy date. Because property taxes are levied in a period other than in the period for which they are to be used in accordance with state law, they are deferred and recorded as a deferred inflow of resources and recognized as revenue in the year after the levy. 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.

O. 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.

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P. Compensated Absences.

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

Q. Unearned Revenue.

Unearned revenue represents deferred real property tax revenues levied or collected for the ensuing fiscal year and advances on grants and contract awards for which the County has not met all of the applicable eligibility requirements.

R. Future Effective Accounting Pronouncements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, (GASB 68) is effective for periods beginning after June 15, 2014. This Statement requires the recognition of the entire net pension liability attributable to the governmental entity and provides for a more comprehensive measure of pensions expense for employer and governmental nonemployer contributing entity financial reports.

S. Operating Leases.

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

T. Change in Accounting Principles.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, (GASB 65) is effective for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As a result of implementing GASB 65, beginning net position as of October 1, 2013 was reduced for governmental activities and for Mental Health Commission by \$344,354 and \$452,000, respectively, for unamortized debt issuance costs as of September 30, 2013.

In addition, as required by GASB 65, deferred property tax revenues previously reported as a liability, were reclassified as deferred inflows of resources.

<u>Government-wide</u>	October 1, 2013, Net Position as Previously Reported	Statement No. 65 Adoption	October 1, 2013, Net Position as Restated
Governmental activities	\$ 97,035,602	\$ (344,354)	\$ 96,691,248
Mental Health Commission	991,511	(452,000)	539,511

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For the Year Ended September 30, 2014

(2) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2014, was \$40,266,635 (including Agency Funds and excluding petty cash of \$19,205), and the bank balance was \$47,527,470, of which all was insured or collateralized. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

The carrying amount of the discretely presented component unit's, Hinds County Economic Development Authority, total deposits with financial institutions at September 30, 2014, was \$624,486, and the bank balance was \$674,692, of which all was insured or collateralized. These funds are collateralized under the same program as the County's funds above.

The carrying amount of the other discretely presented component unit's, Hinds County Mental Health Commission, total deposits with financial institutions at December 31, 2013, was \$2,019,649, and the bank balance was \$2,232,193, of which all was insured or collateralized. These funds are collateralized under the same program as the County's funds above.

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk, because the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

The County had no investments at the fiscal year-end.

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2014.

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 353,816

The receivables represent the tax revenue collected but not settled until October 2014. All interfund balances are expected to be repaid within one year from the date of the financial statements.

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B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Series 2007B Taxable Bonds Fund	Other Governmental Funds	\$ 2,140,000
General Fund	Other Governmental Funds	<u>533,000</u>
Total		<u><u>\$ 2,673,000</u></u>

The principal purpose of advances to Other Governmental Funds was to provide operating capital for federal, state and local grants in order to pay for operations of the funds until reimbursed.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	General Fund	\$ 444,156
Other Governmental Funds	General Fund	453,501
Other Governmental Funds	Series 2007B Taxable Bonds Fund	120,000
Other Governmental Funds	Other Governmental Funds	<u>232,064</u>
Total		<u><u>\$ 1,249,721</u></u>

The principal purposes of interfund transfers were to provide funds for grant matches, to provide funds as budgeted for operations, to provide funds to pay for capital outlays or to provide funds to pay for debt service. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2014, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 1,181,466
Reimbursement for housing prisoners	200,500
Public safety grants	157,304
Public works grants	2,173,697
Other	<u>156,406</u>
Total governmental activities	<u><u>\$ 3,869,373</u></u>

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For the Year Ended September 30, 2014

(5) Loan Receivable.

The County's loan receivable balance at September 30, 2014, is as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
King Edward Revitalization Company - CDBG Loan (A)	05/05/09	1.00%	11/01/30	\$ 2,304,292
Westin Hotel (B)	04/21/14	3.25%	08/01/33	6,774,051
				<u>\$ 9,078,343</u>

(A) This loan originated as a grant from the Mississippi Development Authority (MDA). The County loaned the grant funds to the King Edward Revitalization Company (KERC). The County is responsible for monitoring the loan, collecting principal and interest payments from KERK and remitting all principal and interest received to MDA. The related payable to MDA is recorded as an intergovernmental payable.

(B) This loan originated as a loan from MDA pursuant to HB No. 1049. The County loaned the funds to Capital Hotel Associates (CHA) to develop a 200-bed Westin Hotel. The County is responsible for monitoring the loan, approving interim payments, collecting principal and interest payments from CHA, and remitting all principal and interest to MDA. The related payable to MDA is recorded as an intergovernmental payable. The receivable is backed by a personal guarantee of CHA's investors.

(6) Development of Industrial Parks.

Component Unit - Hinds County Economic Development Authority:

J. C. "Sonny" McDonald Industrial Center

In 1994, the County issued general obligation bonds in the amount of \$6,100,000 to provide funds principally for the purchase of land and the payment of development costs associated with two industrial parks (\$5,539,000), with the remaining funds to be used for improvements to existing parks located in the County.

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

The Authority has been in the process of developing the J. C. "Sonny" McDonald Industrial Center, and the following expenditures, net of cost of sales, impairments and nonsalable portion, have been incurred for the purchase of land and development costs as of September 30, 2014.

Land	\$ 792,015
Land development costs	4,472,997
	<u>\$ 5,265,012</u>

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

In June 2007, the Hinds County Board of Supervisors donated 343.81 acres of the John Bell Williams Airport land to the Authority so that it could be developed into an Industrial Park. The land was recorded at the book value recorded by the County. The Authority has begun to develop this property as Hinds County AeroTech Park. The land and development costs to date on this park are as follows:

Land, transferred from Hinds County	\$ 223,532
Land development costs	<u>286,973</u>
	<u><u>\$ 510,505</u></u>

(7) Capital Assets.

Primary Government:

The following is a summary of capital assets activity for the year ended September 30, 2014.

	Balance 10/01/13	Additions	Deletions	Transfers*	Balance 09/30/14
<u>Nondepreciable capital assets:</u>					
Land	\$ 1,527,841	\$ 4,750	\$ (582,189)	\$ -	\$ 950,402
Construction in progress	17,352,768	5,351,805	-	(1,301,017)	21,403,556
Total nondepreciable capital assets	<u>18,880,609</u>	<u>5,356,555</u>	<u>(582,189)</u>	<u>(1,301,017)</u>	<u>22,353,958</u>
<u>Depreciable capital assets:</u>					
Infrastructure	87,243,006	185,649	-	1,144,207	88,572,862
Buildings	57,207,930	-	(1,957,751)	-	55,250,179
Improvements other than buildings	13,485,823	162,509	-	156,810	13,805,142
Mobile equipment	20,896,338	662,738	(588,612)	-	20,970,464
Furniture and equipment	17,289,509	434,644	(276,149)	-	17,448,004
Leased property under capital leases	1,470,282	975,082	-	-	2,445,364
Total depreciable capital assets	<u>197,592,888</u>	<u>2,420,622</u>	<u>(2,822,512)</u>	<u>1,301,017</u>	<u>198,492,015</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	(49,066,960)	(1,319,457)	-	-	(50,386,417)
Buildings	(19,088,788)	(1,057,873)	274,085	-	(19,872,576)
Improvements other than buildings	(5,802,433)	(474,632)	-	-	(6,277,065)
Mobile equipment	(14,975,064)	(1,119,167)	504,170	-	(15,590,061)
Furniture and equipment	(9,668,448)	(1,289,794)	271,223	-	(10,687,019)
Leased property under capital leases	(875,285)	(325,367)	-	-	(1,200,652)
Total accumulated depreciation	<u>(99,476,978)</u>	<u>(5,586,290)</u>	<u>1,049,478</u>	<u>-</u>	<u>(104,013,790)</u>
Total depreciable capital assets, net	<u>98,115,910</u>	<u>(3,165,668)</u>	<u>(1,773,034)</u>	<u>1,301,017</u>	<u>94,478,225</u>
Governmental activities capital assets, net	<u>\$ 116,996,519</u>	<u>\$ 2,190,887</u>	<u>\$ (2,355,223)</u>	<u>\$ -</u>	<u>\$ 116,832,183</u>

\* Transfers represent construction-in-progress costs transferred to municipalities or placed in service due to project completion during the year ended September 30, 2014.

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Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 662,976
Public safety	2,936,736
Public works	1,832,605
Health and welfare	112,804
Culture and recreation	41,169
	<u>                    </u>
Total governmental activities depreciation expense	<u><u>\$ 5,586,290</u></u>

Commitments with respect to unfinished capital projects at September 30, 2014, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Byram-Clinton Corridor (Wastewater)	\$ 185,182	12/31/2015
Byram-Clinton Corridor (ROW)	278,099	12/31/2015
Byram Swinging Bridge	35	12/31/2015
John Bell Williams Airport	89,425	12/31/2014
Safe Routes to Schools	599	12/31/2014
MDA - DIP Grant (Irby Project)	9,215	11/30/2014
Neil Collins Road Bridge	6,420	03/31/2015
Old Jackson Road Bridge	17,036	03/31/2015
Gore Road Bridge	8,218	03/31/2015
Bush Bottom, Mt. Olive, Middle, Newman Roads	129,851	06/30/2015
Tank Road	228,240	09/30/2015
Oakley Palestine Road (Full Depth)	29,384	12/31/2014
Sonny McDonald Pond (IMS Engineers)	24,941	12/31/2015
Sonny McDonald Pond (Waggoner Engineers, Inc.)	80,614	12/31/2015
Hinds County Courthouse Elevator Modernization (Waggoner Engineers, Inc.)	478	03/31/2015
Hinds County Courthouse Elevator Modernization (MidSouth Elevator)	106,865	03/31/2015
CDBG Eastside Water (Greenbriar Digging Service)	8,685	11/30/2014
CDBG Eastside Water (Allen & Hoshall)	3,044	11/30/2014
CDBG Eastside Water (Sunbelt Research)	17,000	11/30/2014
	<u>                    </u>	
	<u><u>\$ 1,223,331</u></u>	

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Component Units:

The component units' capital asset balances are as follows:

	12/31/2013		9/30/2014	
	Mental Health Commission		Economic Development Authority	Total
Property and equipment:				
Building	\$ 5,803,500	\$	164,480	\$ 5,967,980
Land	1,019,322		65,000	1,084,322
Construction in progress	-		5,775,517	5,775,517
Automobiles	160,928		38,577	199,505
Furniture and equipment	846,449		93,189	939,638
Leasehold improvements	147,909		-	147,909
	7,978,108		6,136,763	14,114,871
Less accumulated depreciation and amortization	(1,797,417)		(183,801)	(1,981,218)
Component unit capital assets, net	\$ 6,180,691	\$	5,952,962	\$ 12,133,653

(8) Claims and Judgments.

Risk Financing:

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention provided by Safety National Casualty Corporation, effective January 1, 2013 through January 1, 2014. The pool may make an overall supplemental assessment or declare a refund, depending on the loss experience of all the entities it insures.

The County is exposed to risk of loss relating to public official liability, law enforcement liability, automobile liability, personal property damage and employment practices. The County protects itself against loss in these areas with commercial insurance coverage of \$500,000 to \$2,000,000 and retention deductibles ranging from \$0 to \$100,000.

Settled claims did not exceed insurance coverage for the fiscal years ended September 30, 2012, September 30, 2013 or September 30, 2014. The Government-wide Statement of Net Position as of September 30, 2014, presents a liability of \$1,347,000, representing unpaid judgments and estimated future settlements. Several legal suits are outstanding against the County at any given time during a fiscal year. While the County believes it has meritorious defenses against each suit, the ultimate resolution of each matter, each of which is expected to occur within one year, could result in losses of up to \$2,560,000 in excess of the amount accrued.

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(9) Capital Leases.

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2014.

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,682,262
Nonmobile equipment	763,102
	2,445,364
Less accumulated depreciation	(1,200,652)
Leased property under capital leases	\$ 1,244,712

The following is a schedule by years of the total payments due as of September 30, 2014.

