



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



**Jefferson County, Mississippi**  
Audited Financial Statements  
and Special Reports  
For the Year Ended  
September 30, 2011

**Fortenberry & Ballard, PC**  
Certified Public Accountants

## Jefferson County Location in Mississippi



Jefferson County was formed in 1799, named for Thomas Jefferson (first called “Pickering”). Jefferson County is about 527.2 square miles with a population of 9,740. Shelled by the gunboat “rattler” when Federal sailors were captured by Confederate cavalry while attending Sunday services, September 13, 1863.

**Jefferson County, Mississippi  
TABLE OF CONTENTS**

PAGE #

FINANCIAL SECTION

Independent Auditor's Report on the Basic Financial Statements and Supplemental Information.....	5
--	---

MANAGEMENT’S DISCUSSION AND ANALYSIS.....	8
---	---

FINANCIAL STATEMENTS

Statement of Net Assets.....	23
Statement of Activities .....	24
Balance Sheet - Governmental Funds .....	26
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets .....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	32
Statement of Net Assets - Proprietary Funds .....	33
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds.....	34
Statement of Cash Flows - Proprietary Funds.....	35
Statement of Fiduciary Assets & Liabilities.....	36
Notes to the Financial Statements .....	38

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - General Fund.....	62
Budgetary Comparison Schedule - Garbage & Solid Waste.....	63
Budgetary Comparison Schedule - County Wide Road Maintenance.....	64
Notes to the Required Supplementary Information .....	65

SUPPLEMENTAL INFORMATION

Schedule of Expenditures of Federal Awards .....	68
Component Units - Balance Sheet .....	69
Component Units - Statement of Revenues, Expenses and Changes in Net Assets.....	70

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 <i>Government Auditing Standards</i> .....	72
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	74
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)).....	76
Limited Internal Control and Compliance Review Management Report .....	81

SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	86
Auditee’s Corrective Action Plan.....	90

## FINANCIAL SECTION

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors  
Jefferson County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Jefferson County, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jefferson County Hospital or Jefferson County Nursing Home, component units, which represent 93 percent, 102 percent and 78 percent, and 7 percent, (2) percent and 22 percent, respectively, of the assets, net assets, and revenues of the proprietary component units column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based on the report 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Jefferson County, Mississippi, as of September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America

As discussed in Note 2, the county adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, on our consideration of Jefferson County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
June 14, 2013

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Jefferson County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2011

## **INTRODUCTION**

The following discussion and analysis of Jefferson County, Mississippi's financial performance provides an overview of the County's financial activities for the year ended September 30, 2011. The intent of this discussion and analysis is to look at the County's performance as a whole. Readers are encourage to review the financial statements and the notes to the financial statements to enhance their understanding of the County's financial performance.

## **FINANCIAL HIGHLIGHTS**

- Total net assets for 2011 decreased \$706,572, which represents a 7% decrease from 2010. Total net assets for 2010 increased \$1,437,111, including a prior period adjustment in the amount of \$44,872, which represents a 17% increase from 2010.
- The County had \$10,041,685 in total revenues for 2011. Tax revenues account for \$2,850,766 or 28% of total revenues for 2011. Charges for services account for \$5,251,921 or 52% for 2011. The County had \$10,884,576 in total revenues for 2010. Tax revenues account for \$3,317,590 or 30% of total revenues for 2010. Charges for services account for \$5,030,300 or 46% for 2010.
- The County had \$10,748,257 in total expenses for 2011. Expenses in the amount of \$6,129,026 were offset by charges for services, grants, or outside contributions. General revenues of \$3,912,659 were not adequate to provide for the remainder of the expenses. For 2010, the County had \$9,492,237 in total expenses. Expenses in the amount of \$6,742,059 were offset by charges for services, grants, or outside contributions. General revenues in the amount of \$4,142,517 were not adequate to provide for the remainder of the expenses.
- The General Fund had \$3,338,333 in revenues and \$4,184,264 in expenditures. The General Fund's fund balance decreased \$815,323 over the prior year. Last year's revenues in the General Fund were \$3,696,428 while expenditures were \$3,693,701. The fund balance increased \$2,727.
- Among major funds, the Garbage & Solid Waste Fund had \$451,043 in revenues and \$405,324 in expenditures. Its fund balance increased \$45,719 from 2010. In 2010, the Garbage & Solid Waste Fund had \$427,431 in revenues and \$386,981 in expenditures. Its fund balance increased \$40,450 from 2009.
- Capital assets, net of accumulated depreciation, decreased by \$367,654 in the governmental activities primarily due to retirements of assets coupled with the increase in accumulated depreciation during the year. Capital assets, net of accumulated depreciation, decreased \$80,231 in the business-type activities.

**Jefferson County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2011

- In 2011, long-term debt decreased by \$201,867 in the governmental activities mainly due to principal payments made during the year. Long-term debt decreased \$373,133 in the business-type activities. In 2010, long-term debt in the governmental activities increased by \$1,343 whereas in the business-type activities the long-term debt decreased \$372,534.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 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.

**Figure 1 – Required Components of the County's Annual Report**

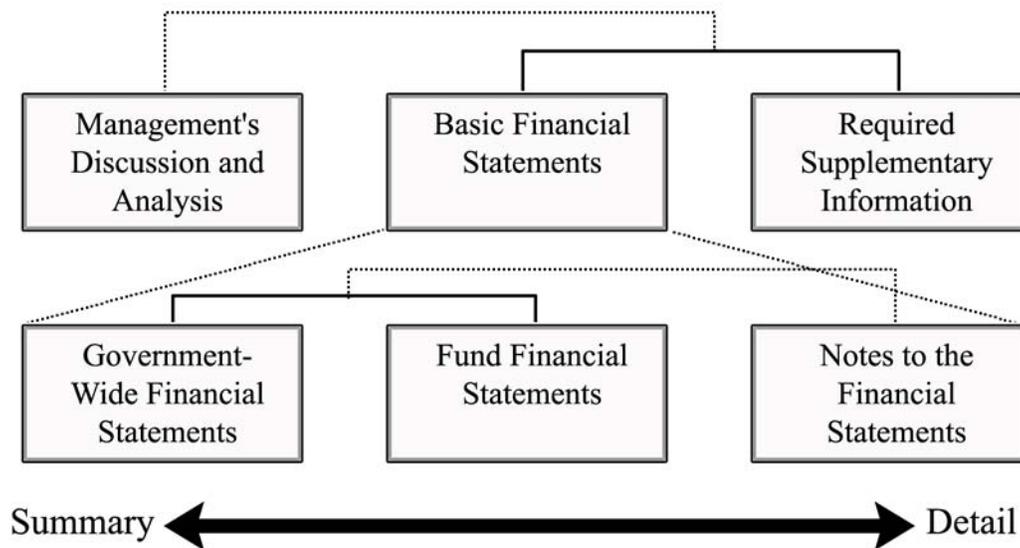


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

The next page summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

The next page also shows the Major Features of the County's Government-Wide and Fund Financial Statements

	<b>Government-Wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire County government (except fiduciary funds)	All activities of the County that are not business-type or fiduciary in nature	All activities of the County that are business-type in nature	The County is the trustee or agent for someone else's resources
Required Financial Statements	* Statement of Net Assets  * Statement of Activities	* Balance Sheet  * Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Assets *Statement of Revenues, Expenses and Changes in Net Assets *Cash Flows	* Statement of Fiduciary Assets and Liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, liabilities, both financial and capital and short and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short and long term	All assets, liabilities, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when the cash is received or paid	N/A

**Jefferson County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2011

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances. These statements consist of the Statement of Net Assets and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents information on all the County's nonfiduciary assets and liabilities, with the difference between the two reported as "net assets." Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the County that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation, education, conservation of natural resources, economic development and interest on long-term debt.

The County has two (2) component units reported in the Jefferson County's report as follows:

**Jefferson County Hospital**

**Jefferson County Nursing Home**

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, business-type activities and fiduciary funds.

**Jefferson County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2011

**Governmental funds** - Most of the County's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the County's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may gain a better understanding of the long-term impact of the County's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Assets, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. These funds are reported using the accrual basis of accounting. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

### **Reconciliation of Government-wide and Fund Financial Statements**

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

**Jefferson County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2011

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Bond and notes proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Required Supplemental Information**

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplemental information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

**Supplemental Information**

Additionally, a Schedule of Expenditures of Federal Awards as required by OMB Circular A-133 can be found in this report.

**Jefferson County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2011

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Assets**

Net assets may server over time as a useful indicator of government's financial position. In the case of Jefferson County, assets exceeded liabilities by \$9,347,605 as of September 30, 2011.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 presents a summary of the County's net assets for the governmental activities at September 30, 2011 and September 30, 2010.

	<u>September 30, 2011</u>	<u>September 30, 2010</u>
Assets:		
Current assets	\$ 5,556,934	5,316,353
Capital assets, net	7,973,159	8,340,813
Total Assets	<u>13,530,093</u>	<u>13,657,166</u>
Liabilities:		
Current liabilities	5,725,891	4,955,095
Long-term debt outstanding	1,025,483	1,227,350
Total Liabilities	<u>6,751,374</u>	<u>6,182,445</u>
Net Assets:		
Invested in capital assets, net of related debt	7,010,920	7,167,770
Restricted assets	1,111,458	864,898
Unrestricted	(1,343,659)	(557,947)
Total Net Assets	<u>\$ 6,778,719</u>	<u>7,474,721</u>

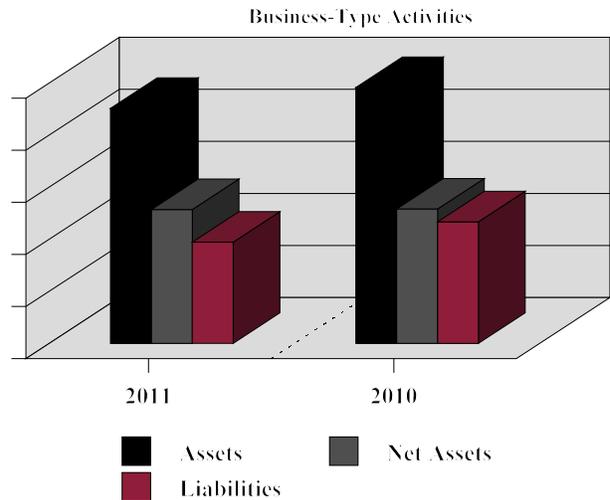
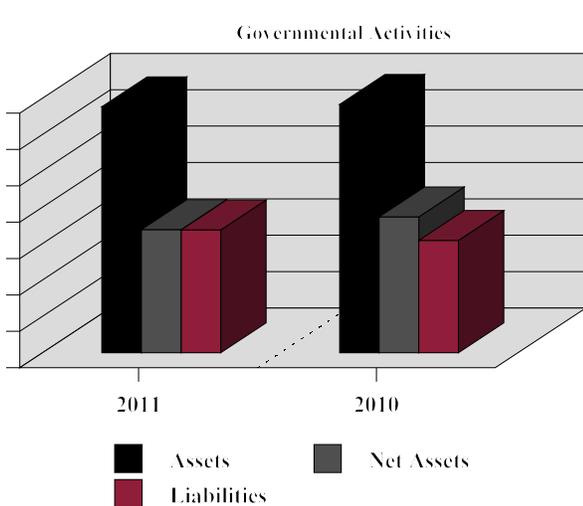
The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- \$309,578 of long-term debt was retired during the year in the governmental activities.
- Capital assets, net of accumulated depreciation, decreased by \$367,654 primarily due to retirements of assets and increase in accumulated depreciation.

