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**Jackson County, Mississippi**  
Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2015

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

**Jackson County, Mississippi**  
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## Jackson County Location in Mississippi



Jackson County is located at the southeastern tip of the state, bordering Alabama on its east side. Jackson County was founded in 1812 and named after Andrew Jackson, general in the United States Army and afterward President of the United States. Jackson County covers 1,043 miles, of which 723 square miles is land and 321 square miles is water. Jackson County's population is 139,668 per the 2010 U.S. Census.

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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Jackson County, Mississippi

**Report on the Financial Statements**

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 Jackson County, Mississippi (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents. We did not audit the financial statements of Singing River Health / Mental Retardation Services, Singing River Health System, West Jackson County Utility District, Jackson County Emergency Communications District, Jackson County Port Authority and Jackson-George Regional Library System, which are discretely component units and 1%, 61%, 10%, 1%, 26% and 1%, respectively, of the assets, (7)%, 241%, (19)%, (2)%, (116)% and 3%, respectively, of the net position, and 1.95%, 90.67%, 2.08%, .40%, 4.61% and .28% of the revenues of the discretely component units.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Singing River Health / Mental Retardation Services, Singing River Health System, West Jackson County Utility District, Jackson County Emergency Communications District, Jackson County Port Authority and Jackson-George Regional Library System, which are discretely component units and 1%, 61%, 10%, 1%, 26% and 1%, respectively, of the assets, (7)%, 241%, (19)%, (2)%, (116)% and 3%, respectively, of the net position, and 1.95%, 90.67%, 2.08%, .40%, 4.61% and .28% of the revenues of the discretely component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Singing River Health / Mental Retardation Services, Singing River Health System, West Jackson County Utility District, Jackson County Emergency Communications District, Jackson County Port Authority and Jackson-George Regional Library System, is based solely on the report of the auditors. We conducted our audit in accordance with auditing standards generally accepted in

the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to 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 the Jackson County, Mississippi, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of October 1, 2014, has been restated. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of the County's Contributions, the Schedule of Funding Progress - Other Postemployment Benefits, be presented

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

#### *Omission of Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Component Units - Combining Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards and Component Units - Combining Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the Schedule of Expenditures of Federal Awards and the Component Units - Combining Statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2016, on our consideration of the Jackson 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County, Mississippi's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
September 23, 2016

Certified Public Accountants

## FINANCIAL STATEMENTS

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 73,305,217	\$ 46,937	\$ 73,352,154	62,616,937
Restricted assets - cash		122,217	122,217	24,665,629
Deposits				30
Grants receivable				175,563
Intergovernmental receivables	2,974,707		2,974,707	
Receivables, net of allowance				38,652,350
Other receivables	922,450		922,450	2,014,681
Due from third-party payors				1,991,273
Property tax receivable	80,650,852		80,650,852	
Fines receivable, net	4,424,247		4,424,247	
Loans receivable, net	13,337		13,337	
Inventories and prepaid items	739,811		739,811	7,739,612
Restricted assets - investments	2,280,105		2,280,105	
Trusteed bond funds				10,486,958
Held by trustees for self-insurance funding				2,510,332
Capital assets:				
Land and construction in progress	55,694,183	275,607	55,969,790	21,059,548
Other capital assets, net of depreciation	171,530,511	4,882,627	176,413,138	302,537,786
Other assets				1,180,777
Total Assets	<u>392,535,420</u>	<u>5,327,388</u>	<u>397,862,808</u>	<u>475,631,476</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pension	12,557,021	188,776	12,745,797	24,065,010
Deferred amount on refunding	473,178		473,178	2,961,005
Total Deferred Outflows of Resources	<u>13,030,199</u>	<u>188,776</u>	<u>13,218,975</u>	<u>27,026,015</u>
<b>Liabilities</b>				
Accounts payable				18,153,611
Claims payable	9,857,048	77,881	9,934,929	
Intergovernmental payables	2,827,135		2,827,135	
Payroll liabilities				18,948,316
Accrued liabilities				1,644,082
Accrued interest payable	335,017		335,017	1,929
Unearned revenues				10,527,233
Customer deposits				488,878
Long-term liabilities				
Other postemployment benefits payable	1,698,680		1,698,680	
Due within one year:				
Capital debt	4,356,625		4,356,625	1,783,614
Non-capital debt				8,854,617
Due in more than one year:				
Capital debt	33,884,114		33,884,114	34,114,934
Non-capital debt	1,769,252	45,280	1,814,532	149,072,359
Net pension liability	71,859,639	1,080,303	72,939,942	317,696,899
Total Liabilities	<u>126,587,510</u>	<u>1,203,464</u>	<u>127,790,974</u>	<u>561,286,472</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pension	204,012	3,067	207,079	998,789
Deferred revenues - property taxes	80,650,852		80,650,852	
Total Deferred Inflows of Resources	<u>80,854,864</u>	<u>3,067</u>	<u>80,857,931</u>	<u>998,789</u>
<b>Net Position</b>				
Net investment in capital assets	189,457,133	5,158,234	194,615,367	155,155,452
Restricted for:				
Debt service	14,591,495		14,591,495	13,263,170
Public safety	5,226,348	117,483	5,343,831	
Public works	11,571,969		11,571,969	
Health and welfare	101,054		101,054	
Culture and recreation	3,037,078		3,037,078	
Conservation of natural resources	1,746		1,746	
Economic development	115,708		115,708	
Unemployment compensation	47,533		47,533	
Other purposes				13,407,169
Unrestricted	(26,026,819)	(966,084)	(26,992,903)	(241,453,561)
Total Net Position	<u>\$ 198,123,245</u>	<u>\$ 4,309,633</u>	<u>\$ 202,432,878</u>	<u>\$ (59,627,770)</u>