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 471,959	\$ 26,123
2016	358,161	18,551
2017	245,467	16,768
2018	198,735	11,591
2019	202,544	7,802
Total	\$ 1,476,866	\$ 80,835

(10) Postemployment Benefits Other Than Pensions.

A. Plan Description.

The County administers a single-employer defined benefit health care plan (the Plan). The Plan provides lifetime health care insurance for eligible retirees and their spouses through the County's group health insurance plan, which covers both active and retired members. Benefits are established by the Board of Supervisors. The Plan does not issue a public available financial report.

B. Funding Policy.

Benefits of the Plan are provided through a fully-insured program with United Healthcare. Contributions by participating retired employees at rates determined by the Board of Supervisors are required for continued participation. The employer has not contributed any amounts to finance future benefits under the Plan to either current or future retirees.

C. Annual OPEB Cost and Net OPEB Obligation.

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a 30-year period. The following table shows

HINDS COUNTY, MISSISSIPPI  
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the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the County's net OPEB obligation to the Plan:

Annual required contribution	\$	417,109
Interest on net OPEB obligation		52,736
Adjustment to annual requirement contribution		<u>(58,043)</u>
Annual OPEB cost		411,802
Contributions made		<u>26,996</u>
Increase in net OPEB obligation		384,806
Net OPEB obligation - beginning of year		<u>1,171,922</u>
Net OPEB obligation - end of year	\$	<u><u>1,556,728</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for fiscal years 2012, 2013 and 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/12	\$ 207,116	11.2%	\$ 816,333
09/30/13	380,131	6.5%	1,171,922
09/30/14	411,802	6.6%	1,556,728

D. Funded Status and Funding Progress.

As of September 30, 2014, the actuarial accrued liability for benefits was \$2,327,420, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$27,925,527, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.3%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the ARCs of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as required supplementary information following the notes to financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Methods and Assumptions.

Projections of benefits for financial reporting purposes are based on the substantive Plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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For the Year Ended September 30, 2014

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2000 United States Life Tables for Males and Females were used.

Turnover - Nongroup-specific, age-based turnover data from GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions*, was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Health care cost trend rate - The expected rate of increase in health care insurance premiums was based on projections from health economists. A rate of 10% initially, reduced to an ultimate rate of 5% over 10 years, was used.

Health insurance premiums - 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation assumption used was 2%.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of 4.5% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2014 was 24 years.

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(11) Long-term Debt.

Debt outstanding as of September 30, 2014, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Mississippi Development Bank Special Obligation Bonds, Series 2005 (Hinds County, Mississippi General Obligation Public Improvements Bond Project)	\$ 390,000	3.00% to 5.25%	10/01/35
Mississippi Development Bank Special Obligation Bonds, Series 2007A (Hinds County, Mississippi General Obligation Public Improvements and Refunding Bond Project)	22,030,000	4.00% to 5.00%	10/01/36
Mississippi Development Bank Special Obligation Taxable Bonds, Series 2007B (Hinds County, Mississippi General Obligation Public Parking Project)	12,305,000	5.46%	10/01/36
Mississippi Development Special Obligation Bonds, Series 2010	<u>2,120,000</u>	3.00% to 4.25%	06/01/30
Total General Obligation Bonds	<u>\$ 36,845,000</u>		
B. Limited Obligation Bonds:			
Tax Increment Limited Obligation Bonds, Series 1997 (Wal-Mart)	\$ 130,000	5.60%	09/01/17
Tax Increment Financing Revenue Bond, Series 2005 (Byram Parkway Project)	177,000	5.34%	04/01/18
Tax Increment Financing Revenue Bond, Series 2008 (Byram Parkway Project)	<u>103,000</u>	4.96%	04/01/18
Total Limited Obligation Bonds	<u>\$ 410,000</u>		
C. Capital Leases:			
Road Equipment 2014	\$ 975,082	1.94%	12/13/18
Road Equipment 2011	147,206	2.89%	11/01/16
Self-contained Breathing Apparatus Equipment	127,339	0.00%	09/15/16
Sheriff's Vehicle	78,017	1.99%	09/15/15
Sheriff's Vehicle	4,790	2.54%	04/15/15
Sheriff's Vehicle	4,790	2.54%	04/15/15
2013 BancorpSouth 2013 Video Arraignment Equipment	67,677	2.08%	04/23/16
2013 BancorpSouth Vehicles	<u>71,965</u>	1.78%	05/24/16
Total Capital Leases	<u>\$ 1,476,866</u>		

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Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
D. Other Loans:			
MDA Energy Loan	\$ 47,405	3.50%	10/01/15
Unisys Computer Loan	693,345	1.63%	05/01/17
2013 General Obligation Note	<u>2,133,335</u>	1.90%	10/01/18
Total Other Loans	<u>\$ 2,874,085</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 1,210,000	\$ 1,761,752	\$ 105,000	\$ 20,327
2016	1,485,000	1,703,622	113,000	14,589
2017	1,540,000	1,630,023	117,000	8,362
2018	1,605,000	1,553,682	75,000	1,951
2019 - 2023	6,920,000	6,753,015	-	-
2024 - 2028	8,100,000	5,080,881	-	-
2029 - 2033	9,695,000	2,974,049	-	-
2034 - 2038	<u>6,290,000</u>	<u>605,742</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 36,845,000</u>	<u>\$ 22,062,766</u>	<u>\$ 410,000</u>	<u>\$ 45,229</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2015	\$ 811,854	\$ 54,409
2016	764,449	38,713
2017	764,449	24,465
2018	<u>533,333</u>	<u>10,323</u>
Total	<u>\$ 2,874,085</u>	<u>\$ 127,910</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2014, the amount of outstanding debt was equal to 1.93% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased portions of certain bonds by placing the proceeds of refunding issues in an irrevocable trust to provide for future debt service on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the

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County's financial statements. On September 30, 2014, \$5,715,000 of bonds outstanding were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2014.

	Balance Oct. 1, 2013	Additions	Reductions	Balance Sept. 30, 2014	Amount Due Within One Year
Governmental Activities:					
Compensated absences	\$ 2,504,614	\$ 156,835	\$ -	\$ 2,661,449	\$ 261,472
Other post employment benefits	1,171,922	384,806	-	1,556,728	-
Claims and judgments payable	156,500	1,190,500	-	1,347,000	1,347,000
General obligation bonds	38,605,000	-	(1,760,000)	36,845,000	1,210,000
Limited obligation bonds	506,000	-	(96,000)	410,000	105,000
Grant obligations	60,000	-	(60,000)	-	-
Capital leases	788,951	975,082	(287,167)	1,476,866	471,959
Other loans	3,684,334	-	(810,249)	2,874,085	811,853
<b>Total</b>	<b>\$ 47,477,321</b>	<b>\$ 2,707,223</b>	<b>\$ (3,013,416)</b>	<b>\$ 47,171,128</b>	<b>\$ 4,207,284</b>

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

Component Unit:

The debt outstanding at December 31, 2013 for the Hinds County Mental Health Commission, is as follows:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. Revenue Bonds:			
Mississippi Hospital Equipment and Facilities Authority, Series 2006	<u>\$ 5,960,000</u>	5.30 to 6.10%	05/01/31
B. Other Loans:			
Loan payable	<u>\$ 835,320</u>	2.30%	08/01/32

The Commission has pledged future county tax revenues, less any applicable permitted encumbrances, and project revenues for the clinical division, if necessary, to repay \$7,000,000 in Mississippi Hospital Equipment and Facilities Authority Revenue Bonds issued in 2006. Proceeds from the bonds provided financing for the capital improvements of the building that houses the clinical division. The bonds are payable through 2031. Annual principal and interest payments on the bonds are expected to require less than 50% of tax revenues.

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Annual debt service requirements to maturity at December 31, 2013 for the following debt reported in the Commission's Statement of Net Position are as follows:

Year Ending	Revenue Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2014	\$ 195,000	\$ 355,962	\$ 36,068	\$ 18,903
2015	205,000	345,628	36,905	18,066
2016	220,000	333,840	37,761	17,210
2017	230,000	321,190	38,637	16,334
2018- 2022	1,375,000	1,390,325	207,054	67,801
2023 - 2027	1,830,000	928,725	232,212	42,643
2028 - 2032	1,905,000	299,025	246,683	14,428
<b>Total</b>	<b>\$ 5,960,000</b>	<b>\$ 3,974,695</b>	<b>\$ 835,320</b>	<b>\$ 195,385</b>

The following is a summary of changes in long-term liabilities and obligations for the year ended December 31, 2013 for the Commission.

	Balance	Additions	Reductions	Balance	Amount Due
	Jan. 1, 2013			Dec. 31, 2013	Within One Year
Revenue bonds	\$ 6,145,000	\$ -	\$ (185,000)	\$ 5,960,000	\$ 195,000
Other loans	870,570	-	(35,250)	835,320	36,068
Compensated absences	270,279	58,030	(39,125)	289,184	169,535
<b>Total</b>	<b>\$ 7,285,849</b>	<b>\$ 58,030</b>	<b>\$ (259,375)</b>	<b>\$ 7,084,504</b>	<b>\$ 400,603</b>

(12) Derivative Instruments.

The County applies GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, (GASB 53) to the reporting of the two transactions the County has entered into as described in the following paragraphs. GASB 53 provides recognition, measurement and disclosure requirements of derivative instruments entered into by governments. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also expose governments to significant risks and liabilities. The changes in fair value of derivative instruments that are used for investment purposes or that are reported as investment derivative instruments because of ineffectiveness are reported within the investment revenue classification. Alternatively, the changes in fair value of derivative instruments that are classified as hedging derivative instruments are reported in the Statement of Net Position as deferrals.

The County retained the services of an independent company specializing in valuation of derivatives to evaluate and value its derivative instruments as of September 30, 2014, as part of its adoption of GASB 53. Because neither of the instruments discussed below qualify as hedging derivative instruments under GASB 53, the derivative instruments have been accounted for as investment derivative instruments. The swap value is determined using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using spot rates implied by the

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current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swaps.

Changes in Derivative Agreements - On March 10, 2011, the County entered into an amended and restated agreement with both of the below instruments. Under the terms of the new agreements, all payments required to be made under the agreements are terminated for a period of four years.

2006 Interest Rate Swap:

On May 1, 2006, the County and the Mississippi Development Bank [collectively “the County”] executed a confirmation with RFPC Capital Services, LLC (a subsidiary of Rice Financial Products Company) [the “2006 Swap Counterparty”] in connection with the execution of an Interest Rate Swap Agreement [the “2006 Swap Agreement”] in an attempt to reduce the debt service costs associated with certain outstanding obligations of the County. The swap was done in conjunction with the Mississippi Development Bank Special Obligation Bonds, Series 2005 [Hinds County, Mississippi General Obligation Public Improvements Bond Project] issued to fund certain public improvements for the County. The notional amount of the swap was \$7,445,000, subject to a multiplier which made the effective notional amount of the swap \$29,780,000. The County received a payment of \$875,000 from the 2006 Swap Counterparty when the swap was initiated for the purpose of paying certain costs associated with the swap, including legal and financial advisory fees.

Under the 2006 Swap Agreement, the County received a fixed rate from the 2006 Swap Counterparty and, in return, paid a fixed rate less an Adjustment Factor. The Adjustment Factor exposed the County to changes in the ratio between the tax-exempt BMA Index and LIBOR. Payments on the swap were exchanged semiannually.

On September 19, 2007, the 2006 Swap Agreement was amended to decrease the notional amount to \$1,600,000 and amend the multiplier to leave the effective notional amount at \$29,780,000. The County received an additional payment of \$300,000. Under the amendment, the County pays a variable rate indexed to the SIFMA Municipal Swap Index (SIFMA) divided by a fixed divisor of 0.604 and received a fixed rate less an adjustment factor based primarily on the relationship between LIBOR and SIFMA through September 18, 2007, and receives a variable rate based primarily on either LIBOR or the ISDA-swap rate based on certain conditions from September 19, 2007 through September 30, 2009, and then will receive a variable rate based primarily on a percentage of the ISDA-swap rate from October 1, 2009 through maturity. All amounts to be received by the County under this agreement are subject to a multiplier. The swap will terminate on October 1, 2035. An early termination of the swap transaction may result in the County making or receiving a termination payment based on the prevailing market interest rates at the time of such termination. As of September 30, 2014, the fair value of the transaction was a liability of \$1,906,997.