**Jefferson County, Mississippi**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2011**

This table presents a summary of the County's net assets for the business-type activities at September 30, 2011 as compared to September 30, 2010.

	September 30, 2011	September 30, 2010
<b>Assets:</b>		
Current assets	\$ 1,564,103	1,886,759
Capital assets, net	2,946,480	3,026,711
<b>Total Assets</b>	<b>4,510,583</b>	<b>4,913,470</b>
<b>Liabilities:</b>		
Current liabilities	61,303	80,487
Long-term debt outstanding	1,880,394	2,253,527
<b>Total Liabilities</b>	<b>1,941,697</b>	<b>2,334,014</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	1,141,480	841,711
Restricted	1,427,406	1,737,745
<b>Total Net Assets</b>	<b>\$ 2,568,886</b>	<b>2,579,456</b>



**Jefferson County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2011

**Changes in Net Assets**

Jefferson County's total revenues for the fiscal year ended September 30, 2011 were \$10,041,685 and \$10,884,576 for 2010. The total cost of all services provided was \$10,748,257 for 2011 and \$9,492,337 for 2010 and the decrease in net assets was \$706,572 for 2011. The increase in net assets was \$1,437,111, including a prior period adjustment of \$44,872 from 2010.

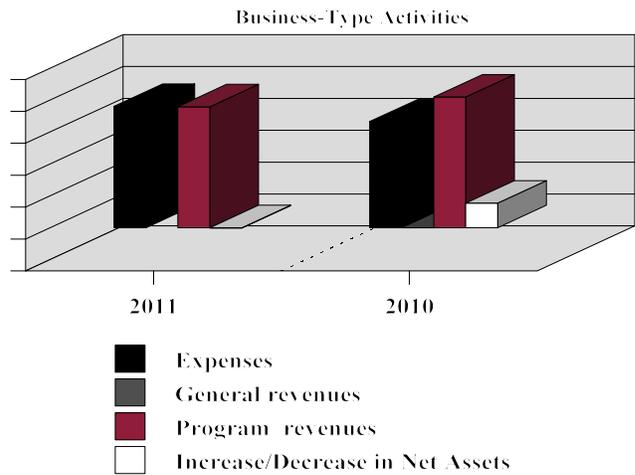
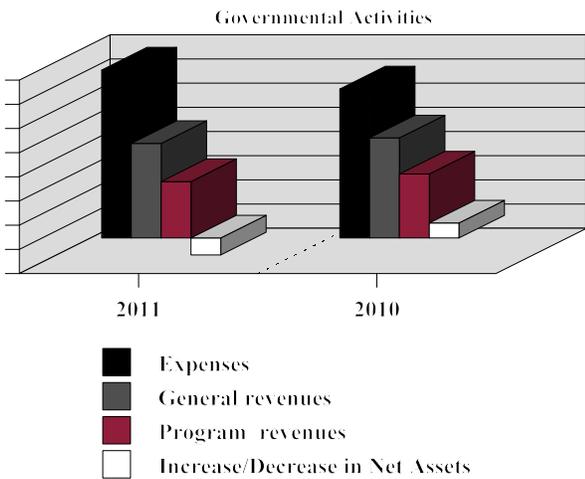
The following table presents a summary of the changes in net assets for the governmental activities at September 30, 2011 and September 30, 2010.

	Fiscal Year Ended 09/30/11	Fiscal Year Ended 09/30/10
Revenues:		
Program revenues:		
Charges for services	\$ 1,459,308	932,424
Operating grants & contributions	299,250	1,230,095
Capital grants & contributions	577,855	481,664
General revenues:		
Taxes	2,850,766	3,317,590
Grants and contributions	622,904	322,325
Unrestricted interest income	44,741	16,380
Other	394,248	486,222
Total Revenues	\$ 6,249,072	6,786,700
Expenses:		
General government	3,061,421	2,619,833
Public safety	1,317,150	1,371,284
Public works	1,644,423	1,814,867
Health & welfare	288,705	157,534
Culture & recreation	33,703	114,268
Education	60,084	
Conservation of natural resources	153,339	33,374
Economic development and assistance	330,674	4,042
Interest on long-term debt	55,575	50,280
Total Expenses	6,945,074	6,165,482
Increase/ (Decrease) in Net Assets	(696,002)	621,218
Net Assets - Beginning, as originally reported	7,474,721	6,808,631
Prior Period Adjustment		44,872
Net Assets - Beginning, as restated	7,474,721	6,853,503
Net Assets - Ending	\$ 6,778,719	7,474,721

**Jefferson County, Mississippi**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2011**

The following table presents a summary of the changes in net assets for the business-type activities at September 30, 2011 and September 30, 2010.

	Fiscal Year Ended 09/30/11	Fiscal Year Ended 09/30/10
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 3,792,613	4,097,876
Total Revenues	<u>3,792,613</u>	<u>4,097,876</u>
<b>Expenses:</b>		
Correctional Facility	3,803,183	3,326,855
Total Expenses	<u>3,803,183</u>	<u>3,326,855</u>
Increase/ (Decrease) in Net Assets	(10,570)	771,021
Net Assets - Beginning	2,579,456	1,808,435
Net Assets - Ending	<u>\$ 2,568,886</u>	<u>2,579,456</u>

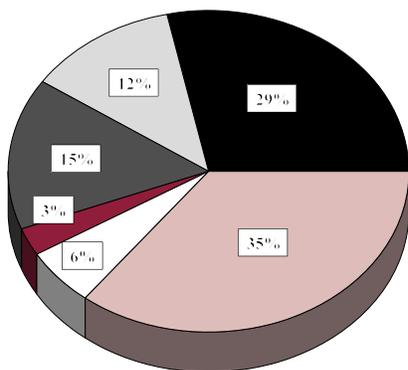


**Jefferson County, Mississippi**  
 Management's Discussion and Analysis  
 For the Year Ended September 30, 2011

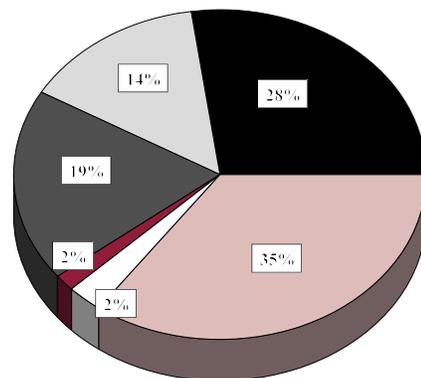
**Governmental and Business-Type Activities** – The following table presents the cost of major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Education, Conservation of Natural Resources, Economic Development and Assistance, Interest on Long Term Debt and includes the cost of the Correctional Facility. The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Jefferson County's taxpayers by each of these functions.

	2011 Total Cost	2011 Net Cost	2010 Total Cost	2010 Net Cost
<u>Governmental Activities:</u>				
General government	\$ 3,061,421	(2,116,217)	2,619,833	(1,730,114)
Public safety	1,317,150	(831,855)	1,371,284	(1,027,656)
Public works	1,644,423	(894,308)	1,814,867	(739,777)
Health and welfare	288,705	(282,542)	157,534	(157,534)
Culture and recreation	33,703	62,944	114,268	221,478
Education	60,084	(60,084)		
Conservation of natural resources	153,339	(153,339)	33,374	(33,374)
Economic development and assistance	330,674	(277,685)	4,042	(4,042)
Interest on long term debt	55,575	(55,575)	50,280	(50,280)
<u>Business Type Activities:</u>				
Jefferson County Correctional Facility	3,803,183	(10,570)	3,326,855	771,021
Total Expenses	<u>\$ 10,748,257</u>	<u>(4,619,231)</u>	<u>9,492,337</u>	<u>(2,750,278)</u>

**Expenses 2011**



**Expenses 2010**



**Jefferson County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2011

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

**Governmental funds** – At the close of the fiscal year, Jefferson County's governmental funds reported a combined fund balance of \$(413,716), a decrease of \$526,717 from the prior year. The General Fund is the principal operating fund of the County. The decrease in the fund balance of the General Fund for the fiscal year was \$815,323.

**BUDGETARY HIGHLIGHTS OF MAJOR FUNDS**

Over the course of the year, Jefferson County revised its annual operating budget on several occasions. Budgeted revenues were increased as better estimates became available.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other special revenue major funds is provided in this report as required supplementary information.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Governmental Activities:**

**Capital Assets** - As of September 30, 2011, Jefferson County's total capital assets were \$12,109,217. This includes land, infrastructure, buildings, improvements other than buildings, mobile equipment, furniture and equipment, and leased property under capital leases. This amount represents an increase from the previous year of \$81,669. The majority of this increase is attributable mainly to additions to furniture and equipment as well as mobile equipment. Total accumulated depreciation as of September 30, 2011 was \$4,136,058, including \$489,889 of depreciation expense for the year.

	<u>September 30, 2011</u>	<u>September 30 2010</u>	<u>Change</u>
Land	\$ 50,453	50,453	0%
Infrastructure	2,649,889	2,649,889	0%
Buildings	5,896,199	5,896,199	0%
Mobile equipment	2,155,078	2,194,314	(2)%
Furniture and equipment	304,789	282,358	8%
Leased property under capital leases	1,052,809	954,335	10%
Accumulated depreciation	(4,136,058)	(3,686,735)	12%
Total Capital Assets, net	<u>\$ 7,973,159</u>	<u>8,340,813</u>	(4)%

**Jefferson County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2011

**Debt Administration** – At September 30, 2011, Jefferson County had \$1,025,483 in long-term debt outstanding. This includes obligations under capital leases. Of this debt, \$546,065 is due within one year.

	<u>September 30, 2011</u>	<u>September 30, 2010</u>	<u>Change</u>
General obligation bonds	\$ 298,000	391,000	(24)%
Limited obligation bonds	85,000	165,000	(48)%
Capital leases payable	579,239	617,043	(6)%
Compensated absences	63,244	54,307	16%
Total Long-Term Debt	<u>\$ 1,025,483</u>	<u>1,227,350</u>	(16)%

**Business-Type Activities:**

**Capital Assets** - As of September 30, 2011, Jefferson County's total capital assets were \$4,194,049. This includes land, buildings, mobile equipment, furniture and equipment, and leased property under capital leases. Total accumulated depreciation as of September 30, 2011 was \$1,247,569, including \$80,231 of depreciation expense for the year.

	<u>September 30, 2011</u>	<u>September 30, 2010</u>	<u>Change</u>
Land	\$ 235,000	235,000	0%
Buildings	3,862,120	3,862,120	0%
Mobile equipment	34,930	34,930	0%
Furniture and equipment	30,619	30,619	0%
Leased property under capital leases	31,380	31,380	0%
Accumulated depreciation	(1,247,569)	(1,167,338)	7%
Total Capital Assets, net	<u>\$ 2,946,480</u>	<u>3,026,711</u>	(3)%

**Debt Administration** – At September 30, 2011, Jefferson County had \$1,880,394 in long-term debt outstanding. Of this debt, \$385,000 is due within one year.

	<u>September 30, 2011</u>	<u>September 30, 2010</u>	<u>Change</u>
Limited obligation bonds	\$ 1,805,000	2,185,000	-17%
Compensated absences	75,394	68,527	10%
Total Long-Term Debt	<u>\$ 1,880,394</u>	<u>2,253,527</u>	-17%

**Jefferson County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2011

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Jefferson County Chancery Clerk's office at the following number: 601-786-3021 or by mail at 307 Main Street, Fayette, Mississippi 38069.

## FINANCIAL STATEMENTS

**JEFFERSON COUNTY, MISSISSIPPI**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Cash	\$ 2,173,426	\$ 156,379	\$ 2,329,805	\$ 12,522,494
Investments	--	1,318,424	1,318,424	--
Property tax receivable	2,762,013	--	2,762,013	--
Accounts receivable	89,620	--	89,620	1,606,218
Fines receivable, net	158,424	--	158,424	--
Loans receivable, net	41,000	--	41,000	--
Intergovernmental receivables	255,649	89,300	344,949	--
Other receivables	76,802	--	76,802	--
Prepaid items	--	--	--	60,330
Inventories	--	--	--	284,346
Other assets	--	--	--	38,718
Restricted assets	--	--	--	3,104
Capital assets:				
Land and Construction in progress	50,453	235,000	285,453	354,698
Other capital assets, net	7,922,706	2,711,480	10,634,186	1,100,234
<b>Total Assets</b>	<b>13,530,093</b>	<b>4,510,583</b>	<b>18,040,676</b>	<b>15,970,142</b>
<b>Liabilities:</b>				
Claims payable	152,670	43,253	195,923	--
Accounts payable	--	--	--	586,645
Amounts held in custody for others	260,410	--	260,410	--
Intergovernmental payables	83,479	--	83,479	--
Accrued interest payable	3,285	18,050	21,335	2,176
Deferred revenue	2,762,013	--	2,762,013	--
Other payables	2,464,034	--	2,464,034	200,293
Long term liabilities:				
Due within one year:				
Capital related debt	546,065	385,000	931,065	119,276
Due beyond one year:				
Capital related debt	416,174	1,420,000	1,836,174	829,760
Non-capital related debt	63,244	75,394	138,638	--
<b>Total Liabilities</b>	<b>6,751,374</b>	<b>1,941,697</b>	<b>8,693,071</b>	<b>1,738,150</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	7,010,920	1,141,480	8,152,400	543,612
Restricted For:				
Expendable:				
Public Works	150,127	--	150,127	--
Public Safety	338,049	1,427,406	1,765,455	--
Debt Service	53,345	--	53,345	128,940
Culture & Recreation	181,770	--	181,770	--
Capital Projects	88,099	--	88,099	--
Conservation of Natural Resources	121,385	--	121,385	--
General Government	178,683	--	178,683	--
Non-expendable:				
Other	--	--	--	293,322
Unrestricted	(1,343,659)	--	(1,343,659)	13,266,118
<b>Total Net Assets</b>	<b>\$ 6,778,719</b>	<b>\$ 2,568,886</b>	<b>\$ 9,347,605</b>	<b>\$ 14,231,992</b>

The accompanying notes are an integral part of this statement.

**JEFFERSON COUNTY, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities</b>								
General government	\$ 3,061,421	\$ 938,150	\$ 7,054	\$ --	\$ (2,116,217)		\$ (2,116,217)	
Public safety	1,317,150	136,511	154,591	194,193	(831,855)		(831,855)	
Public works	1,644,423	288,000	131,442	330,673	(894,308)		(894,308)	
Health & welfare	288,705	--	6,163	--	(282,542)		(282,542)	
Culture and recreation	33,703	96,647	--	--	62,944		62,944	
Education	60,084	--	--	--	(60,084)		(60,084)	
Conservation of natural resources	153,339	--	--	--	(153,339)		(153,339)	
Economic development & assistance	330,674	--	--	52,989	(277,685)		(277,685)	
Interest on long-term debt	55,575	--	--	--	(55,575)		(55,575)	
<b>Total Governmental Activities</b>	<b>6,945,074</b>	<b>1,459,308</b>	<b>299,250</b>	<b>577,855</b>	<b>(4,608,661)</b>		<b>(4,608,661)</b>	
<b>Business-type Activities:</b>								
Jefferson County Correctional Facility	3,803,183	3,792,613	--	--	--	\$ (10,570)	(10,570)	
<b>Total Primary Government</b>	<b>\$ 10,748,257</b>	<b>\$ 5,251,921</b>	<b>\$ 299,250</b>	<b>\$ 577,855</b>	<b>(4,608,661)</b>	<b>(10,570)</b>	<b>(4,619,231)</b>	
<b>COMPONENT UNITS:</b>								
Hospital	\$ 10,303,497	\$ 13,090,171	\$ --	\$ --				\$ 2,786,674
Nursing Home	3,971,743	3,721,258	--	--				(250,485)
<b>Total Component Units</b>	<b>\$ 14,275,240</b>	<b>\$ 16,811,429</b>	<b>\$ --</b>	<b>\$ --</b>				<b>2,536,189</b>
<b>General Revenues:</b>								
Property Taxes					2,764,979	--	2,764,979	--
Road and Bridge Privilege Taxes					85,787	--	85,787	--
Grants and Contributions Not Restricted to Specific Purposes					622,904	--	622,904	14,978
Unrestricted interest income					44,741	--	44,741	87,321
Miscellaneous					394,248	--	394,248	--
<b>Total General Revenues</b>					<b>3,912,659</b>	<b>--</b>	<b>3,912,659</b>	<b>102,299</b>
<b>Change in Net Assets</b>					<b>(696,002)</b>	<b>(10,570)</b>	<b>(706,572)</b>	<b>2,638,488</b>
<b>Net Assets - Beginning</b>					<b>7,474,721</b>	<b>2,579,456</b>	<b>10,054,177</b>	<b>11,593,504</b>
<b>Net Assets - Ending</b>					<b>\$ 6,778,719</b>	<b>\$ 2,568,886</b>	<b>\$ 9,347,605</b>	<b>\$ 14,231,992</b>

The accompanying notes are an integral part of this statement.

This page left blank intentionally.

**JEFFERSON COUNTY, MISSISSIPPI**

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	General Fund	Garbage & Solid Waste
	<u>          </u>	<u>          </u>
<b>Assets:</b>		
Cash and investments	\$ 519,156	\$ --
Property tax receivable	2,072,574	120,439
Accounts receivable	--	89,620
Fines receivable, net	158,424	--
Loans receivable, net	--	--
Intergovernmental receivables	63,556	--
Other receivables	45,424	17,253
Due from other funds	--	2,060
Advances to other funds	19,374	3,800
<b>Total Assets</b>	<u>\$ 2,878,508</u>	<u>\$ 233,172</u>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Claims payable	\$ 91,850	\$ 4,763
Amounts held in custody for others	260,410	--
Intergovernmental payables	83,479	--
Due to other funds	19,462	--
Advances from other funds	442,282	38,600
Deferred revenue	2,230,998	210,059
Other payables	1,124,594	534,336
<b>Total Liabilities</b>	<u>4,253,075</u>	<u>787,758</u>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Advances	19,374	3,800
Loans	--	--
<b>Restricted:</b>		
Grants	--	--
<b>Assigned:</b>		
Building improvements and road maintenance	--	--
Bridge and culvert	--	--
Library	--	--
Data processing	--	--
Canteen	--	--
Economic development	--	--
Other purposes	--	--
<b>Unassigned</b>	<u>(1,393,941)</u>	<u>(558,386)</u>
<b>Total Fund Balances</b>	<u>(1,374,567)</u>	<u>(554,586)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,878,508</u>	<u>\$ 233,172</u>

The accompanying notes are an integral part of this statement.

EXHIBIT 3

County Wide Road Maintenance	Other Governmental Funds	Total Governmental Funds
\$ 841,622	\$ 812,648	\$ 2,173,426
411,211	157,789	2,762,013
--	--	89,620
--	--	158,424
--	41,000	41,000
--	192,093	255,649
--	14,125	76,802
13,266	4,136	19,462
62,800	593,485	679,459
<u>\$ 1,328,899</u>	<u>\$ 1,815,276</u>	<u>\$ 6,255,855</u>
\$ 41,155	\$ 14,902	\$ 152,670
--	--	260,410
--	--	83,479
--	--	19,462
66,830	131,747	679,459
411,211	157,789	3,010,057
306,000	499,104	2,464,034
<u>825,196</u>	<u>803,542</u>	<u>6,669,571</u>
62,800	593,485	679,459
--	41,000	41,000
--	37,836	37,836
440,903	28,835	469,738
--	106,463	106,463
--	77,217	77,217
--	106,494	106,494
--	263,863	263,863
--	50,695	50,695
--	94,743	94,743
--	(388,897)	(2,341,224)
<u>503,703</u>	<u>1,011,734</u>	<u>(413,716)</u>
<u>\$ 1,328,899</u>	<u>\$ 1,815,276</u>	<u>\$ 6,255,855</u>

**JEFFERSON COUNTY, MISSISSIPPI**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2011

Total fund balances - governmental funds balance sheet	\$ (413,716)
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	7,973,159
Liabilities due in one year are not recognized in the funds.	(546,065)
Payables for bond principal not due in the current period are not reported in the funds.	(202,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(214,174)
Payables for bond interest which are not due in the current period are not reported in the funds.	(3,285)
Payables for compensated absences not due in the current period are not reported in the funds.	(63,244)
Deferred revenue should not include fines or accounts receivable in the accrual method.	248,044
	<u>248,044</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 6,778,719</u>

The accompanying notes are an integral part of this statement.