2007 Interest Rate Swap:

On July 23, 2007, the County and the Mississippi Development Bank [collectively “the County”] executed a confirmation with RFPC Capital Services, LLC (a subsidiary of Rice Financial Products Company) [the “2007 Swap Counterparty”] in connection with the execution of an Interest Rate Swap Agreement [the “2007 Swap Agreement”] in an attempt to reduce the debt service costs associated with certain outstanding obligations of the County. The swap was done in conjunction with the Mississippi Development Bank Special Obligation Bonds, Series 2007A [Hinds County, Mississippi General Obligation Public Improvement and Refunding Bond Project] and Mississippi Development Bank Taxable Special Obligation Bonds, Series 2007B [Hinds County, Mississippi General Obligation Public Parking Bond Project] issued to fund certain public improvements for the County. The notional amount of the swap is \$39,500,000. The

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County received a payment of \$500,000 from the 2007 Swap Counterparty when the swap was initiated for the purpose of paying certain costs associated with the swap, including legal and financial advisory fees.

Under the 2007 Swap Agreement, the County pays a variable rate indexed to the SIFMA divided by a fixed divisor of 0.604 and receives a variable rate based primarily on either LIBOR or the ISDA-swap rate based on certain conditions through September 30, 2010. Starting October 1, 2010, through maturity, the County will receive a variable rate based on a percentage of the ISDA-swap rate plus a fixed spread. Payments on the swap are exchanged semiannually. The swap will terminate on October 1, 2036. An early termination of the swap transaction may result in the County making or receiving a termination payment based on the prevailing market interest rates at the time of such termination. As of September 30, 2014, the fair value of the transaction was a liability of \$2,375,150.

Risks Associated with the Swap Agreements:

Credit Risk - The County's swap relies on the performance of the Swap Counterparty. The County is exposed to the risk that the Swap Counterparty is unable to fulfill its obligations to the County. The obligations of the Swap Counterparty to the County are guaranteed by a third-party guarantor that maintains credit ratings of "AA" or better by Moody's Investors Service, Standard & Poor's and Fitch.

Basis Risk - The County pays fixed rates on the Mississippi Development Bank Special Obligation Bonds, Series 2005 (Hinds County, Mississippi General Obligation Public Improvements Bond Project) and on the Mississippi Development Bank Special Obligation Bonds, Series 2007A (Hinds County, Mississippi General Obligation Public Improvement and Refunding Bond Project) and the Mississippi Development Bank Taxable Special Obligation Bonds, Series 2007B (Hinds County, Mississippi General Obligation Public Parking Bond Project). The interest rate swaps do not address any basis risk.

Termination Risk - The swap agreements do not contain any extraordinary termination events or triggers that would expose the County to significant termination risk. If the Swap Counterparty fails to meet its obligations to the County, these obligations will be met by a third-party guarantor that maintains credit ratings of "AA" or better by Moody's Investors Service, Standard & Poor's and Fitch. If the third-party guarantor suffers a loss of creditworthiness, the Swap Counterparty shall find an acceptable replacement guarantor. If such replacement guarantor is not available or if the County fails to meet its obligations to the Swap Counterparty, the termination provisions in the Swap Agreements will apply. The County may be liable for a payment equal to the fair value of the swap if a termination occurs prior to the termination date of the swap and that fair value is negative.

Interest Rate Risk - Under the Amended 2006 Swap Agreement, the County was subject to interest rate risk for changes in the six-month LIBOR rate through September 30, 2009, to changes in SIFMA and to changes in the ten-year ISDA-swap rate through the maturity of the contract.

Under the 2007 Swap Agreement, the County is subject to interest rate risk for changes in the LIBOR rate through September 30, 2010, to changes in SIFMA and to changes in the ten-year ISDA-swap rate through the maturity of the contract.

Based on some of the divisors and other adjustments inherent in the contracts, the County's exposure to changes in these rates is not directly related to changes in the rates themselves. The County is exposed to changes in relationships between tax-exempt and taxable interest rates that may be affected by changes in the marginal tax rate, the elimination of tax preferences or other major changes to current tax law, including, but not limited to, implementation of a flat tax or value-added tax.

Yield Curve Risk - The 2006 Swap Agreement was amended on September 19, 2007. Under the amendment, the maturity of the LIBOR was changed from a short-term maturity (six-month LIBOR) to a

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longer term maturity (a percentage of ten-year LIBOR). Under the amendment, the County expects that the payments from the 2006 Swap Counterparty will increase as a result of certain changes in the general interest rate environment. The County's payments under the amended 2006 Swap Agreement are not expected to change from the original 2006 Swap Agreement.

Under the 2007 Swap Agreement, the maturity of the LIBOR index is based on a percentage of ten-year LIBOR. Under the 2007 Swap Agreement, the County expects the payments from the 2007 Swap Counterparty will increase as a result of certain changes in the general interest rate environment. The County's payments under the 2007 Swap Agreement are not expected to be affected as a result of these market movements.

(13) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not exceed the County's estimate of claims and judgments payable as reflected in Note 8.

(14) Related Organization.

The Hinds County Board of Supervisors is responsible for appointing a voting majority of the members of the Board of the Hinds County Livestock Commission, but the County's accountability for this organization does not extend beyond making the appointments. During the year, the County appropriated \$15,390 to this organization.

(15) Joint Ventures.

The County participates in the following joint venture:

The County is a participant with the City of Jackson in a joint venture authorized by Section 39-3-8, Miss. Code Ann. (1972) to operate the Jackson-Hinds Library System. The joint venture was created to provide a library system for city and county residents and is governed by 14 members, with each entity appointing 7 members. By contractual agreement, the County's appropriation to the joint venture was \$1,893,624 in 2014. Complete financial statements for the Jackson-Hinds Library System can be obtained from the following address: 400 North State Street, Jackson, MS 39201.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Central Mississippi Planning and Development District, Inc. (CMPDD) operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Hinds County Board of Supervisors appoints 3 of the 33 members of the board of directors. The County contributes a small

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percentage of CMPDD's total revenues. The County appropriated \$45,088 for support of CMPDD in FY 2014.

Hinds Community College District (the College) operates in a district composed of the counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Hinds County Board of Supervisors appoints 5 of the 15 members of the College's board of trustees. The County levies an annual tax pursuant to Section 37-29-141, Miss. Code Ann. (1972) to support the College. The tax provided \$9,151,362 for maintenance and support of the College in FY 2014.

Hinds County Human Resource Agency, Inc. (the Agency) operates in a district composed of Hinds County, private citizens and local organizations. The Hinds County Board of Supervisors appoints 5 of the 15 members of the Agency. The County appropriated \$85,500 for support of the Agency in FY 2014.

(17) Defined Benefit Pension Plan.

Plan Description. The County 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. At September 30, 2014, PERS members are required to contribute 9.00% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2014, was 15.75% 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 ended September 30, 2014, 2013 and 2012 were \$4,449,947, \$4,055,463 and \$3,563,981, respectively, equal to the required contributions for each year.

(18) Subsequent Event.

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of the County evaluated the activity of the County through the date the financial statements were available to be issued and determined that the following subsequent event has occurred that requires disclosure in the notes to the financial statements.

The County issued bonds totaling \$9,995,000 on March 10, 2015, at an initial interest rate of 2.0% for a term of 22 years to refund a portion of the outstanding General Obligation 2007A bonds.

Additionally, the County terminated the derivative instruments included in Note 12 on January 20, 2015 at no cost to the County.

HINDS COUNTY, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

HINDS COUNTY, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 42,637,740	\$ 42,713,164	\$ 44,909,453	\$ 2,196,289
Licenses, commissions and other	2,140,220	2,140,220	2,318,514	178,294
Fines and forfeitures	1,058,000	1,058,000	1,843,348	785,348
Intergovernmental	3,980,328	3,910,829	5,267,431	1,356,602
Charges for services	3,506,006	3,641,747	2,353,527	(1,288,220)
Interest income	53,300	53,300	82,822	29,522
Miscellaneous	343,500	369,051	359,103	(9,948)
Total Revenues	<u>53,719,094</u>	<u>53,886,311</u>	<u>57,134,198</u>	<u>3,247,887</u>
<b>EXPENDITURES</b>				
Current:				
General government	26,187,381	27,888,232	26,953,554	934,678
Public safety	26,336,182	29,151,810	28,164,316	987,494
Public works	400,000	257,640	257,640	-
Health and welfare	1,522,092	1,524,115	1,411,652	112,463
Culture and recreation	63,250	78,750	78,186	564
Conservation of natural resources	321,981	335,456	335,456	-
Economic development and assistance	68,838	68,838	68,838	-
Debt service:				
Principal	221,762	221,845	221,275	570
Interest	7,182	7,099	6,956	143
Bond issuance costs	450	450	-	450
Total Expenditures	<u>55,129,118</u>	<u>59,534,235</u>	<u>57,497,873</u>	<u>2,036,362</u>
Excess of Expenditures over Revenues	<u>(1,410,024)</u>	<u>(5,647,924)</u>	<u>(363,675)</u>	<u>5,284,249</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	25,000	28,330	25,437	(2,893)
Compensation for loss of capital assets	50,000	688,758	685,267	(3,491)
Transfers in	2,114,872	2,567,571	2,609,213	41,642
Transfers out	(2,450,783)	(3,077,844)	(3,062,714)	15,130
Total Other Financing Sources (Uses)	<u>(260,911)</u>	<u>206,815</u>	<u>257,203</u>	<u>50,388</u>
Excess of Expenditures and Other Financing Sources (Uses) over Revenue and Other Financing Sources	<u>\$ (1,670,935)</u>	<u>\$ (5,441,109)</u>	<u>(106,472)</u>	<u>\$ 5,334,637</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>10,707,413</u>	
End of year			<u>\$ 10,600,941</u>	

The accompanying notes to the required supplementary information are an integral part of this schedule.

HINDS COUNTY, MISSISSIPPI  
Notes to the Budgetary Comparison Schedule  
For the Year Ended September 30, 2014

Note A - Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, Tax Assessor and Tax Collector for his or her respective department, prepares an original budget for the general fund (a Governmental Fund) for said fiscal year. The completed budget for the fiscal year includes for the General Fund every source of revenue, each general item of expenditure and the unencumbered cash and investment balances. When, during the fiscal year, it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require funds be available when goods or services are ordered, only when payment is made.

Note B - Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

Note C - Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary), as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary), as opposed to when susceptible to accrual (GAAP).

HINDS COUNTY, MISSISSIPPI  
Notes to the Budgetary Comparison Schedule (Continued)  
For the Year Ended September 30, 2014

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

	Governmental Fund Type
	General Fund
Budget (Cash Basis)	\$ (106,472)
Increase (Decrease)	
Net adjustments for revenue accruals	(2,290,407)
Net adjustments for expenditure accruals	3,077,204
GAAP Basis	\$ 680,325

HINDS COUNTY, MISSISSIPPI  
Schedule of Funding Progress for the Retiree Health Plan  
For the Year Ended September 30, 2014

Plan Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Simplified Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2011-2012	-	\$ 1,450,938	\$ 1,450,938	0%	\$ 28,371,582	5.10%
2012-2013	-	1,974,971	1,974,971	0%	27,377,968	7.21%
2013-2014	-	2,327,420	2,327,420	0%	27,925,527	8.30%

HINDS COUNTY, MISSISSIPPI

SUPPLEMENTARY INFORMATION

HINDS COUNTY, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Series 2007B Taxable Bonds  
 For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest income	\$ 200,000	\$ 200,000	\$ 19,253	\$ (180,747)
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>19,253</u>	<u>(180,747)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	1,000,000	265,891	734,109
Culture and recreation	-	175,000	-	175,000
Total Expenditures	<u>-</u>	<u>1,175,000</u>	<u>265,891</u>	<u>909,109</u>
Excess of Expenditures over Revenues	<u>200,000</u>	<u>(975,000)</u>	<u>(246,638)</u>	<u>728,362</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	(120,000)	(120,000)	-
Total Other Financing Sources	<u>-</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Excess of Expenditures over Revenue and Other Financing Sources	<u>\$ 200,000</u>	<u>\$ (1,095,000)</u>	<u>(366,638)</u>	<u>\$ 728,362</u>
<b>FUND BALANCES</b>				
Beginning of year			11,894,787	
End of year			<u>\$ 11,528,149</u>	

The accompanying notes to the supplementary information are an integral part of this schedule.