This page left blank intentionally.

**JEFFERSON COUNTY, MISSISSIPPI**

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCES - GOVERNMENTAL FUNDS

## FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Fund	Garbage & Solid Waste
<b>Revenues:</b>		
Property taxes	\$ 1,987,942	\$ 128,178
Road and bridge privilege taxes	--	--
Licenses, commissions and other revenues	213,683	--
Fines and forfeitures	341,486	--
Intergovernmental revenues	479,969	34,865
Charges for services	--	288,000
Interest income	44,655	--
Miscellaneous revenues	270,598	--
Total Revenues	<u>3,338,333</u>	<u>451,043</u>
<b>Expenditures:</b>		
General government	2,974,832	--
Public safety	985,899	--
Public works	--	353,379
Health and welfare	81,174	--
Culture and recreation	--	--
Conservation of natural resources	31,041	--
Economic development and assistance	--	--
Debt service:		
Principal retirement	80,000	51,945
Interest	31,318	--
Total Expenditures	<u>4,184,264</u>	<u>405,324</u>
Excess of Revenues Over (Under) Expenditures	<u>(845,931)</u>	<u>45,719</u>
<b>Other Financing Sources (Uses):</b>		
Proceeds from long-term debt issued	--	--
Insurance recovery	30,608	--
Total Other Financing Sources (Uses)	<u>30,608</u>	<u>--</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(815,323)</u>	<u>45,719</u>
<b>Fund balances</b>		
Beginning	(559,244)	(600,305)
End of year	<u>\$ (1,374,567)</u>	<u>\$ (554,586)</u>

The accompanying notes are an integral part of this statement.

County Wide Road Maintenance	Other Governmental Funds	Total Governmental Funds
\$ 386,914	\$ 261,945	\$ 2,764,979
85,787	--	85,787
--	4,918	218,601
--	--	341,486
874,661	642,729	2,032,224
--	89,733	377,733
48	38	44,741
2,450	81,382	354,430
<u>1,349,860</u>	<u>1,080,745</u>	<u>6,219,981</u>
--	82,067	3,056,899
--	235,970	1,221,869
1,036,203	354,059	1,743,641
--	190,137	271,311
--	26,343	26,343
--	29,043	60,084
--	132,761	132,761
84,633	93,000	309,578
12,424	19,062	62,804
<u>1,133,260</u>	<u>1,162,442</u>	<u>6,885,290</u>
<u>216,600</u>	<u>(81,697)</u>	<u>(665,309)</u>
98,774	--	98,774
9,210	--	39,818
<u>107,984</u>	<u>--</u>	<u>138,592</u>
<u>324,584</u>	<u>(81,697)</u>	<u>(526,717)</u>
179,119	1,093,431	113,001
<u>\$ 503,703</u>	<u>\$ 1,011,734</u>	<u>\$ (413,716)</u>

**JEFFERSON COUNTY, MISSISSIPPI**

*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, 2011*

Net change in fund balances - total governmental funds	\$ (526,717)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	126,742
The depreciation of capital assets used in governmental activities is not reported in the funds.	(489,889)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(4,507)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	173,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	136,578
(Increase) decrease in accrued interest from beginning of period to end of period.	7,229
Compensated absences are reported as amount earned in SOA but as amount paid in the funds.	(8,937)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	(15,860)
Proceeds of leases do not provide revenue in SOA, but are reported as current resources in the funds.	(98,774)
Certain receivables are deferred in the funds. This is the change in accounts receivable.	<u>5,133</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ (696,002)</u>

The accompanying notes are an integral part of this statement.

**JEFFERSON COUNTY, MISSISSIPPI**

## STATEMENT OF NET ASSETS

## PROPRIETARY FUND

SEPTEMBER 30, 2011

	Enterprise Fund <u>Jefferson County Correctional Facility</u>
<b>Assets:</b>	
Cash	\$ 156,379
Investments	1,318,424
Intergovernmental receivables	89,300
Total Current Assets	<u>1,564,103</u>
Non-current assets:	
Land and construction in progress	235,000
Other capital assets, net	2,711,480
Total Non-Current Assets	<u>2,946,480</u>
<b>Total Assets</b>	<b><u>\$ 4,510,583</u></b>
<b>Liabilities:</b>	
Claims payable	\$ 43,253
Accrued interest payable	18,050
Current:	
Capital related debt	385,000
Total Current Liabilities	<u>446,303</u>
Non current:	
Capital related debt	1,420,000
Non-capital related debt	75,394
Total Non Current Liabilities	<u>1,495,394</u>
Total Liabilities	<u>1,941,697</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	1,141,480
Restricted for public safety	1,427,406
Total net assets	<u>2,568,886</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 4,510,583</u></b>

The accompanying notes are an integral part of this statement.

**JEFFERSON COUNTY, MISSISSIPPI**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET ASSETS - PROPRIETARY FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Enterprise Fund <u>Jefferson County Correctional Facility</u>
<b>Operating Revenues:</b>	
Charges for services	\$ 2,474,189
Total Operating Revenues	<u>2,474,189</u>
<b>Operating Expenses:</b>	
Personal services	2,234,322
Contractual services	887,612
Materials and supplies	466,644
Depreciation expense	80,231
Miscellaneous	3,162
Total Operating Expenses	<u>3,671,971</u>
Operating Income (Loss)	<u>(1,197,782)</u>
<b>Non-Operating Revenues (Expenses):</b>	
Intergovernmental grants	1,318,424
Interest Expense	(131,212)
Total Non-operating Revenues (Expenses)	<u>1,187,212</u>
Net income	<u>(10,570)</u>
Net Assets - beginning	2,579,456
Net Assets - ending	<u>\$ 2,568,886</u>

The accompanying notes are an integral part of this statement.

**JEFFERSON COUNTY, MISSISSIPPI**

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Enterprise Fund Jefferson County Correctional Facility
<b>Cash Flows from Operating Activities:</b>	
<i>Cash Received from Customers</i>	\$ 2,649,189
<i>Cash Payments to Employees for Services</i>	(2,234,322)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(466,644)
<i>Other Operating Cash Receipts (Payments)</i>	(909,958)
Net Cash Provided (Used) by Operating Activities	<u>(961,735)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
<i>Transfers From (To) Other Funds</i>	(89,300)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(89,300)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
<i>Principal and Interest Paid</i>	(504,345)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(504,345)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (1,555,380)
 Cash and Cash Equivalents at Beginning of Year	 1,711,759
Cash and Cash Equivalents at End of Year	<u>\$ 156,379</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ (1,197,782)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
<i>Depreciation</i>	80,231
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	175,000
<i>Increase (Decrease) in Claims Payable</i>	(14,909)
<i>Increase (Decrease) in Accrued Expenses</i>	(4,275)
Total Adjustments	<u>236,047</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (961,735)</u>

The accompanying notes are an integral part of this statement.

**JEFFERSON COUNTY, MISSISSIPPI**  
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2011

	Agency Funds
<b>Assets:</b>	
Cash	\$ 183,416
Total Assets	\$ 183,416
<b>Liabilities:</b>	
Amounts held in custody for others	\$ 32,172
Intergovernmental payables	151,244
Total Liabilities	\$ 183,416

The accompanying notes are an integral part of this statement.

**Jefferson County, Mississippi**

Notes to the Financial Statements  
for the year ended September 30, 2011

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

### (1) Summary of Significant Accounting Policies

#### A. Financial Reporting Entity

Jefferson County, Mississippi 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 Jefferson County, Mississippi to present these financial statements on the primary government and its component unit which has a significant operational or financial relationship with the county.

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

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

#### B. Individual Component Unit Disclosures

##### Discretely Presented Component Units

The component units column in the financial statements include the financial data of the following component units of the county. They are reported in a separate column to emphasize that it is legally separate from the county. A majority of the members of the governing bodies of these component units are appointed by the county Board of Supervisors.

The Jefferson County Hospital and the Jefferson County Nursing Home were formed under Section 41-13-15 Miss. Code Ann. (1972) and are legally separate entities from the primary government. Both the Hospital and the Nursing Home are independent enterprises consisting of the same seven-member Board of Trustees although each entity's operations are separate from each other and apart from the assets and activities of the primary government. Each Trustee is appointed in staggered five-year terms by the Jefferson County Board of Supervisors.

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

### C. Basis of Presentation

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

#### Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Assets presents the financial condition of the governmental activities and business-type activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type or 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, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the funds financial statements. Nonmajor funds are aggregated and presented in a

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

single column.

### D. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets 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.

The county's Proprietary Funds apply all applicable Governmental Accounting Standard Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of Proprietary funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as non-operating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgements, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

General Fund- This fund is used to account for and report all financial resources

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

not accounted for and reported in another fund.

Garbage and Solid Waste - This fund is used to account for the county's activities of disposal of solid waste within the county.

Countywide Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

The county reports the following major Proprietary Funds:

Jefferson County Correctional Facility - This fund is used to account for Jefferson County's portion of revenue and expenses dealing with the correctional facility that Jefferson and Franklin County share.

Additionally, the county reports the following fund types:

### GOVERNMENTAL FUND TYPES

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

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

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

### PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

### FIDUCIARY FUND TYPE

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

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

### E. Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

### F. Deposits and Investments

State law authorizes the county to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.

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

### G. Receivables

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

### H. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year 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 offset by a nonspendable fund balance account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

### I. Capital Assets

Capital acquisition and construction are reflected as expenditures in

## Jefferson County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2011

Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Jefferson County meets this criteria and has so selected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the county's financial statements. Donated capital assets are recorded at their fair value at the time of the donation.

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

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	n/a
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\* Leased property capitalization policy will correspond with the amounts for the asset classification, as listed above.

### J. 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 and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Assets.

### K. Equity Classifications

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - 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 improvements of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

### Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the county's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes. Currently, there is no committed fund balance shown for this county.

*Assigned fund balance* includes amounts that are constrained by the county's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the County Administrator pursuant to authorization established by the policy adopted by the county.

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

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

unassigned fund balance.

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

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

### M. 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 the expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

### N. 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 and Proprietary Funds 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.

### (2) Change in Accounting Standards

For the fiscal year ended September 30, 2011, the county implemented Governmental Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned or unassigned.

### (3) Deposits and Investments

#### Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2011, was \$2,173,426 and \$156,379, reported in the Governmental and Proprietary Funds, respectively, and \$183,416 reported in the Fiduciary Funds. The bank balance was \$899,187. 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.

**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

**Jefferson County, Mississippi**

Notes to the Financial Statements  
For the Year Ended September 30, 2011

have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above the 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:

Investment balance at September 30, 2011 is as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities Money Market Mutual Fund	less than one year	\$ <u>1,318,424</u>	A

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Section 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The county does not have a formal investment policy that would further limit its investments choices or one that address credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. The investment in the Hancock Horizon Treasury Securities Money Market Mutual Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government.

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2011:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Garbage & Solid Waste	General Fund	\$ 2,060
County Wide Road Maintenance	General Fund	13,266
Other Governmental Funds	General Fund	<u>4,136</u>
Total		\$ <u><u>19,462</u></u>

The purpose of a portion of these interfund loans was to disperse the advalorem

**Jefferson County, Mississippi**

Notes to the Financial Statements  
For the Year Ended September 30, 2011

property taxes to the proper funds. These collections were settled entirely to the General Fund instead of to the proper fund in which the collections were made. All interfund balances are expected to be repaid within one year from the date of the financial statements.

**B. Advances From/To Other Funds:**

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 442,282
Garbage & Solid Waste Fund	General Fund	19,374
Garbage & Solid Waste Fund	Other Governmental Funds	19,226
Countywide Road Maintenance	Other Governmental Funds	66,830
Other Governmental Funds	Garbage & Solid Waste Fund	3,800
Other Governmental Funds	Countywide Road Maintenance	62,800
Other Governmental Funds	Other Governmental Funds	65,147
Total		<u>\$ 679,459</u>

The advances to & from other funds were made in prior years for cash flow purposes.

**(5) Intergovernmental Receivables**

Intergovernmental receivables at September 30, 2011 consisted of the following:

<u>Description</u>	<u>Amount</u>
<u>Governmental Activities:</u>	
EPA Water/Sewer grant	\$ 192,093
Legislative Tag Credit	27,559
Other Federal Grants	35,997
<u>Business-Type Activities:</u>	
Other Receivable for Prisoner Reimbursement	89,300
Total	<u>\$ 344,949</u>

**(6) Loans Receivable**

Loan receivable balance at September 30, 2011, is as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Payable</u>
Low income housing loan	12/2000	1%	12/2050	\$ 410,000
Allowance for doubtful accounts				(369,000)
Total				<u>\$ 41,000</u>

# Jefferson County, Mississippi

## Notes to the Financial Statements For the Year Ended September 30, 2011

### (7) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2011:

#### Governmental activities:

	Balance 10-01-10	Additions	Deletions	Balance 09-30-11
<u>Non-depreciable capital assets:</u>				
Land	\$ 50,453			50,453
Total non-depreciable capital assets	<u>50,453</u>	<u>0</u>	<u>0</u>	<u>50,453</u>
<u>Depreciable capital assets:</u>				
Buildings	2,649,889			2,649,889
Infrastructure	5,896,199			5,896,199
Mobile equipment	2,194,314	5,837	45,073	2,155,078
Furniture and equipment	282,358	22,431		304,789
Leased property under capital leases	954,335	98,474		1,052,809
Total depreciable capital assets	<u>11,977,095</u>	<u>126,742</u>	<u>45,073</u>	<u>12,058,764</u>
<u>Less accumulated depreciation for:</u>				
Buildings	923,070	50,670		973,740
Infrastructure	881,815	191,586		1,073,401
Mobile equipment	1,457,278	111,475	40,566	1,528,187
Furniture and equipment	91,647	34,133		125,780
Leased property under capital leases	332,925	102,025		434,950
Total accumulated depreciation	<u>3,686,735</u>	<u>489,889</u>	<u>40,566</u>	<u>4,136,058</u>
Total depreciable capital assets, net	<u>8,290,360</u>	<u>(363,147)</u>	<u>4,507</u>	<u>7,922,706</u>
Governmental activities capital assets, net	<u>\$ 8,340,813</u>	<u>(363,147)</u>	<u>4,507</u>	<u>7,973,159</u>

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<u>Governmental Activities:</u>	
General government	\$ 18,016
Public safety	95,281
Public works	351,838
Health and welfare	17,394
Culture and recreation	7,360
Total depreciation expense	<u>\$ 489,889</u>

# Jefferson County, Mississippi

## Notes to the Financial Statements For the Year Ended September 30, 2011

### Business-type activities:

	Balance 10-01-10	Additions	Balance 09-30-11
<u>Non-depreciable capital assets:</u>			
Land	\$ 235,000		235,000
Total non-depreciable capital assets	<u>235,000</u>	<u>0</u>	<u>235,000</u>
<u>Depreciable capital assets:</u>			
Buildings	3,862,120		3,862,120
Mobile equipment	34,930		34,930
Furniture and equipment	30,619		30,619
Leased property under capital leases	31,380		31,380
Total depreciable capital assets	<u>3,959,049</u>	<u>0</u>	<u>3,959,049</u>
<u>Less accumulated depreciation for:</u>			
Buildings	1,081,392	77,242	1,158,634
Mobile equipment	31,437		31,437
Furniture and equipment	23,443	2,989	26,432
Leased property under capital leases	31,066		31,066
Total accumulated depreciation	<u>1,167,338</u>	<u>80,231</u>	<u>1,247,569</u>
Total depreciable capital assets, net	<u>2,791,711</u>	<u>(80,231)</u>	<u>2,711,480</u>
Business-type activities capital assets, net	<u>\$ 3,026,711</u>	<u>(80,231)</u>	<u>2,946,480</u>

### Depreciation expense was charged to the following functions:

	<u>Amount</u>
<u>Business-type Activities:</u>	
Jefferson County Correctional Facility	\$ <u>80,231</u>

### Component Units:

The Jefferson County Hospital capital assets balances at September 30, 2011, are as follows:

	Balance Sept. 30, 2011
<u>Non-depreciable capital assets:</u>	
Land and land improvements	\$ 75,228
Construction in progress	<u>279,470</u>
Total non-depreciable capital assets	<u>354,698</u>

## Jefferson County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2011

	Balance Sept. 30, 2011
<u>Non-depreciable capital assets:</u>	
<u>Depreciable capital assets:</u>	
Land improvements	\$ 30,000
Buildings and leasehold improvements	595,878
Equipment	<u>1,945,235</u>
Total depreciable capital assets	<u>2,571,113</u>
<u>Less: Accumulated depreciation</u>	<u>(2,173,034)</u>
Component unit capital assets, net	<u>\$ <u>752,777</u></u>

The Hospital's financial statements do not disclose the changes in capital assets as required by the *Governmental Accounting and Financial Reporting Standards*.

The capital assets' information of the Jefferson County Nursing Home is as follows:

	Balance September 30, 2011
<u>Depreciable capital assets:</u>	
Buildings	\$ 1,682,784
Mobile equipment	77,192
Departmental equipment	<u>616,291</u>
Total depreciable capital assets	<u>2,376,267</u>
<u>Less accumulated depreciation</u>	<u>(1,674,112)</u>
Total depreciable capital assets, net	<u>702,155</u>
Component Unit capital assets, net	<u>\$ <u>702,155</u></u>

#### (8) Claims and Judgments

##### Risk Financing

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2011, to January 1, 2012. 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 finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has reinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$1,000, and the aggregate policy covers all submitted claims in excess of \$117,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

### (9) Capital Leases

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2011:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile equipment	\$ 1,052,809	
Other furniture & equipment		31,380
Total	1,052,809	31,380
Less: Accumulated depreciation	(434,950)	(31,066)
Leased Property Under Capital Leases	<u>\$ 617,859</u>	<u>314</u>

The following is a schedule by years of the total payments due as of September 30, 2011:

## Jefferson County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2011

Year Ending September 30	Governmental Activities		Component Unit
	Principal	Interest	Principal
2012	\$ 365,065	11,939	\$ 3,290
2013	58,466	6,540	3,290
2014	38,837	4,888	3,290
2015	35,765	3,385	
2016	81,106	668	
Total	\$ <u>579,239</u>	<u>27,420</u>	\$ <u>9,870</u>

#### (10) Short-term Debt and Liquidity

Description of Debt	Balance, Oct. 1, 2011	Additions	Reductions	Balance, Sept. 30, 2011
Tax anticipation note	\$ <u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>

The county issued a tax anticipation note to alleviate a temporary operating cash flow deficiency in the amounts of \$850,000 that will bear interest at 3.25%. The note will mature on April 1, 2012.