HINDS COUNTY, MISSISSIPPI  
Notes to the Budgetary Comparison Schedule  
For the Year Ended September 30, 2014

Note A - Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, Tax Assessor and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds, including the major capital projects fund, for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure and the unencumbered cash and investment balances. When, during the fiscal year, it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require funds be available when goods or services are ordered, only when payment is made.

Note B - Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is not a part of required supplementary information, but it is presented as supplemental information.

Note C - Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary), as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary), as opposed to when susceptible to accrual (GAAP).

HINDS COUNTY, MISSISSIPPI  
Notes to the Budgetary Comparison Schedule (Continued)  
For the Year Ended September 30, 2014

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the major capital projects fund:

	Governmental Fund Type
	Series 2007B Taxable Bonds Fund
Budget (Cash Basis)	\$ (366,638)
Increase (Decrease)	
Net adjustments for revenue accruals	-
Net adjustments for expenditure accruals	(96,063)
GAAP Basis	\$ (462,701)

HINDS COUNTY, MISSISSIPPI  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>MAJOR FEDERAL AWARDS</b>			
<b>U.S. Department of Transportation</b>			
Passed through Mississippi Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	MS 024 125	\$ 854,063
Highway Planning and Construction	20.205	N/A	91,770
Highway Planning and Construction	20.205	SRSP-0025-00(70)	<u>1,812</u>
<b>Total U.S. Department of Transportation</b>			<u>947,645</u>
<b>U.S. Election Commission Assistance</b>			
Passed through Mississippi Development Authority			
Community Development Block Grant/State's program and Non-entitlement Grants in Hawaii			
	14.228	1129-12-025PF-01	<u>351,411</u>
<b>Total U.S. Election Commission Assistance</b>			<u>351,411</u>
<b>Total Expenditures of Major Federal Awards</b>			<u>1,299,056</u>
<b>OTHER FEDERAL AWARDS</b>			
<b>U.S. Department of Justice</b>			
Justice Assistance Grant Program Cluster			
Passed through the City of Jackson, Mississippi			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1159	32,568
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0594	13,379
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-H5375-MS-DJ	89,645
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1095	65,748
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-H5672-MS-DJ	<u>86,047</u>
			287,387
Passed through the Mississippi Department of Public Safety			
Juvenile Accountability Block Grants	16.523	12JB1251	91,546
Crime Victim Assistance	16.575	12VA1251	31,502
Crime Victim Assistance	16.575	13XA1251	10,241
Violence Against Women Formula Grants	16.588	13SL1251	<u>23,525</u>
			156,814
Passed through the Mississippi Bureau of Narcotics (MBN)			
Public Safety Partnership and Community Policing Grants	16.710	N/A	<u>1,549</u>
<b>Total U. S. Department of Justice</b>			<u>445,750</u>
<b>U. S. Department of Health and Human Services</b>			
Passed through the Mississippi Department of Human Services/ Central Mississippi Planning and Development District, Inc.			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers			
	93.044	377N21	26,821
Passed through the Mississippi Emergency Management Agency			
Child Support Enforcement	93.563	93.UN	<u>2,585</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>29,406</u>

HINDS COUNTY, MISSISSIPPI  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended September 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>OTHER FEDERAL AWARDS (Continued)</b>			
<b>Executive Office of the President</b>			
Passed through the Gulf Coast HIDTA			
High Intensity Drug Trafficking Area Program	95.001	G14GC0003A	\$ 41,829
High Intensity Drug Trafficking Area Program	95.001	G13GC0003A	<u>25,025</u>
<b>Total Executive Office of the President</b>			<u>66,854</u>
<b>U.S. Department of Agriculture</b>			
Passed through the Mississippi Department of Education			
National School Lunch Program	10.555	N/A	<u>18,315</u>
<b>Total U.S. Department of Agriculture</b>			<u>18,315</u>
<b>U.S. Department of Transportation</b>			
Passed through the Mississippi Department of Public Safety			
State and Community Highway Safety Grant	20.600	12OP1251	1,550
Alcohol Open Container Requirements	20.607	13TA1251	<u>173,533</u>
<b>Total U.S. Department of Transportation</b>			<u>175,083</u>
<b>U.S. Department of Homeland Security</b>			
Passed through the Mississippi Department of Homeland Security			
Homeland Security Grant Program	97.067	10MM025	19,632
Homeland Security Grant Program	97.067	11HS025	11,653
Homeland Security Grant Program	97.067	S11HS025T	9,995
Homeland Security Grant Program	97.067	12HS025	10,954
Pass through the Mississippi Emergency Management Agency			
Hazard Mitigation Grant	97.039	1604-134	31,345
Emergency Management Performance Grants	97.042	97.UN	<u>12,964</u>
<b>Total U. S. Department of Homeland Security</b>			<u>96,543</u>
<b>U.S. Environmental Protection Agency</b>			
Direct			
Congressionally Mandated Projects	66.202	XP95471011-0	<u>20,916</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>20,916</u>
<b>Total Expenditures of Other Federal Awards</b>			<u>852,867</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,151,923</u>

HINDS COUNTY, MISSISSIPPI  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2014

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - There were no subrecipients during the year.

Note C - Outstanding Loans

At September 30, 2014, there were \$2,304,292 of loans outstanding in the Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii, CFDA No. 14.228. There were no continuing compliance requirements related to this loan for the year ended September 30, 2014.

HINDS COUNTY, MISSISSIPPI

OTHER INFORMATION

HINDS COUNTY, MISSISSIPPI  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2014

Name	Position	Company	Bond
Robert Graham	Supervisor District 1	Western Surety Co.	\$ 100,000
Darrell McQuirter	Supervisor District 2	Western Surety Co.	100,000
Peggy Calhoun	Supervisor District 3	Western Surety Co.	100,000
Tony Greer	Supervisor District 4	Western Surety Co.	100,000
Kenneth Stokes	Supervisor District 5	Western Surety Co.	100,000
Carmen Davis	County Administrator	Travelers Casualty and Surety Co. of America	100,000
Eddie Jean Carr	Chancery Clerk	Western Surety Co.	100,000
Arthur Matlock	Purchasing Clerk	Travelers Casualty and Surety Co. of America	50,000
Chantey Broome	Purchasing Assistant Clerk	Travelers Casualty and Surety Co. of America	50,000
Latasha Jackson	Purchasing Assistant Clerk	Travelers Casualty and Surety Co. of America	50,000
Lillie Woods	Receiving Clerk	Travelers Casualty and Surety Co. of America	75,000
Brittany Anderson	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Linda Bennett	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Paula Cable	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Connie Cochran	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Angela Cook	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Nikia Felton	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Tracy Funchess	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Shelva King	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Larry Grant	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Joann Gray	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Regina Hill	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Ruth Kelly	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Sharon Kyle	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Genolia Lindsey	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Stephanie Meachum	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Joseph Perkins	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Deborah Pierce	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Earline Samuel	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
LaTonya Sturgis	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Angela Thomason	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Audrey Thrasher	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Mary Tory	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Tabetha Ward	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Gloria Wilson	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
Beverly Hughes	Assistant Receiving Clerk	Travelers Casualty and Surety Co. of America	50,000
James Ingram	Inventory Control Clerk	Travelers Casualty and Surety Co. of America	75,000
Michael Johnson	Inventory Admin Asst	Travelers Casualty and Surety Co. of America	50,000
Paul A. Greene	County Surveyor	Travelers Casualty and Surety Co. of America	50,000
Barbara Dunn	Circuit Clerk	Brierfield Insurance Co.	100,000
Tyrone Lewis	Sheriff	Western Surety Co.	100,000
John Brown	Constable	Western Surety Co.	50,000
Bennie Buckner	Constable	Western Surety Co.	50,000
Lawrence Funchess	Constable	Travelers Casualty and Surety Co. of America	50,000
Jon Lewis	Constable	Western Surety Co.	50,000
Jerry Moore	Constable	Travelers Casualty and Surety Co. of America	50,000
Ivory Britton	Justice Court Judge	Old Republic/Statewide	50,000
James Morton	Justice Court Judge	Travelers Casualty and Surety Co. of America	50,000
Pearlie Owens	Justice Court Judge	Old Republic Surety Co.	50,000
Frank Sutton	Justice Court Judge	Western Surety Co.	50,000
Donald D. Palmer	Justice Court Judge	Travelers Casualty and Surety Co. of America	50,000
Patricia Woods	Justice Court Clerk	Travelers Casualty and Surety Co. of America	50,000
Jephthah Amos	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Chase Kayla	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Amber Crawford	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Cynthia Smith	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000

HINDS COUNTY, MISSISSIPPI  
Schedule of Surety Bonds for County Officials (Continued)  
For the Year Ended September 30, 2014

Name	Position	Company	Bond
Kelley Walley	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	\$ 50,000
Robert Amos	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Lakisha Armon	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Dolise Clowers	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Shirley Harper	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Cheryl Keeler	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Rochell Jones	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Natasha Thompson	Justice Court Deputy Clerk	Travelers Casualty and Surety Co. of America	50,000
Joyce Williams	Justice Court Executive Assistant	Travelers Casualty and Surety Co. of America	50,000
Carl Frelix	Road Manager	Travelers Casualty and Surety Co. of America	50,000
Eddie Fair	Tax Collector	Western Surety Co.	100,000
Doris Boston	Tax Collector Clerk	Western Surety Co.	50,000
Erica Brown	Tax Collector Clerk	Western Surety Co.	50,000
Monica Butler	Tax Collector Clerk	Western Surety Co.	50,000
Quintina Calender	Tax Collector Clerk	Western Surety Co.	50,000
Kenisha Calvin	Tax Collector Clerk	Travelers Casualty and Surety Co. of America	50,000
Larry Camper	Tax Collector Clerk	Western Surety Co.	50,000
Kathy Chestnut	Tax Collector Clerk	Western Surety Co.	50,000
Sophie Coats	Tax Collector Clerk	Western Surety Co.	50,000
Peggy Ervin	Tax Collector Clerk	Western Surety Co.	50,000
Jasmine Felder	Tax Collector Clerk	Western Surety Co.	50,000
Kristie Fields	Tax Collector Clerk	Western Surety Co.	50,000
Joseph Francis	Tax Collector Clerk	Western Surety Co.	50,000
Irsteen Gatlin	Tax Collector Clerk	Western Surety Co.	50,000
Shamika Grace	Tax Collector Clerk	Western Surety Co.	50,000
Marketa Graham	Tax Collector Clerk	Western Surety Co.	50,000
Stephanie Green	Tax Collector Clerk	Western Surety Co.	50,000
Bridget Hall	Tax Collector Clerk	Western Surety Co.	50,000
Rochi Hearn	Tax Collector Clerk	Western Surety Co.	50,000
Keisha Jackson	Tax Collector Clerk	Western Surety Co.	50,000
Matrice Kent	Tax Collector Clerk	Western Surety Co.	50,000
Donna Larry	Tax Collector Clerk	Western Surety Co.	50,000
Sylvia McClellan	Tax Collector Clerk	Western Surety Co.	50,000
Lora McInnis	Tax Collector Clerk	Western Surety Co.	50,000
Karen McNeill	Tax Collector Clerk	Western Surety Co.	50,000
Etta McPhaul	Tax Collector Clerk	Western Surety Co.	50,000
Alexis Nelson	Tax Collector Clerk	Western Surety Co.	50,000
Sharonda Nichols	Tax Collector Clerk	Western Surety Co.	50,000
Brandi Riley	Tax Collector Clerk	Western Surety Co.	50,000
Erica Shearrill	Tax Collector Clerk	Western Surety Co.	50,000
Deanna Smith	Tax Collector Clerk	Western Surety Co.	50,000
Dorothy Smith	Tax Collector Clerk	Western Surety Co.	50,000
Judy Smith	Tax Collector Clerk	Western Surety Co.	50,000
Stephanie Smith	Tax Collector Clerk	Western Surety Co.	50,000
Marie Strong	Tax Collector Clerk	Western Surety Co.	50,000
Sheena Taylor	Tax Collector Clerk	Western Surety Co.	50,000
Ebony Teague	Tax Collector Clerk	Western Surety Co.	50,000
Ashanti Wansley	Tax Collector Clerk	Western Surety Co.	50,000
Lakonita Washington	Tax Collector Clerk	Western Surety Co.	50,000
Brinda Willis	Tax Collector Clerk	Western Surety Co.	50,000
Terrell Wilson	Tax Collector Clerk	Western Surety Co.	50,000
Darwin Wooten	Tax Collector Clerk	Western Surety Co.	50,000
Michelle Wright	Tax Collector Clerk	Western Surety Co.	50,000
Lenora Young	Tax Collector Clerk	Western Surety Co.	50,000
Charles Stokes	Tax Assessor	Statewide Insurance Group	100,000
Daryl Berry	Deputy Tax Assessor	Western Surety Co.	10,000
Edna Gipson	Deputy Tax Assessor	Western Surety Co.	10,000
Dajae Lindsay	Deputy Tax Assessor	Western Surety Co.	10,000