#### (11) Long-term Debt

Debt outstanding as of September 30, 2011, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Road and bridge bonds - Refunding Series 2005	\$ <u>298,000</u>	3.7-4.25%	07/2014
B. Limited Obligation Bonds:			
Courthouse renovation and jail construction- construction - certificates of participation	\$ <u>85,000</u>	7.1-7.4%	04/2012
C. Capital Leases:			
Caterpillar 12H Motor Grader	\$ 112,389	4.24%	11/2011
Caterpillar 938H Wheel Loader	140,010	3.38%	11/2011
(2) 2010 International Dump Trucks	167,262	3.29%	01/2012
(2) Caterpillar Motor Graders	70,578	3.34%	02/2013
CAT 257B Loader (used)	18,648	4.90%	05/2015
CAT Mini Excavator (used)	27,440	4.90%	05/2015
2010 Dura Patcher	<u>42,912</u>	3.38%	12/2015

# Jefferson County, Mississippi

## Notes to the Financial Statements For the Year Ended September 30, 2011

Total Capital Leases	\$ <u><u>579,239</u></u>
----------------------	--------------------------

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Business-type Activities:			
A. Limited Obligation Bonds:			
Urban renewal bonds- correctional facility construction - refunding	\$ <u><u>1,805,000</u></u>	4.0-4.5%	07/2016

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>
Component Units:		
A. Revenue Bonds	\$ <u><u>901,450</u></u>	5.875%
B. Notes Payable	\$ <u><u>37,716</u></u>	6.7%

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

### Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 96,000	12,425	85,000	6,290
2013	99,000	8,585		
2014	103,000	4,378		
Total	\$ <u><u>298,000</u></u>	<u><u>25,388</u></u>	<u><u>85,000</u></u>	<u><u>6,290</u></u>

### Business Type Activities:

<u>Year Ending September 30</u>	<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 385,000	72,200
2013	395,000	56,800
2014	415,000	41,000
2015	425,000	24,400
2016	185,000	7,400
Total	\$ <u><u>1,805,000</u></u>	<u><u>201,800</u></u>

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

### Component Units:

<u>Year Ending September 30</u>	<u>Revenue Bonds</u>	<u>Notes Payable</u>
	<u>Principal</u>	<u>Principal</u>
2012	\$ 78,270	37,716
2013	82,928	
2014	87,863	
2015	93,092	
2016	98,632	
Thereafter	460,665	
Total	\$ <u>901,450</u>	<u>37,716</u>

Certificates of Participation (COPs) designed as “qualified tax exempt obligations” for purposes of Section 265 of the Internal Revenue Code of 1986, as amended, were issued with a face value of \$795,000 for the purpose of financing construction of a new courthouse, renovating and expanding the existing jail for a law enforcement and detention center, and renovating the existing chancery building. The COPs are not general obligations of the county and, therefore, are not secured by the full faith and credit of the county. However, the county, as lessee, is obligated, pursuant to a 20 year lease purchase agreement with the lessor. The lease obligation is not recorded because the COPs are considered, in substance, limited obligations of the county, and accordingly, are not reflected in the Statement of Net Assets. Title to the property will transfer to the county upon satisfactory performance of the lease term payments.

Urban renewal revenue bonds, designed as “qualified tax exempt obligations” for purposes of Section 265 of the Internal Revenue Code of 1986, as amended, were issued with a face value of \$5,100,000 for the purpose of financing the construction and equipping of the Jefferson/Franklin Regional Correctional Facility. The bonds are not general obligations of the county and, therefore, are not secured by the full faith and credit of the county. However, the county, as lessee is obligated, pursuant to a 20 year lease purchase agreement with the lessor, Jefferson/Franklin Regional Correctional Facility Financing Corporation, as the sole source of payment of the revenue bonds. The lease obligation is not recorded because the urban renewal revenue bonds are considered, in substance, limited obligations of the county, and accordingly, are reflected in the Statement of Net Assets. Title to the property will transfer to the county upon satisfactory performance of the lease term payments.

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, 2011, the

# Jefferson County, Mississippi

## Notes to the Financial Statements For the Year Ended September 30, 2011

amount of outstanding debt was equal to less than 1% of the latest property assessments. The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2011:

	Balance 10-01-10	Additions	Reductions	Balance 09-30-11	Amount due within one year
<u>Governmental Activities:</u>					
Compensated absences	\$ 54,307	8,937		63,244	
General obligation bonds	391,000		93,000	298,000	96,000
Limited obligation bonds	165,000		80,000	85,000	85,000
Capital leases	617,043	98,774	136,578	579,239	365,065
Total	<u>\$ 1,227,350</u>	<u>107,711</u>	<u>309,578</u>	<u>1,025,483</u>	<u>546,065</u>
<u>Business-type Activities:</u>					
Compensated absences	\$ 68,527	6,867		75,394	
Limited obligation bonds	2,185,000		380,000	1,805,000	385,000
Total	<u>\$ 2,253,527</u>	<u>6,867</u>	<u>380,000</u>	<u>1,880,394</u>	<u>385,000</u>

### Nursing Home Component Unit:

	Balance Sept. 30, 2011
Revenue bonds	\$ 901,450
Notes payable	37,716
Capital leases	9,870
Total	<u>\$ 949,036</u>
Amount due in one year	<u>\$ 119,276</u>

### (12) Deficit Fund Balance of Individual Funds

The following funds reported deficits in fund balances or net assets at September 30, 2011:

Fund	Deficit Amount
General Fund	\$ 1,374,567
Garbage & Solid Waste Fund	554,586
Other Governmental Funds:	
Mapping and Reappraisal	132,689

# Jefferson County, Mississippi

## Notes to the Financial Statements For the Year Ended September 30, 2011

Fund	Deficit Amount
HOME Grant	19,277
Fire Maintenance	52,766
CDBG Road Grant	59,150
Parks & Recreation	21,000
Economic Development	10,162
Jefferson County Road and Bridge Bond	45,757
Jail Bond and Interest	20,795
Courthouse Special	16,700
Jefferson County Water/Sewer	1

### (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 have a material adverse effect on the financial condition of the county.

### (14) No Commitment Debt (Not Included in Financial Statements)

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

Description	Balance at Sept. 30, 2011
Nursing home revenue bonds	\$ 901,450

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

### (15) Jointly Governed Organizations

The county participates in the following jointly governed organizations:

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Jefferson County Board of Supervisors appoints four of the 40 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county did not appropriate any support for the district in fiscal year 2011.

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Jefferson County Board of Supervisors appoints one of the ten members of the board of commissioners. The county appropriated \$14,213 for its support in fiscal year 2011.

Copiah- Lincoln Community College operates in a district composed of the Counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln, and Simpson. The Jefferson County Board of Supervisors appoints two of the 27 members of the College Board of Trustees. The county appropriated \$63,430 for maintenance and support of the college in fiscal year 2011.

Southwest Mississippi Partnership operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by ten members appointed by each county's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the County's Board of Supervisors. The member counties provide only modest financial support for the entity.

### (16) Defined Benefit Pension Plan

Plan Description. Jefferson County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate

## Jefferson County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2011

at September 30, 2011 was 12% of annual covered payroll. Prior to that date, the determined rate was 12.00%. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2011, 2010 and 2009 were \$351,999, \$329,769, and \$331,439, respectively, equal to the required contributions for each year.

#### (17) Subsequent Events

Events that occur after the statement of net assets 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 assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management of the Jefferson County, Mississippi evaluated the activity of the county through the date the report was available to be issued, and determined that the following subsequent event has occurred that requires disclosure in the notes to the financial statements:

In January 2012, the county refinanced two (2) 2010 International Garbage Trucks in the amount of \$154,429, with an interest rate of 3.35% maturing on January 2016. On December 2011 the county refinanced a Caterpillar 12H Motor Grader in the amount of \$111,710, with an interest rate of 3.35% maturing in December 2015.

REQUIRED SUPPLEMENTAL INFORMATION

**JEFFERSON COUNTY, MISSISSIPPI**

Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 2,090,167	1,936,328	1,936,328	0
Licenses, commissions and other revenue	160,900	102,973	102,973	0
Fines and forfeitures	395,000	296,222	296,222	0
Intergovernmental revenues:	397,401	483,596	483,596	0
Charges for services		4,374	4,374	0
Interest income	40,000	44,641	44,641	0
Miscellaneous revenues	301,500	353,870	353,870	0
Total Revenues	<u>3,384,968</u>	<u>3,222,004</u>	<u>3,222,004</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,410,339	2,605,372	2,605,372	0
Public safety	790,958	944,734	944,734	0
Health and welfare	65,630	81,174	81,174	0
Conservation of natural resources	32,218	31,041	31,041	0
Debt service:				
Principal	650,000	624,000	624,000	0
Interest	39,000	31,318	31,318	0
Total Expenditures	<u>3,988,145</u>	<u>4,317,639</u>	<u>4,317,639</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(603,177)</u>	<u>(1,095,635)</u>	<u>(1,095,635)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan in Anticipation of Taxes	574,797	544,000	544,000	0
Total Other Financing Sources and Uses	<u>574,797</u>	<u>544,000</u>	<u>544,000</u>	<u>0</u>
Net Change in Fund Balance	(28,380)	(551,635)	(551,635)	0
Fund Balances - Beginning			(559,244)	(559,244)
Fund Balances - Ending	<u>\$ (28,380)</u>	<u>(551,635)</u>	<u>(1,110,879)</u>	<u>(559,244)</u>

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

**JEFFERSON COUNTY, MISSISSIPPI**

Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Garbage and Solid Waste Fund  
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 147,752	126,118	126,118	0
Intergovernmental revenues:	20,000	34,865	34,865	0
Charges for services	245,000	270,742	270,742	0
Miscellaneous revenues	30,000	5	5	0
Total Revenues	<u>442,752</u>	<u>431,730</u>	<u>431,730</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	404,827	330,394	330,394	0
Debt service:				
Principal	35,000	58,378	58,378	0
Total Expenditures	<u>439,827</u>	<u>388,772</u>	<u>388,772</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>2,925</u>	<u>42,958</u>	<u>42,958</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	2,925	42,958	42,958	0
Fund Balances - Beginning			(600,305)	(600,305)
Fund Balances - Ending	<u>\$ 2,925</u>	<u>42,958</u>	<u>(557,347)</u>	<u>(600,305)</u>

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

**JEFFERSON COUNTY, MISSISSIPPI**

Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Countywide Road Maintenance Fund  
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 333,471	380,623	380,623	0
Road and bridge privilege taxes	71,000	78,812	78,812	0
Intergovernmental revenues	839,300	946,615	946,615	0
Interest income	500	48	48	0
Miscellaneous revenues	9,000	11,425	11,425	0
Total Revenues	<u>1,253,271</u>	<u>1,417,523</u>	<u>1,417,523</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	1,151,835	928,720	928,720	0
Debt service:				
Principal	400,000	403,392	403,392	0
Interest	15,000	12,424	12,424	0
Total Expenditures	<u>1,566,835</u>	<u>1,344,536</u>	<u>1,344,536</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(313,564)</u>	<u>72,987</u>	<u>72,987</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan in anticipation of taxes	300,000	306,000	306,000	0
Transfers in	13,564			0
Total Other Financing Sources and Uses	<u>313,564</u>	<u>306,000</u>	<u>306,000</u>	<u>0</u>
Net Change in Fund Balance	0	378,987	378,987	0
Fund Balances - Beginning	<u>          </u>	<u>          </u>	<u>179,119</u>	<u>179,119</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>378,987</u>	<u>558,106</u>	<u>179,119</u>

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

## Jefferson County, Mississippi

### Notes to the Required Supplementary Information For the Year Ended September 30, 2011

#### A. Budgetary Information.

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

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

#### B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

#### C. Budget/GAAP Reconciliation.

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

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

## Jefferson County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2011

The following schedule reconciles the net change in Fund Balances for the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:

	Governmental Fund Types		
	General Fund	Garbage & Solid Waste	County Wide Road Maintenance
Budget (Cash Basis)	\$ (551,635)	42,958	378,987
Increase (Decrease)			
Net adjustments for revenue accruals	(105,199)	(2,000)	(13,248)
Net adjustments for expenditure accruals	(158,489)	4,761	(41,155)
GAAP Basis	\$ (815,323)	45,719	324,584

SUPPLEMENTAL INFORMATION

**Jefferson County, Mississippi**  
Schedule of Expenditure of Federal Awards  
For the Year Ended September 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditure
<b>MAJOR FEDERAL AWARDS</b>			
U.S. Environmental Protection Agency/ Water Management Division Direct Programs: Congressionally Mandated Projects*	66.202	XP-97415901	\$ <u>330,673</u>
U.S. Department of Agriculture/ Passed-through the Mississippi Department of the Treasury Schools and Roads - Grants to Counties*	10.666	N/A	<u>124,678</u>
Total Expenditures of Major Federal Awards			<u>455,351</u>
<b>OTHER FEDERAL AWARDS</b>			
U.S. Department of Agriculture/ Direct Program Passed-through USDA Rural Development Rural Business Enterprise Grants	10.769	N/A	<u>25,450</u>
U.S. Department of Justice/ Passed-through the Mississippi Department of Public Safety Juvenile Accountability Block Grant	16.523	08-JB-132-1	35,711
Crime Victim Assistance	16.575	08-VA-132-1	341
Crime Victim Assistance	16.575	10-VA-132-1	47,020
Crime Victim Assistance	16.575	10-VA-132-2	3,061
Crime Victim Assistance	16.575	07-VA-132-1	5,405
Edward Byrne Memorial Justice Assistance Grant Program	16.738	10-SB-B9-0063	<u>27,699</u>
Total U.S. Department of Justice			<u>119,237</u>
U.S. Department of Labor/ Direct Programs: Opportunities for Youth - Youthbuild Program	17.274	Y-05-MS-0047	<u>96,648</u>
U.S. Department of Transportation/ Passed-through the Mississippi Department of Highway Planning and Construction Highway Planning and Construction	20.205	N/A	<u>16,800</u>
U.S. Department of Energy/ Passed-through the Mississippi Development Authority ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) - Recovery Act	81.128	N/A	<u>29,043</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1604-MS-	<u>6,310</u>
Total Expenditures of Other Federal Awards			<u>293,488</u>
Total Expenditures of Federal Awards			<u>\$ <u>748,839</u></u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note A - Significant Accounting Policies**

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

\* Denotes major programs

**JEFFERSON COUNTY, MISSISSIPPI**  
 COMBINING BALANCE SHEET - COMPONENT UNITS  
 SEPTEMBER 30, 2011

	Jefferson County Hospital	Jefferson County Nursing Home	Total Component Units
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets:</b>			
Current:			
Cash and investments	\$ 12,442,461	\$ 80,033	\$ 12,522,494
Accounts receivable	1,309,924	296,294	1,606,218
Prepaid items	--	60,330	60,330
Inventories	254,675	29,671	284,346
Other assets	38,718	--	38,718
Total current assets	<u>14,045,778</u>	<u>466,328</u>	<u>14,512,106</u>
Non-current:			
Restricted assets	--	3,104	3,104
Capital assets, net	<u>752,777</u>	<u>702,155</u>	<u>1,454,932</u>
Total non-current assets	<u>752,777</u>	<u>705,259</u>	<u>1,458,036</u>
 Total Assets	 <u>14,798,555</u>	 <u>1,171,587</u>	 <u>15,970,142</u>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	78,692	507,953	586,645
Accrued interest payable	--	2,176	2,176
Other payables	200,293	--	200,293
Long-term debt	--	119,276	119,276
Total current liabilities	<u>278,985</u>	<u>629,405</u>	<u>908,390</u>
Non-current:			
Long-term debt	--	829,760	829,760
Total non-current liabilities	<u>--</u>	<u>829,760</u>	<u>829,760</u>
 Total Liabilities	 <u>278,985</u>	 <u>1,459,165</u>	 <u>1,738,150</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	752,777	(209,165)	543,612
Restricted	293,322	128,940	422,262
Unrestricted	13,473,471	(207,353)	13,266,118
Total Net Assets	<u>\$ 14,519,570</u>	<u>\$ (287,578)</u>	<u>\$ 14,231,992</u>

**JEFFERSON COUNTY, MISSISSIPPI**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES

IN NET ASSETS - COMPONENT UNITS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Jefferson County Hospital	Jefferson County Nursing Home	Total Component Units
<b>Operating revenues:</b>			
Net service revenue	\$ 10,577,892	\$ 3,721,258	\$ 14,299,150
Other operating revenue	2,512,279	--	2,512,279
Total Revenues	<u>13,090,171</u>	<u>3,721,258</u>	<u>16,811,429</u>
<b>Operating expenses:</b>			
Salaries and wages	3,232,124	1,785,728	5,017,852
Purchased services	1,918,112	462,509	2,380,621
Employee benefits	1,126,431	428,072	1,554,503
Supplies and other	3,932,555	1,138,164	5,070,719
Interest expense	--	56,368	56,368
Depreciation	94,275	100,902	195,177
Total Expenditures	<u>10,303,497</u>	<u>3,971,743</u>	<u>14,275,240</u>
Income (Loss) from operations	2,786,674	(250,485)	2,536,189
<b>Non-operating revenues:</b>			
Grant revenue	14,978	--	14,978
Interest income	86,157	1,164	87,321
Total non-operating revenues	<u>101,135</u>	<u>1,164</u>	<u>102,299</u>
Change in Net Assets	2,887,809	(249,321)	2,638,488
<b>Net Assets:</b>			
Net Assets - Beginning	11,631,761	(38,257)	11,593,504
Net Assets - Ending	<u>\$ 14,519,570</u>	<u>\$ (287,578)</u>	<u>\$ 14,231,992</u>

## SPECIAL REPORTS

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors  
Jefferson County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Jefferson County, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the county's basic financial statements and have issued our report thereon dated June 14, 2013. We did not audit the financial statements of the Jefferson County Hospital or Jefferson County Nursing Home, discretely presented component units, which represents 93 percent, 102 percent and 78 percent, and 7 percent, (2) percent and 22 percent, respectively, of the assets, net assets and revenues of the proprietary component units column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar, as it relates to the amounts included for the aforementioned component units, is based 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.

**Internal Control Over Financial Reporting**

Management of Jefferson County, Mississippi is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Jefferson County, Mississippi's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [Finding 2011-1, 2011-2 and 2011-3]

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 consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. [Findings 2011-4, 2011-5, and 2011-6]

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jefferson County, Mississippi'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*.

However, we noted certain matters that we reported to the management of Jefferson County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 14, 2013, included within this document.

Jefferson County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. We did not audit Jefferson County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than this specified parties.

Fortenberry & Ballard, PC

Fortenberry and Ballard, PC  
June 14, 2013

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Supervisors  
Jefferson County, Mississippi

**Compliance**

We have audited Jefferson County, Mississippi's compliance with the types of compliance requirements described in the *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, 2011. Jefferson County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Jefferson County, Mississippi's management. Our responsibility is to express an opinion on Jefferson County, Mississippi's compliance based on our audit.

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 Jefferson County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jefferson County, Mississippi's compliance with those requirements.

In our opinion, Jefferson County, Mississippi complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-7.

**Internal Control Over Compliance**

Management of Jefferson County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts,

and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item [Finding 2011-7]. A significant deficiency in internal control over compliance is a deficiency, or 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.

Jefferson County's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. We did not audit Jefferson County's response and, accordingly, we express no opinion on the response.

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
June 14, 2013

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))

Members of the Board of Supervisors  
Jefferson County, Mississippi

We have examined Jefferson 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, 2011. The Board of Supervisors of Jefferson 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 Jefferson 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.

In our opinion, Jefferson County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2011.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Jefferson 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.

Fortenberry & Ballard, PC

Fortenberry and Ballard, PC  
June 14, 2013

Certified Public Accountants

Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2011

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

**Jefferson County, Mississippi**

**Schedule 2**

Schedule of Emergency Purchases  
For the Year Ended September 30, 2011

Our test results did not identify any emergency purchases.

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2011

Our test results did not identify any purchases made noncompetitively from a sole source.

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL AND  
COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Jefferson County, Mississippi

In planning and performing our audit of the financial statements of Jefferson County, Mississippi for the year ended September 30, 2011, we considered Jefferson County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Jefferson County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 14, 2013, on the financial statements of Jefferson 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 immaterial instances of noncompliance with state laws and regulations that are an opportunity for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are as disclosed below:

**Chancery Clerk**

Finding #1:

Section 9-1-43 (1), Miss. Code Ann. (1972), limits the compensation of the Chancery Clerk to \$90,000, after making deductions for employee salaries and related employee expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses specified by this statute, are to be deposited into the county's General Fund on or before April 15 for the preceding calendar year. The Chancery Clerk failed to pay the county treasury the full amount in excess of the compensation limit. The amount of excess compensation not settled to the General Fund was \$23,839.

Recommendation:

The Chancery Clerk should ensure that all amounts in excess of the compensation limit are paid into the county treasury and should remit \$23,839 to the General Fund.

Chancery Clerk's Response:

I am in the process of complying with this.

Finding #2:

Both Section 27-45-5, Miss. Code, Ann. (1972) and standards prescribed by the Office of the State Auditor allows the Chancery Clerk twenty days past month-end to settle land redemption releases to the proper parties and officers. During test work procedures, it was noted that the Chancery Clerk settled monies owed to the county only seven times during the fiscal year audited.

Recommendation:

The Chancery Clerk should settle monthly land redemption collections within twenty days after month-end. The monies identified should be immediately settled to the affected parties.

Chancery Clerk's Response:

I will comply and do settlement on time.

Finding #3:

Section 19-13-41, Miss. Code Ann. (1972), requires cash to be available in funds before checks are written. Checks were written from funds which resulted in the following deficit cash balances at year-end:

<u>Fund</u>		<u>Amount</u>
General Fund	\$	653,459
Mapping and Reappraisal		113,188
USDA Home Grant		19,277
Garbage and Solid Waste (Major Fund)		534,336
Fire Maintenance		42,285
CDBG Road Grant		55,749
Economic Development Youthbuild		10,162
Jefferson County Road & Bridge		47,438
Jail Bond Interest & Sinking		18,910
Jefferson County Water/Sewer		192,094

Recommendation:

The Chancery Clerk should ensure that no checks are written on funds when cash is not available.