HINDS COUNTY, MISSISSIPPI  
Schedule of Surety Bonds for County Officials (Continued)  
For the Year Ended September 30, 2014

Name	Position	Company	Bond
Gary Neill	Deputy Tax Assessor	Western Surety Co.	\$ 10,000
Bonnye Owens	Deputy Tax Assessor	Western Surety Co.	10,000
Ashley Rayford	Deputy Tax Assessor	Western Surety Co.	10,000
Adrian Terry	Deputy Tax Assessor	Western Surety Co.	10,000
Angela Thomason	Deputy Tax Assessor	Western Surety Co.	10,000
Joseph Thompson	Deputy Tax Assessor	Western Surety Co.	10,000
Nicholas Ward	Deputy Tax Assessor	Western Surety Co.	10,000
Arthur Williams	Deputy Tax Assessor	Western Surety Co.	10,000
Debbie Hennington	Deputy Tax Assessor	Western Surety Co.	10,000
Frankie Shoto	Deputy Tax Assessor	Western Surety Co.	10,000
Thomas Ballenger	Deputy Tax Assessor	Old Republic Surety Company	10,000
Angela Blaylock	Deputy Tax Assessor	Old Republic Surety Company	10,000
Laura Burse	Deputy Tax Assessor	Old Republic Surety Company	10,000
Stephen Draper	Deputy Tax Assessor	Old Republic Surety Company	10,000
Tamara Graves	Deputy Tax Assessor	Old Republic Surety Company	10,000
Debra Griffis	Deputy Tax Assessor	Old Republic Surety Company	10,000
Clifton Hackler	Deputy Tax Assessor	Old Republic Surety Company	10,000
Debbie Hennington	Deputy Tax Assessor	Old Republic Surety Company	10,000
Alexandria Lovell	Deputy Tax Assessor	Old Republic Surety Company	10,000
Robert McField	Deputy Tax Assessor	Old Republic Surety Company	10,000
Bobby Merritt	Deputy Tax Assessor	Old Republic Surety Company	10,000
Sandra Phillips	Deputy Tax Assessor	Old Republic Surety Company	10,000
Katherine Riley	Deputy Tax Assessor	Old Republic Surety Company	10,000
Roderick Ward	Deputy Tax Assessor	Old Republic Surety Company	10,000
April Jefferson	Deputy Tax Assessor	Statewide Insurance Group	10,000
Marlon Kidd	Deputy Tax Assessor	Statewide Insurance Group	10,000
Warren Pinter	Deputy Tax Assessor	Statewide Insurance Group	10,000
Gloria Wilson	Deputy Tax Assessor	Old Republic Surety Company	10,000

HINDS COUNTY, MISSISSIPPI

SPECIAL REPORTS

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

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Hinds County, Mississippi (the County), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2015, which contained a reference to the reports of other auditors and contained an "Emphasis of Matter" paragraph regarding a change in accounting principles. Our report includes a reference to other auditors who audited the financial statements of the Hinds County Economic Development Authority and the Hinds County Mental Health Commission, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the County's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, there can be no assurance that all material weaknesses have been identified. However, as discussed in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 14-001 to be a material weakness.

***Compliance and Other Matters***

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

We also noted certain matters that we reported to the County’s management in separate letter dated June 26, 2015.

***The County’s Responses to Findings***

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

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BKD, LLC*

Jackson, Mississippi  
June 26, 2015

**Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance**

**Independent Auditor's Report**

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

***Report on Compliance for Each Major Federal Program***

We have audited the compliance of Hinds County, Mississippi (the County) with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

***Report on Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*BKD, LLC*

Jackson, Mississippi  
June 26, 2015

**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)]**

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

We have examined Hinds County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2014. The Board of Supervisors of Hinds County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

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

**Purchase Clerk**

1. Finding

In accordance with Section 31-7-115, the Schedule of Emergency Purchases should include all emergency purchases made under the authority of Section 31-7-13(k) during the fiscal year. The schedule, as originally provided by the purchasing clerk, excluded one emergency purchase approved in the minutes of the Board of Supervisors. The schedule originally included one emergency purchase that was not approved by the Board of Supervisors. The schedule originally included two emergency purchases, which were made under August 5, 2013 emergency proclamation and should not have been included on the schedule.

Recommendation

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

Purchase Clerk's Response

The Purchase Clerk will assure all emergency purchases made under the authority of Section 31-7-13(k) are properly accumulated and presented in the accompanying schedule in compliance with Section 31-7-115.

2. Finding

In accordance with Section 31-7-115, the Schedule of Purchases Not Made from the Lowest Bidder should include all purchases made from the other than lowest bidder under the authority of Section 31-7-13(d)(i) during the fiscal year. Per Section 31-7-13(d)(i), "if any governing authority accepts a bid other than the lowest bid actually submitted, it shall place on its minutes detailed calculations and narrative summary showing that the accepted bid was determined to be the lowest and best bid, including the dollar amount of the accepted bid and the dollar amount of the lowest bid." No agency or governing authority shall accept a bid based on items not included in the specifications. One such purchase occurred that was originally excluded from the schedule and was not approved in the minutes of the Board of Supervisors.

Recommendation

Purchases made from the other than lowest bidder under the authority of Section 31-7-13(b) should be properly accumulated and presented in the accompanying schedule in compliance with Section 31-7-115.

Purchase Clerk's Response

The Purchase Clerk will assure all purchases not made from the lowest bidder under the authority of Section 31-7-13(d)(i) are properly accumulated and presented in the accompanying schedule in compliance with Section 31-7-115.

In our opinion, except for the noncompliance referred to in the preceding paragraphs, Hinds County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2014.

The accompanying Schedules of (1) Purchases Not Made From the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

This report is intended for use in evaluating 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. However, this report is a matter of public record, and its distribution is not limited.

BKD, LLC

Jackson, Mississippi  
June 26, 2015

HINDS COUNTY, MISSISSIPPI  
 Schedule of Purchases Not Made From the Lowest Bidder  
 For the Year Ended September 30, 2014

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other than the Lowest Bid</u>
03/19/14	Diesel generator	\$ 32,995	V-Electric, Inc.	\$31,749	Lowest bidder was not able to order the equipment at the time required by the County

HINDS COUNTY, MISSISSIPPI  
 Schedule of Emergency Purchases  
 For the Year Ended September 30, 2014

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
06/06/14	Repairs	\$ 16,329	ServPro of Jackson	Repair water damage to Hinds County Human Services Building after a pipe burst during the night. Employees were unable to return to the building until it was cleaned properly.
07/21/14	Repairs	1,008	Roto Rooter	Plumbing repairs to a busted pipe on the third floor of the Chancery Building.
09/15/14	Boiler and tank at Penal Farm	62,000	Brandon Service Company	Replace the gas-powered boiler and tank at the Penal Farm after tank and boiler burst.

HINDS COUNTY, MISSISSIPPI

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2014

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/10/13	Physio Control Lifepak 100 AED's	\$56,519	Physio-Control Corp
10/11/13	Stryker Evacuation Chairs (Models 6252 & 6254)	55,017	Stryker Sales Corp
05/19/14	DS850 Model scanners, software and license	87,398	Election Services & Software, LLC
06/16/14	Diamante Writer	6,162	Stenograph, LLC
07/07/14	T-shirts	9,801	National Association of Town Watch

## Limited Internal Control and Compliance Review Management Report

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

In planning and performing our audit of the financial statements of Hinds County, Mississippi (the County) for the year ended September 30, 2014, we considered the County's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the County's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 26, 2015, on the financial statements of Hinds County, Mississippi.

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

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations and your responses are disclosed below:

### Board of Supervisors

#### 1. Finding

In accordance with Section 65-7-117, Miss. Code Ann. (1972), each member of the Board of Supervisors shall inspect every road and bridge in the County under the jurisdiction of the County not less than once each fiscal year. Each member shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by the supervisor, with recommendations by the supervisor for a four-year plan for construction and major maintenance of such roads and bridges. Such inspection reports were not prepared or filed with the Clerk of the Board by two of the five supervisors for the fiscal year ended September 30, 2014.

#### Recommendation

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

Board of Supervisors' Response

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

2. Finding

In accordance with Section 25-11-127, Miss. Code Ann. (1972), Mississippi Public Employees Retirement System (PERS) should be notified when any current retiree of PERS receiving retirement benefits is hired by the County as either an employee or a true independent contractor. Additionally, this section requires PERS retirees who are elected to a county office to file an annual written waiver to PERS. For one individual (a county elected official) out of five selected for testing this requirement, this notification was not provided to PERS.

Recommendation

The County should ensure that PERS is notified of any employees or independent contractors that are retirees of PERS receiving retirement benefits.

Board of Supervisors' Response

The County will ensure that PERS is notified of any employees or independent contractors that are retirees of PERS receiving retirement benefits and will ensure the PERS waivers for any county elected official officials are filed annually.