Chancery Clerk's Response:

I will do my best to comply.

Finding#4:

Section 19-3-27, Miss. Code Ann. (1972), requires the Clerk of the Board of Supervisors to keep a complete and correct record of all board proceedings. The board minutes were not prepared up to date. As of May 21, 2013, the latest board minutes available for public inspection were from board proceedings occurring in August 2012.

Recommendation:

The Chancery Clerk should keep an up to date and complete record of all board minutes.

Chancery Clerk's Response:

I will record all minutes on time.

**Justice Court Clerk**

Finding #5:

Section 27-105-371, Miss. Code Ann. (1972), requires any unidentifiable funds to be settled into the county's General Fund. As reported in prior years' audit reports, an unknown balance exist in cash reconciled by the Justice Court Clerk that cannot be accounted for when cross-referenced to existing records. As of September 30, 2011, this balance totaled \$251,217 in unknown funds in the Clearing account. The Clerk was instructed to identify the composition of the balance listed and to settle to the appropriate parties upon proper identification. Failure to properly identify and account for all funds could result in the loss of public funds.

Recommendation:

The Justice Court Clerk should identify the proper recipients of these monies before settlement is made to the county.

Justice Court Clerk's Response:

Currently there is an investigation being conducted in this office. I will properly identify and account for all funds that I'm accountable. We will direct answer to the following finding when we receive more information upon the completion of the investigation that

is being conducted in this office.

## **Sheriff**

### Finding #6:

An effective system of internal control over the collection, recording and disbursement of cash should include reconciling bank statements on a monthly basis. The Sheriff's Office did not reconcile its bank account during the fiscal year. The Sheriff's Office did not have policies and procedures in place to ensure that bank accounts were being reconciled. Failure to reconcile bank accounts in a timely manner could result in the loss of public funds.

### Recommendation:

The Sheriff's Office should reconcile their bank account on a monthly basis.

### Sheriff's Response:

The Sheriff's Office will reconcile the bank account on a monthly basis.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exception and disposition is as follows:

Exception Issued On/Demand Issued on: Delorise Frye, Chancery Clerk

Nature of Exception/Demand: Chancery Clerk fee cap overage. See Finding #1 described in this report.

Amount of Exception/Demand: \$23,839

Disposition of Exception/Demand: This matter has been turned over to the Investigative Division of the Office of the State Auditor.

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

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
June 14, 2013

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Jefferson County, Mississippi**

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2011

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unqualified
2. Internal control over financial reporting:
  - a. Material weaknesses identified? Yes.
  - b. Significant deficiencies identified? Yes.
3. Noncompliance material to the financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
  - a. Material weaknesses identified? No.
  - b. Significant deficiencies identified? Yes.
5. Type of auditor's report issued on compliance for major programs: Unqualified
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes.
7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.666	School and Roads - Grants to Counties
66.202	Congressionally Mandated Projects

8. Dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as low-risk auditee? No.

## Section II: Financial Statements Findings

The results of our tests disclosed the following findings related to financial statements that are required to be reported by *Government Auditing Standards*.

### **Material Weaknesses**

#### **Board of Supervisors**

##### **Finding 2011-1**

As reported in prior years' audit reports, the county has some interfund loans outstanding that are over one year old. These loans were made when the county experienced negative cash flows in various funds. However, the loans were not repaid when sufficient funds were received by the county. The Mississippi Code is silent regarding the authority of the county to make these loans. The Board of Supervisors has yet to take steps to correct the problem.

##### **Recommendation:**

Failure of the Board of Supervisors to ensure repayment of these loans is an illegal diversion of legally restricted funds. The Board of Supervisors should ensure that each of these old loans is repaid by approving and recording in the board minutes a repayment schedule and subsequent compliance with the repayment schedule.

##### **Finding 2011-2**

A critical aspect of effective financial management is the preparation of accurate financial statements. Management did not have personnel that possessed the necessary expertise to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the county personnel lacked expertise to apply generally accepted accounting principles in preparing its financial statements, the auditor was relied upon to perform these tasks. Without adequate controls in place over the preparation of financial statements in accordance with generally accepted accounting principles, the risk increases that inaccurate information may be reported.

##### **Recommendation:**

The Board of Supervisors should establish adequate controls and procedures to ensure that financial statements are presented and disclosed in accordance with generally accepted accounting principles.

##### **Finding 2011-3**

An effective system of internal control over financial reporting preparation and reporting in accordance with generally accepted accounting principles should include proper recording of transactions. Cash accounts totaling \$72,864.93 were not recorded in the county's centralized accounting system. Audit adjustments were proposed to management to correct these errors and made to the financial statements with management's approval.

##### **Recommendation:**

The board of Supervisors should establish adequate controls and procedures to ensure that financial statements are presented and disclosed in accordance with generally accepted accounting principles including proper recording of accounting transactions and adjustments to centralized accounting records.

## **Significant Deficiencies**

### **Tax Assessor-Collector**

#### **Finding 2011-4**

As reported in the prior four years' audit reports, cash on hand at September 30, 2011 was insufficient to settle obligations at September 30, 2011. The amount of the deficiency was \$45,423.82.

#### **Recommendation:**

The Tax Assessor / Collector should make efforts to determine the source of this variance and provide appropriate remedy.

### **Justice Court Clerk**

#### **Finding 2011-5**

As reported in prior years' audit reports, an unknown balance exists in cash reconciled by the Justice Court Clerk that cannot be accounted for when cross-referenced to existing records. As of September 30, 2011, this balance totaled \$251,217.46. Efforts need to be made by the Justice Court Clerk to find out the entities/individuals to whom this cash is owed.

#### **Recommendation:**

The Justice Court Clerk should make efforts to have an effective system of internal control. Bank statements should be reconciled, and the reconciled total should match the cash journal total. To ensure this match consistently, unknown monies should be isolated and set aside for proper identification as to whom they belong.

### **Chancery Clerk**

#### **Finding 2011-6**

As reported in the prior year's audit report, bank statements were not reconciled for the land redemption account. As a result, reconciliations to cash journal balance at month-end could not be performed. Failure of the Chancery Clerk to comply with this procedure could result in undetected errors in the cash journal and improper or incomplete settlements being made to the county.

#### **Recommendation:**

The Chancery Clerk should reconcile bank statements and the reconciled total should match the cash journal total.

### Section III: Federal Award Findings and Questioned Costs

The results of our tests disclosed the following findings related to federal awards.

#### **Significant Deficiency**

##### **Finding 2011-7**

OMB Circular A-133 states, in part, the auditee should be able to identify, in its accounts, all federal awards received and expended and the federal programs under which they are received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the federal agency and name of the pass-through entity. Management did not provide a grant activity schedule for the period under audit. This could result in federal expenditures not being properly reported during the period under audit.

##### Recommendation:

The Board of Supervisors should implement internal controls to aid in the identification, recording and reporting of federal grant expenditures, thus ensuring the compliance with applicable provisions of the financial reporting requirements described in the OMB A-133 Compliance Supplement.

**Jefferson County, Mississippi**  
307 Main Street  
Fayette, MS 39069

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section \_\_\_\_315(c) of OMB Circular A-133, the Jefferson County has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2011:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2011-1	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Lorraine Lias Phone: 601-786-3142</p> <p>b. Corrective Action Planned:</p> <p>The Board is evaluating all interfund loans and is developing a repayment plan for the past loans.</p> <p>c. Anticipated Completion Date:</p> <p>9/30/2012</p>
2011-2	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Lorraine Lias Phone: 601-786-3142</p> <p>b. Corrective Action Planned:</p> <p>The Board is committed to enhancing the training of existing staff. Staff and financial personnel are taking the necessary actions to obtain additional and necessary training to correct this finding.</p> <p>c. Anticipated Completion Date:</p> <p>9/30/2012</p>

**Jefferson County, Mississippi**  
307 Main Street  
Fayette, MS 39069

AUDITEE'S CORRECTIVE ACTION PLAN (CONTINUED)

As required by Section \_\_.315(c) of OMB Circular A-133, the Jefferson County has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2011:

- 2011-3
- a. Name of Contact Person Responsible for Corrective Action  
  
Name: Lorraine Lias  
Phone: 601-786-3142
  - b. Corrective Action Planned:  
  
We will switch the procedure to bookkeeping so it can be adequately posted in the accounting records in a timely manner.
  - c. Anticipated Completion Date:  
  
9/30/2012
- 2011-4
- a. Name of Contact Person Responsible for Corrective Action  
  
Name: Samantha F. Jackson  
Phone: 601-786-3781
  - b. Corrective Action Planned:  
  
The Tax Assessor/Collector has received some of the embezzled funds from three of the four ex-employees. The Tax Assessor/Collector is working on the final ex-employee.
  - c. Anticipated Completion Date:  
  
9/30/2012

**Jefferson County, Mississippi**  
307 Main Street  
Fayette, MS 39069

AUDITEE'S CORRECTIVE ACTION PLAN (CONTINUED)

As required by Section \_\_.315(c) of OMB Circular A-133, the Jefferson County has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2011:

- 2011-5
- a. Name of Contact Person Responsible for Corrective Action  
  
Name: Marilyn Jones  
Phone: 601-786-8594
  - b. Corrective Action Planned:  
  
I am currently settling on time, and I will comply with all rules and regulations that are required.
  - c. Anticipated Completion Date:  
  
9/30/2012
- 2011-6
- a. Name of Contact Person Responsible for Corrective Action  
  
Name: Delores Frye  
Phone: 601-786-3021
  - b. Corrective Action Planned:  
  
We are in the process of being in compliance with the recommendation.
  - c. Anticipated Completion Date:  
  
9/30/2012

**Jefferson County, Mississippi**  
307 Main Street  
Fayette, MS 39069

AUDITEE'S CORRECTIVE ACTION PLAN (CONTINUED)

As required by Section \_\_\_\_.315(b) of OMB Circular A-133, the Jefferson County has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2011:

2011-7

- a. Name of Contact Person Responsible for Corrective Action

Name: Lorraine Lias  
Phone: 601-786-3142

- b. Corrective Action Planned:

The Board will adhere to improve the internal control with future funds.

- c. Anticipated Completion Date:

9/30/2012