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

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

*BKD, LLC*

Jackson, Mississippi  
June 26, 2015

HINDS COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HINDS COUNTY, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2014

Section 1: Summary of Auditor's Results

***Financial Statements:***

1. The opinions expressed in the Independent Auditor's Report were:

Government-wide Activities	Unmodified
General Fund	Unmodified
Series 2007B Taxable Bonds (Parking Garage) Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
  
2. The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards* disclosed:
  - a. Significant deficiencies? None Reported
  - b. Material weaknesses? Yes
  
3. Noncompliance considered material to the financial statements was disclosed by the audit? No

***Federal Awards:***

4. The Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance disclosed:
  - a. Significant deficiencies? None Reported
  - b. Material weaknesses? No
  
5. The opinion expressed in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance was: Unmodified
  
6. The audit disclosed findings required to be reported by OMB Circular A-133? No
  
7. The County's major programs were:
  - a. Community Development Block Grant/State's program and Non-entitlement Grants in Hawaii 14.228
  - b. Highway Planning and Construction Cluster  
Highway Planning and Construction 20.205

HINDS COUNTY, MISSISSIPPI  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended September 30, 2014

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
9. The County qualified as a low-risk auditee as that term is defined in OMB Circular A-133? No

Section 2: Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
14-001	<p style="text-align: center;"><b>Design Deficiency – Monitoring (Material Weakness)</b></p> <p><i>Criteria or Specific Requirement</i> - The County is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p><i>Condition</i> - As reported in the prior year audit report, the Circuit Court Clerk’s record keeping system and accounting processes/procedures do not allow for reconciliation between the daily deposits as posted in the system and the deposit slip or bank statement or between the bank statement to the distribution of cash in order to properly maintain records for amounts held in custody of others. Additionally, there is a lack of segregation of duties associated with cash receipts and the associated record keeping. Finally, many of the accounting functions are handled by a third-party CPA firm whose work is not reviewed by anyone in the Circuit Clerk’s office for proper recording, which has resulted in errors in the annual report and in the balance of cash reported for the Circuit Clerk in the audited financial statements.</p> <p><i>Cause</i> - There are no procedures in place such as a monthly review and reconciliation of the bank statement to the distribution of cash, the daily cash receipts with amounts deposited to the bank, and the third-party CPA’s processing of items and reconciliation of bank statements.</p> <p><i>Effect</i> - The financial statements might be materially misstated, and the errors would not be detected by management. An unexplained difference, which does not remain constant, exists between the bank balance and detail supporting ledgers, which could allow misappropriations to go undetected.</p> <p><i>Recommendation</i> - The Circuit Court Clerk should regularly reconcile the bank statement to the distribution of cash, the daily cash receipts with amounts deposited to the bank, and review the third-party CPA’s processing of items and reconciliation of bank statements. Additionally, the Circuit Court Clerk should segregate the cash receipts and record keeping functions.</p>

HINDS COUNTY, MISSISSIPPI  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended September 30, 2014

<b>Reference Number</b>	<b>Finding</b>
	<i>Views of Responsible Officials and Planned Corrective Actions</i> - The Circuit Court Clerk will evaluate any and all findings and take corrective actions as considered necessary.

Section 3: Findings Required to be Reported by OMB Circular A-133

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

HINDS COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

HINDS COUNTY, MISSISSIPPI  
Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2014

Reference Number	Summary of Finding	Status
None		

Board of Supervisors  
Hinds County, Mississippi  
Jackson, Mississippi

As part of our audits of the financial statements and compliance of Hinds County, Mississippi (the County) as of and for the year ended September 30, 2014, we wish to communicate the following to you.

## **Audit Scope and Results**

### ***Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in Government Auditing Standards, Issued by the Comptroller General of the United States, and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations***

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in OMB Circular A-133 that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audits. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

## **Qualitative Aspects of Significant Accounting Policies and Practices**

### ***Significant Accounting Policies***

The County's significant accounting policies are described in Note 1 of the audited financial statements. As discussed in Note 1 to the financial statements, in 2014, the County adopted the

new accounting guidance included in Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

***Alternative Accounting Treatments***

No matters are reportable.

***Management Judgments and Accounting Estimates***

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Claims and judgment payable
- Allowance for uncollectible receivables
- Lives of depreciable assets

***Financial Statement Disclosures***

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Change in accounting principles
- Future Effective Accounting Pronouncements - GASB Statement No. 68: *Accounting and Financial Reporting for Pensions- An Amendment of GASB Statement No. 27*
- Derivative instruments

***Audit Adjustments***

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Areas in which adjustments were proposed include:

***Proposed Audit Adjustments Recorded***

No matters are reportable.

***Proposed Audit Adjustments Not Recorded***

Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

***Auditor's Judgments About the Quality of the County's Accounting Principles***

No matters are reportable.

***Disagreements with Management***

No matters are reportable.

***Consultation with Other Accountants***

No matters are reportable.

***Significant Issues Discussed with Management***

No matters are reportable.

***Difficulties Encountered in Performing the Audit***

No matters are reportable.

***Other Material Written Communication***

Listed below is another material written communication between management and us related to the audit:

- Management representation letter (attached)

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements of the County as of and for the year ended September 30, 2014, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for

the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the County's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be deficiencies and material weaknesses.

### ***Material Weaknesses***

Refer to the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*.

### ***Deficiencies***

#### ***Derivative Instruments***

As reported in the prior year audit report, the County has entered into two complex transactions involving interest rate swap agreements which could subject the County to significant gains and losses due to factors outside the County's control. During the year, the County did not have adequate procedures to monitor these agreements and verify the calculations. However, subsequent to year-end, the County hired an independent advisor to assist the County in evaluating, monitoring and making decisions on these swap agreements.

### ***Justice Court Clerk's Office***

During audit procedures performed, we noted an opportunity for strengthening procedures and processes in the Justice Court Clerk's Office. Due to the limited number of office staff, there is no process for routine supervisory review of the Justice Court bank account reconciliations by someone independent of the reconciliation process. The Justice Court Clerk should consider implementing a routine review process for all reconciliations performed to detect any inconsistencies timely and to reduce the risk of potential misstatement due to error or fraud.

### ***Accounts Receivable***

We noted the County does not have sufficient internal control procedures in place to ensure all revenues for periods prior to year-end but received after year-end are accrued for financial statement presentation. During audit testing of State of Mississippi warrants paid to the County by the State, we discovered \$91,839 was paid to the County on or before September 30, 2014, but was not received by the County until after September 30, 2014. The County should consider implementing additional procedures to ensure revenue accruals are properly recorded.

## **Other Matters**

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

### ***Information Technology***

During audit procedures performed, certain opportunities for strengthening information technology procedures and processes were noted as listed below.

- There are no formal written policies and procedures in place for disaster recovery over the County's information systems.
- There are no controls in place regarding user passwords, including routine requirement to change passwords or lockout of users after a certain number of incorrect password entry attempts.

In order to help reduce the risk of possible loss of financial information and potential information system interruption of failure, the County should implement procedures to address the items listed above. The County should consider establishing a disaster recovery plan for information systems. Department heads

Board of Supervisors  
Hinds County, Mississippi  
Page 6 of 6

within the County should review and approve access privileges, including implementing password specifications, such as requiring users to periodically change their passwords and locking out users after a certain number of incorrect password entry attempts.

This communication is intended solely for the information and use of management, the Board of Supervisors, others within the County and the Mississippi Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

*BKD, LLC*

June 26, 2015

**ROBERT GRAHAM**  
District 1

**DARREL D. McQUIRTER**  
District 2

**PEGGY HOBSON CALHOUN**  
District 3  
President



**TONY M. GREER**  
District 4  
Vice President

**GEORGE S. SMITH**  
District 5

**CARMEN Y. DAVIS**  
County Administrator

June 26, 2015

**BKD, LLP**  
Certified Public Accountants  
190 East Capital Street, Suite 500  
Jackson, Mississippi 39201-2190

We are providing this letter in connection with your audits of our financial statements as of and for the year ended September 30, 2014 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended September 30, 2014. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated November 12, 2014, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
5. We have provided you with:
  - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
  - (b) Additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - (d) All minutes of meetings of the governing body held through the date of this letter.
  - (e) All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
  - (a) Misappropriation of assets.
  - (b) Misrepresented or misstated assets, liabilities or net position.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
9. We have no knowledge of any known or suspected:
  - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
  - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, customers, regulators, suppliers or others.
11. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
12. Except as reflected in the financial statements, there are no:
  - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
  - (b) Material transactions omitted or improperly recorded in the financial statements.
  - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
  - (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
  - (e) Agreements to purchase assets previously sold.
  - (f) Restrictions on cash balances or compensating balance agreements.
  - (g) Guarantees, whether written or oral, under which the County is contingently liable.

13. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
14. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
15. Adequate provisions and allowances have been accrued for any material losses from:
  - (a) Uncollectible receivables.
  - (b) Reducing obsolete or excess inventories to estimated net realizable value.
  - (c) Purchase commitments in excess of normal requirements or above prevailing market prices.
16. Except as disclosed in the financial statements, we have:
  - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
  - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
17. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
18. With regard to deposit and investment activities:
  - (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
  - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

19. With respect to any nonattest services you have provided us during the year, including preparation of the financial statements and related note disclosures:
  - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
  - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
  - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
  - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
20. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
21. We acknowledge that we are responsible for the review and payment of invoices for the Westin Hotel project agreement. Invoices are properly approved and represent appropriate expenditures under the agreement.
22. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
23. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
24. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
25. We have a process to track the status of audit findings and recommendations.
26. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.

27. We have provided our views on any findings, conclusions and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.
28. With regard to federal awards programs:
- (a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations or in any other form.
  - (b) We have identified the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; Davis-Bacon Act; eligibility; equipment and real property management; matching, level of effort, earmarking; period of availability of federal funds; procurement and suspension and debarment; program income; real property acquisition and relocation assistance; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
  - (c) We are responsible to understand and comply with the requirements of laws, regulations, contracts and grants applicable to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the County has complied with all applicable compliance requirements.
  - (d) We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with requirements of laws, regulations, contracts and grants applicable to those programs.
  - (e) We have made available to you all contracts and grant agreements, including any amendments, and any other correspondence or documentation

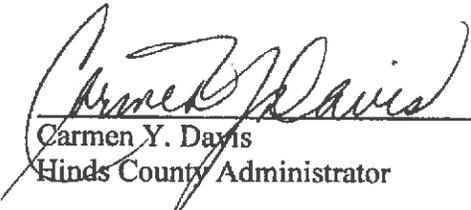
relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.

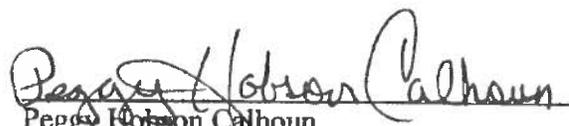
- (f) The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
  - (g) Amounts claimed or used for matching were determined in accordance with the applicable OMB Circular regarding cost principles.
  - (h) We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
  - (i) We have identified to you any previous compliance audits, attestation engagements and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other monitoring.
  - (j) Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.
  - (k) We are responsible for taking corrective action on any audit findings.
  - (l) The summary schedule of prior audit findings correctly states the status of all audit findings included in the OMB Circular A-133 section of the prior audit's schedule of findings and questioned costs and any uncorrected open findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.
29. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
30. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, budgetary

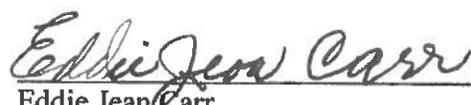
comparisons and schedule of funding progress of the retiree health plan, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

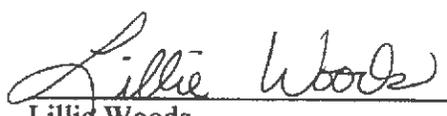
31. With regard to supplementary information:
  - (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
  - (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
  - (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
  - (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
  - (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.
  
32. With regard to the central purchasing system, the inventory control system, and the purchase clerk schedules:
  - (a) We are responsible for compliance with specified requirements of laws, regulations, contracts, and grants and for the establishment and maintenance of effective internal control over compliance with such specified requirements.
  - (b) We have made available all documentation related to compliance with the specified requirements.
  - (c) We have disclosed to you any known noncompliance with the specified requirements.
  - (d) We have disclosed to you any known noncompliance with the specified requirements occurring subsequent to year end through the date of this letter.

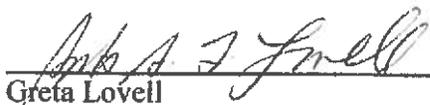
- (e) We have provided you with any communications from regulatory agencies or other practitioners concerning possible noncompliance with the specified requirements, including any received between year-end and the date of this letter.

  
Carmen Y. Davis  
Hinds County Administrator

  
Peggy Hobson Calhoun  
Board of Supervisors President

  
Eddie Jean Carr  
Chancery Clerk

  
Lillie Woods  
Budget Coordinator

  
Greta Lovell  
Deputy Chancery Clerk

# Hinds County, Mississippi

## ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

### Governmental Activities (Government-Wide Statements)

#### QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets	216,534,754	123,411	216,658,165	0.06%
Total Liabilities	(115,611,905)	39,048	(115,572,857)	-0.03%
Total Net Position	(100,922,849)	(162,459)	(101,085,308)	0.16%
General Revenues & Transfers	(65,641,256)	(119,521)	(65,760,777)	0.18%
Net Program Revenues/ Expenses	61,409,655	50,510	61,460,165	0.08%
Change in Net Position	(4,231,601)	(69,011)	(4,300,612)	1.63%



Total passed adjustments

123,411	39,048	(119,521)	50,510	(93,448)	0	0
		<b>Impact on Change in Net Position</b>		<b>(68,011)</b>		
		<b>Impact on Net Position</b>		<b>(162,459)</b>		

# Hinds County, Mississippi

## ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

### Agg Remaining Funds

#### QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets	29,006,721	27,682	29,034,403	0.10%
Total Liabilities	(16,731,097)		(16,731,097)	
Total Fund Balance	(12,275,624)	(27,682)	(12,303,306)	0.23%
Revenues	(29,297,305)	(27,682)	(29,324,987)	0.09%
Expenditures	28,818,453		28,818,453	
Change in Fund Balance	(478,852)	(27,682)	(506,534)	5.78%



Amended Budget For the Fiscal Year Ending September 30, 2015

	Governmental Fund Types					Proprietary Fund		Total
	General	General Other	Special Revenue	Capital Projects	Debt Service	Internal Service	Nonexpendable Trust	
<b>REVENUES</b>								
Amount necessary to be raised by tax levy	\$ 41,136,027	1,550,239	8,847,947		3,366,976	0	0	54,901,189
Taxes and ad valorem other than tax levy	1,105,600	85	22,510		1,100	0	0	1,129,295
Licenses, commissions, and other revenue	2,113,220	722,145	2,620,813		0	0	0	5,456,178
Fines and forfeitures	1,082,000	11,000	41,426		0	0	0	1,134,426
Intergovernmental revenue:								
Federal sources	70,000	0	5,417,920	69,918	0	0	0	5,557,838
State sources:								
State Grants	3,289,679	57,682	1,365,027		1,666,754	0	0	6,379,142
Local sources	0	0	47,254		0	0	0	47,254
Charges for Services	3,135,566	0	2,877,500	0	0	0	0	6,013,066
Use of Money	55,000	61,842	15,615	225,000	2,500	0	0	359,957
Miscellaneous revenue	298,500	0	74,241		0	0	0	372,741
Other financing Sources	2,554,096	421,806	1,189,171	4,020,000	11,939,445	557,606	0	20,682,124
<b>Total Revenues</b>	<b>54,839,688</b>	<b>2,824,799</b>	<b>22,519,424</b>	<b>4,314,918</b>	<b>16,976,775</b>	<b>557,606</b>		<b>102,033,210</b>
Beginning Cash Balance	9,742,699	19,912	4,845,124	18,251,431	2,630	0	0	32,861,796
<b>Total Revenues and Beginning Cash Balance</b>	<b>64,582,387</b>	<b>2,844,711</b>	<b>27,364,548</b>	<b>22,566,349</b>	<b>16,979,405</b>	<b>557,606</b>	<b>0</b>	<b>134,895,006</b>
	=====	=====	=====	=====	=====	=====	=====	=====
<b>EXPENDITURES</b>								
General government	\$ 36,154,802	579,381	0	0	0	557,606	0	37,291,789
Public safety	21,967,718		6,074,325	0	0	0	0	28,042,043
Public works	0	0	9,068,758	91,658	0	0	0	9,160,416
Health and welfare	1,226,345	0	1,582,040	0	0	0	0	2,808,385
Culture and recreation	82,215	0	94,740	0	0	0	0	176,955
Conservation of natural resources	139,888	0	2,523,351	0	0	0	0	2,663,239
Economic development and assistance	145,088	0	3,404,599	0	0	0	0	3,549,687
Capital Projects	0	0	0	7,178,446	0	0	0	7,178,446
Debt Service	349,674	0	0	0	16,624,572	0	0	16,974,246
Other Financing uses	1,077,538	2,248,100	0	0	0	0	0	3,325,638
<b>Total Expenditures</b>	<b>61,143,268</b>	<b>2,827,481</b>	<b>22,747,813</b>	<b>7,270,104</b>	<b>16,624,572</b>	<b>557,606</b>	<b>0</b>	<b>111,170,844</b>
Ending Cash Balance	3,439,119	17,230	4,616,735	15,296,245	354,833	0	0	23,724,162
<b>Total Expenditures and Ending Cash Balance</b>	<b>\$ 64,582,387</b>	<b>2,844,711</b>	<b>27,364,548</b>	<b>22,566,349</b>	<b>16,979,405</b>	<b>557,606</b>	<b>0</b>	<b>134,895,006</b>

FINAL

COUNTY BUDGET FORM P (06/02)

HINDS COUNTY, MISSISSIPPI  
Combined Budget for Publication For the Fiscal Year Ending September 30, 2016

	Governmental Fund Types					Proprietary Fund Types			Total
	General	General Other	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Nonexpendable Trust	
<b>REVENUES</b>									
Amount necessary to be raised by tax levy	\$ 41,393,248	1,515,766	8,871,496		3,375,514	0	0	0	55,156,024
Taxes and ad valorem other than tax levy	1,120,100	85	16,295		750	0	0	0	1,137,230
Licenses, commissions, and other revenue	2,187,920	932,209	2,558,151		0	0	0	0	5,678,280
Fines and forfeitures	1,241,000	9,000	24,500		0	0	0	0	1,274,500
Intergovernmental revenue:									
Federal sources	72,000	0	1,585,627	0	0	0	0	0	1,657,627
State sources:									
State Grants	3,494,125	69,000	406,159		1,545,918	0	0	0	5,515,202
Local sources	0	0	38,500		0	0	0	0	38,500
Charges for Services	1,827,566	0	2,160,000	0	0	0	0	0	3,987,566
Use of Money	75,000	51,300	12,890	25,500	2,500	0	0	0	167,190
Miscellaneous revenue	257,500	0	52,000		0	0	0	0	309,500
Other financing Sources	1,775,000	340,062	38,276	0	1,079,116	0	475,000	0	3,707,454
Total Revenues	53,443,459	2,917,422	15,763,894	25,500	6,003,798	0	475,000		78,629,073
Beginning Cash Balance	8,306,184	40,561	5,829,998	14,697,995	336,387	0	0		29,211,125
Total Revenues and Beginning Cash Balance	\$ 61,749,643	2,957,983	21,593,892	14,723,495	6,340,185	0	475,000	0	107,840,198
<b>EXPENDITURES</b>									
General government	\$ 34,897,803	477,163	0	0	0	0	475,000	0	35,849,966
Public safety	20,662,372	851,108	3,099,350	0	0	0	0	0	24,612,830
Public works	0	0	5,954,025	0	0	0	0	0	5,954,025
Health and welfare	1,154,550	0	991,894	0	0	0	0	0	2,146,444
Culture and recreation	110,826	0	91,590	0	0	0	0	0	202,416
Conservation of natural resources	132,893	0	2,341,463	0	0	0	0	0	2,474,356
Economic development and assistance	45,088	0	2,913,352	0	0	0	0	0	2,958,440
Capital Projects	0	0	0	1,531,500	0	0	0	0	1,531,500
Debt Service	390,101	62,000	0	0	5,817,975	0	0	0	6,270,076
Other Financing uses	950,000	1,524,051	0	0	0	0	0	0	2,474,051
Total Expenditures	58,343,633	2,914,322	15,391,674	1,531,500	5,817,975	0	475,000	0	84,474,104
Ending Cash Balance	3,406,010	43,661	6,202,218	13,191,995	522,210	0	0	0	23,366,094
Total Expenditures and Ending Cash Balance	\$ 61,749,643	2,957,983	21,593,892	14,723,495	6,340,185	0	475,000	0	107,840,198

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**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the Board of Supervisors (the "Governing Body") of Hinds County, Mississippi (the "County"), acting for and on behalf of the County, in connection with the execution and delivery of \$\_\_\_\_\_ Hinds County, Mississippi General Obligation Refunding Bonds, Series 2016A and \$\_\_\_\_\_ Hinds County, Mississippi Taxable General Obligation Refunding Bonds, Series 2016B (together, the "Series 2016 Refunding Bonds"). The Series 2016 Refunding Bonds are being executed and delivered pursuant to a resolution adopted by the Governing Body on March 21, 2016 (the "Resolution"). The County covenants and agrees as follows:

**SECTION 1. Purpose of this Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the County for the benefit of the owners of the Series 2016 Refunding Bonds and the beneficial owners of the Series 2016 Refunding Bonds and in order to assist the Participating Underwriter in complying with SEC Rule 15c2-12.

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following terms shall have the following meanings:

"Dissemination Agent" shall mean the Chancery Clerk of the County or his or her designee, or such other person as the Board of Supervisors shall designate in writing from time to time.

"EMMA" shall mean the Electronic Municipal Market Access System found at <http://emma.msrb.org>, which is the electronic format prescribed by the MSRB pursuant to the Rule.

"Fiscal Year" shall mean a period beginning on October 1 in any year and ending on September 30 of the following year or such other twelve-month period as may be adopted by the County in accordance with law.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board. The electronic filings with the MSRB shall be through EMMA.

"National Repository" shall mean (a) MSRB's EMMA, and (b) in the future, any successor repository or repositories prescribed by the SEC for the purpose of serving as repository under the Rule.

"Official Statement" shall mean the final Official Statement of the County dated \_\_\_\_\_, 2016, in connection with the Series 2016 Refunding Bonds.

"Participating Underwriter" shall mean the original purchaser of the Series 2016 Refunding Bonds required to comply with the Rule in connection with the offering of the Series 2016 Refunding Bonds.

"Repository" shall mean each National Repository and each State Repository, if any.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of Mississippi as a state repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

### **SECTION 3. Provision of Annual Reports.**

(a) The County shall, or shall cause the Dissemination Agent to provide to each Repository, within 365 days of the Fiscal Year End, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report. If the audited financial statements are unavailable at the

time the Annual Report is filed, the County agrees to provide or to cause the Dissemination Agent to provide reasonably available and accessible unaudited financial information describing the County's financial situation for the prior fiscal year. In addition, the County agrees to provide or to cause the Dissemination Agent to provide its audited financial statements in each year within sixty (60) days of such financial statements becoming publicly available.

(b) If the County is unable to provide to the Repositories an Annual Report by the date required in subsection (a) above, the County shall send a notice to each Repository.

(c) The Dissemination Agent shall determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any.

**SECTION 4. Content of Annual Reports.** The County's Annual Report shall contain or incorporate by reference the following:

(a) audited financial statements, if available, and, if unavailable, reasonably available and accessible unaudited financial information describing the County's financial situation for the prior fiscal year and audited financial statements if and when they become available; and

(b) a brief narrative discussion of the results of operations and financial condition of the County for such Fiscal Year, including updated financial and operating information relating to the County similar to the information set forth in the tables and text in the following sections of the Official Statement: "THE COUNTY," "TAX INFORMATION" and "DEBT INFORMATION."

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

**SECTION 5. Reporting of Listed Events.**

(a) The County shall give or cause to be given notice of the occurrence of any of the following Listed Events with respect to the Series 2016 Refunding Bonds, in a timely manner not in excess of ten (10) business days after the occurrence thereof, together with any Accompanying Information. All fifteen (15) events mandated by the Rule are listed below; however, some may not apply to the Series 2016 Refunding Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on the credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modification to rights of security holders, if material.
- (8) Bond calls, if material.
- (9) Tender offers.
- (10) Defeasances.

- (11) Release, substitution or sale of property securing repayment of the securities, if material.
- (12) Rating changes.
- (13) Bankruptcy, insolvency, receivership or similar event of the County.
- (14) Consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (15) The appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Any Listed Event under subsection (a)(1), (3), (4), (5), (6), (9), (10), (12), or (13) of this Section will always be deemed to be material.

**SECTION 6. Termination of Reporting Obligation.** The County's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of the Series 2016 Refunding Bonds.

**SECTION 7. Dissemination Agent.** The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the County elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Agreement.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

**SECTION 9. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any financial information or operating data provided or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any financial information or operating data provided or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future financial information or operating data provided or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the County to comply with any provision of this Disclosure Agreement any owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2016 Refunding Bonds.

**SECTION 12. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, owners from time to time of the Series 2016 Refunding Bonds and beneficial owners of the Series 2016 Refunding Bonds and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2016

**HINDS COUNTY, MISSISSIPPI**

By \_\_\_\_\_  
President of the Board of Supervisors

**APPENDIX D**

**FORMS OF OPINIONS OF BOND COUNSEL**

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**FORM OF OPINION OF BOND COUNSEL  
FOR THE SERIES 2016A BONDS**

Board of Supervisors of  
Hinds County, Mississippi  
Jackson, Mississippi

Ladies and Gentlemen:

We have acted as Bond Counsel ("Bond Counsel") for Hinds County, Mississippi (the "County"), in connection with the issuance of the Hinds County, Mississippi General Obligation Refunding Bonds, Series 2016A dated April 28, 2016, in the total authorized aggregate principal amount of \$\_\_\_\_\_ (the "Series 2016A Bonds").

The Series 2016A Bonds bear interest, mature and may be transferred and exchanged as set out in the Series 2016A Bonds and in the resolution adopted by the Board of Supervisors of the County on March 21, 2016, authorizing their issuance (the "Bond Resolution"). The Series 2016A Bonds are subject to optional and mandatory sinking fund redemption prior to maturity to the extent provided in the Bond Resolution. Capitalized terms contained and not defined herein shall have the same meaning as set forth in the Bond Resolution.

We have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2016A Bonds under the laws of the State of Mississippi (the "State"), and with respect to the exemption of interest on the Series 2016A Bonds from federal and State income taxation. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the certified transcript of proceedings described in the following paragraph. We have relied on the authenticity, truthfulness and completeness set forth in such documents, instruments and certificates. We have not assumed any responsibility with respect to the financial condition or capabilities of the County or the disclosure thereof in connection with the sale of the Series 2016A Bonds.

In our capacity as Bond Counsel, we have participated in the preparation of and have examined a certified transcript of proceedings pertaining to the Series 2016A Bonds which contains copies of certain proceedings of the County, customary certificates of officers, agents and representatives of the County and other public officials and other matters relating to the authorization and issuance of the Series 2016A Bonds including a certification of the County prepared pursuant to Section 1.148-2(b)(2)(i) of the United States Treasury Regulations (the "Non-Arbitrage Certificate"). We have also examined executed Bond No. R-1 of this issue.

Based on the foregoing, it is our opinion, on the date hereof, that:

1. The transcript of proceedings evidences complete legal authority for the issuance of the Series 2016A Bonds in full compliance with the laws of the State presently in effect, and that the Series 2016A Bonds constitute valid and legally binding

obligations of the County, payable from and secured by an irrevocable pledge of the avails of a direct and continuing tax to be levied annually without limitation as to time, rate or amount upon all the taxable property within the geographical limits of the County; provided, however, that such tax levy for any year shall be abated pro tanto to the extent the County on or prior to September 1 of that year has transferred money to the Bond Fund (as defined in the Bond Resolution), or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the Series 2016A Bonds due during the ensuing fiscal year of the County, in accordance with the provisions of the Bond Resolution.

2. Under existing law, regulations and court decisions, as presently interpreted and construed, we are of the opinion that interest on the Series 2016A Bonds is exempt from all present income taxes imposed by the State and any county, municipality and other political subdivision of the State.
3. The Series 2016A Bonds have been duly authorized, executed and delivered under the provisions of the Bond Resolution and are entitled to the pledge and security of the Bond Resolution.
4. Under existing law, regulations and court decisions, as presently interpreted and construed, we are of the opinion that interest on the Series 2016A Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Series 2016A Bonds is not treated as a specific item of tax preference under Section 57 of the Code in calculating the alternative minimum tax imposed by Section 55 of the Code. Such interest, however, is taken into account in determining "adjusted current earnings" of certain corporations for purposes of computing the alternative minimum tax.
5. The County has designated the Series 2016A Bonds as "qualified tax exempt obligations" pursuant to Section 265(b)(3) of the Code.

The Board of Supervisors of the County, acting for and on behalf of the County, has covenanted in the Bond Resolution and the Non-Arbitrage Certificate that the County will not make any use of the gross proceeds of the Series 2016A Bonds or amount that may be treated as proceeds of the Series 2016A Bonds or do or take or omit to do or take any other action that would cause: (i) the Series 2016A Bonds to be "arbitrage bonds" as such term is defined in Section 148(a) of the Code and the Regulations promulgated thereunder; (ii) the interest on the Series 2016A Bonds to be includable in the gross income of the registered owners for federal income taxation purposes; or (iii) the interest on the Series 2016A Bonds to be treated as an item of tax preference under Section 57(a)(5) of the Code. Failure of the County to comply with such covenants could result in the interest on the Series 2016A Bonds being subject to federal income tax from the date of their issuance.

Owners of the Series 2016A Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the environmental tax, the branch profits tax and the tax on passive investment income of

corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

It is understood that the rights of the owners of the Series 2016A Bonds and the enforceability of the Series 2016A Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar law affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that the enforcement thereof may be subject to the exercise of judicial discretion in appropriate cases.

In this opinion letter issued in our capacity as Bond Counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Series 2016A Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2016A Bonds, except those specifically addressed herein.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certificates, resolutions, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, certifications, resolutions, documents and proceedings. In rendering this opinion we have relied upon the opinion of Pieter Teeuwissen, Esq. and Anthony Simon, Esq., Jackson, Mississippi, acting as counsel for the County, dated the date hereof, as to the due authorization and execution by and enforceability against the County as to the Series 2016A Bonds and the Bond Resolution.

Respectfully submitted,

BAKER, DONELSON, BEARMAN, CALDWELL  
& BERKOWITZ, PC

**FORM OF OPINION OF BOND COUNSEL  
FOR THE SERIES 2016B BONDS**

Board of Supervisors of  
Hinds County, Mississippi  
Jackson, Mississippi

Ladies and Gentlemen:

We have acted as Bond Counsel ("Bond Counsel") for Hinds County, Mississippi (the "County"), in connection with the issuance of the Hinds County, Mississippi Taxable General Obligation Refunding Bonds, Series 2016B dated April 28, 2016, in the total authorized aggregate principal amount of \$\_\_\_\_\_ (the "Series 2016B Bonds").

The Series 2016B Bonds bear interest, mature and may be transferred and exchanged as set out in the Series 2016B Bonds and in the resolution adopted by the Board of Supervisors of the County on March 21, 2016, authorizing their issuance (the "Bond Resolution"). The Series 2016B Bonds are not subject to redemption prior to maturity thereof. Capitalized terms contained and not defined herein shall have the same meaning as set forth in the Bond Resolution.

We have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2016B Bonds under the laws of the State of Mississippi (the "State"), and with respect to the exemption of interest on the Series 2016B Bonds from State income taxation. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the certified transcript of proceedings described in the following paragraph. We have relied on the authenticity, truthfulness and completeness set forth in such documents, instruments and certificates. We have not assumed any responsibility with respect to the financial condition or capabilities of the County or the disclosure thereof in connection with the sale of the Series 2016B Bonds.

In our capacity as Bond Counsel, we have participated in the preparation of and have examined a certified transcript of proceedings pertaining to the Series 2016B Bonds which contains copies of certain proceedings of the County, customary certificates of officers, agents and representatives of the County and other public officials and other matters relating to the authorization and issuance of the Series 2016B Bonds. We have also examined executed Bond No. R-1 of this issue.

Based on the foregoing, it is our opinion, on the date hereof, that:

1. The transcript of proceedings evidences complete legal authority for the issuance of the Series 2016B Bonds in full compliance with the laws of the State presently in effect, and the Series 2016B Bonds constitute valid and legally binding obligations of the County, payable from and secured by an irrevocable pledge of the avails of a direct and continuing tax to be levied annually without limitation as to time, rate or amount upon all the taxable property within the geographical

limits of the County; provided, however, that such tax levy for any year shall be abated pro tanto to the extent the County on or prior to September 1 of that year has transferred money to the Bond Fund (as defined in the Bond Resolution), or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the Series 2016B Bonds due during the ensuing fiscal year of the County, in accordance with the provisions of the Bond Resolution.

2. The Series 2016B Bonds have been duly authorized, executed and delivered under the provisions of the Bond Resolution and are entitled to the pledge and security of the Bond Resolution.
3. Under existing law, regulations and court decisions, as presently interpreted and construed, we are of the opinion that interest on the Series 2016B Bonds is exempt from all present income taxes imposed by the State and any county, municipality and other political subdivision of the State.

**Interest on the Series 2016B Bonds should be treated as includable in gross income of the holders thereof for federal income tax purposes.**

It is understood that the rights of the owners of the Series 2016B Bonds and the enforceability of the Series 2016B Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar law affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that the enforcement thereof may be subject to the exercise of judicial discretion in appropriate cases.

In this opinion letter issued in our capacity as Bond Counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Series 2016B Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2016B Bonds, except those specifically addressed herein.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certificates, resolutions, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, certifications, resolutions, documents and proceedings. In rendering this opinion we have relied upon the opinion of Pieter Teeuwissen, Esq. and Anthony Simon, Esq., Jackson, Mississippi, acting as counsel for the County, dated the date hereof, as to the due authorization and execution by and enforceability against the County as to the Series 2016B Bonds and the Bond Resolution.

Respectfully submitted,

BAKER, DONELSON, BEARMAN, CALDWELL  
& BERKOWITZ, PC

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**APPENDIX E**  
**BOOK-ENTRY-ONLY SYSTEM**

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## BOOK-ENTRY-ONLY SYSTEM

The information provided under this APPENDIX E has been provided by The Depository Trust Company ("DTC"). No representation is made by the County as to the accuracy or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the \$\_\_\_\_\_ Hinds County Mississippi General Obligation Refunding Bonds, Series 2016A (Tax-Exempt) and the \$\_\_\_\_\_ Hinds County, Mississippi Taxable General Obligation Refunding Bonds, Series 2016B (together, the "Series 2016 Refunding Bonds") under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2016 Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 Refunding Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Refunding Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016 Refunding Bonds, except in the event that use of the book-entry system for the Series 2016 Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Refunding Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016 Refunding Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Refunding Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2016 Refunding Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016 Refunding Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016 Refunding Bond documents. For example, Beneficial Owners of Series 2016 Refunding Bonds may wish to ascertain that the nominee holding the Series 2016 Refunding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices are to be sent to DTC. If less than all of the Series 2016 Refunding Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016 Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying and Transfer Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016 Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments, if any, on the Series 2016 Refunding Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the County or the Paying and Transfer Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying and Transfer Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying and Transfer Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016 Refunding Bonds at any time by giving reasonable notice to the County or the Paying and Transfer Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2016 Refunding Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2016 Refunding Bonds in definitive form will be printed and delivered. See the caption "DESCRIPTION OF THE SERIES 2016 REFUNDING BONDS - Registration" in this Official Statement.

THE COUNTY AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCE THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2016 REFUNDING BONDS (a) PAYMENTS OF PRINCIPAL OR INTEREST ON THE SERIES 2016 REFUNDING BONDS; (b) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2016 REFUNDING BONDS; OR (c) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2016 REFUNDING BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

THE COUNTY AND THE UNDERWRITER WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (a) THE SERIES 2016 REFUNDING BONDS; (b) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (c) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF AND INTEREST ON THE SERIES 2016 REFUNDING BONDS; (d) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO HOLDERS OF THE SERIES 2016 REFUNDING BONDS; OR (e) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER OF THE SERIES 2016 REFUNDING BONDS.





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