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 34,694,263	\$ 3,655,918	\$ 445,826	\$ -	\$ (30,592,519)	\$ -	\$ (30,592,519)	
Public safety	19,824,036	1,066,024	1,707,776	83,774	(16,966,462)		(16,966,462)	
Public works	32,335,437		2,039,401	12,457,105	(17,838,931)		(17,838,931)	
Health and welfare	2,710,589		114,585	-	(2,596,004)		(2,596,004)	
Culture and recreation	4,807,973		51,000	6,985	(4,749,988)		(4,749,988)	
Education	367,618				(367,618)		(367,618)	
Conservation of natural resources	300,805		4,584,084	57,594	4,340,873		4,340,873	
Economic development and assistance	7,905,279		35,904	3,361,149	(4,508,226)		(4,508,226)	
Interest on long-term debt	1,543,578				(1,543,578)		(1,543,578)	
Pension expense	8,489,421				(8,489,421)		(8,489,421)	
Total Governmental Activities	<u>112,978,995</u>	<u>4,721,942</u>	<u>8,978,576</u>	<u>15,966,607</u>	<u>(83,311,874)</u>		<u>(83,311,874)</u>	
Business-type activities:								
Adult detention center canteen fund	26,923	28,985				2,062	2,062	
Harbor	1,738,873	206,736				(1,532,137)	(1,532,137)	
Golf Course	894,038	652,627				(241,411)	(241,411)	
Total Business-type Activities	<u>2,659,834</u>	<u>888,348</u>	<u>-</u>	<u>-</u>		<u>(1,771,486)</u>	<u>(1,771,486)</u>	
Total Primary Government	<u>\$ 115,638,833</u>	<u>\$ 5,610,290</u>	<u>\$ 8,978,576</u>	<u>\$ 15,966,607</u>	<u>\$ (83,311,874)</u>	<u>\$ (1,771,486)</u>	<u>\$ (85,083,360)</u>	
<b>Component units:</b>								
Singing River Health System	\$ 291,274,016	\$ 336,685,603	\$ -	\$ -				\$ 45,411,587
Jackson County Port Authority	20,180,745	12,483,943	5,408,783					(2,288,019)
Singing River Mental Health / Mental Retardation Services	7,518,077	5,557,532	2,015,760					55,215
West Jackson County Utility District	8,262,931	8,076,698						(186,233)
Jackson County Emergency Communications District	1,640,842	1,554,614						(86,228)
Jackson-George Reional Library System	4,314,186	248,225	856,086					(3,209,875)
Total Component Units	<u>\$ 333,190,797</u>	<u>\$ 364,606,615</u>	<u>\$ 8,280,629</u>	<u>\$ -</u>				<u>39,696,447</u>
General revenues:								
Property taxes					85,225,622		85,225,622	291,508
Road & bridge privilege taxes					2,249,328		2,249,328	
Grants not restricted to specific programs					5,471,483		5,471,483	
State health grant								268,068
State life grant								3,353
State personnel grant								246,896
Jackson County								2,823,048
Unrestricted gifts and donations					24,718		24,718	
Unrestricted interest and investment income					634,349	1,093	635,442	82,925
Miscellaneous					5,597,432	44,263	5,641,695	15,265,236
Transfers					(384,298)	384,298		2,106,453
Total General Revenues and Transfers					<u>98,818,634</u>	<u>429,654</u>	<u>99,248,288</u>	<u>21,087,487</u>
Change in Net Position					<u>15,506,760</u>	<u>(1,341,832)</u>	<u>14,164,928</u>	<u>60,783,934</u>
Net Position - Beginning, as previously reported					243,310,773	198,835	243,509,608	(107,954,639)
Prior period adjustments					(60,694,288)	5,452,630	(55,241,658)	(12,457,065)
Net Position - Beginning, as restated					<u>182,616,485</u>	<u>5,651,465</u>	<u>188,267,950</u>	<u>(120,411,704)</u>
Net Position - Ending					<u>\$ 198,123,245</u>	<u>\$ 4,309,633</u>	<u>\$ 202,432,878</u>	<u>\$ (59,627,770)</u>

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

**Jackson County, Mississippi**  
 Balance Sheet - Governmental Funds  
 September 30, 2015

**Exhibit 3**

	<b>Major Funds</b>				Total Governmental Funds
	General Fund	Road Fund	Correctional Facility Fund	Other Governmental Funds	
<b>Assets</b>					
Assets:					
Cash and cash equivalents	\$ 26,746,945	\$ 8,472,473	\$ 2,561,635	\$ 32,633,858	\$ 70,414,911
Property tax receivable	50,178,388	15,157,706		15,314,758	80,650,852
Fines receivable (net of allowance for uncollectible of \$16,673,659)	4,424,247	-	-	-	4,424,247
Loans receivable	-	-	-	13,337	13,337
Intergovernmental receivables	18,920	-	-	2,955,787	2,974,707
Other receivables	922,450	-	-	-	922,450
Due from other funds	7,174,738	266,737	-	131,492	7,572,967
Advances to other funds	1,914,896	-	-	-	1,914,896
Restricted assets - investments	1,050,508	-	1,229,597	-	2,280,105
<b>Total Assets</b>	<b>\$ 92,431,092</b>	<b>\$ 23,896,916</b>	<b>\$ 3,791,232</b>	<b>\$ 51,049,232</b>	<b>\$ 171,168,472</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
Liabilities:					
Claims payable	\$ 5,030,005	\$ 1,189,681	\$ 62,219	\$ 3,368,612	\$ 9,650,517
Intergovernmental payables	2,691,428	-	-	-	2,691,428
Due to other funds	533,936	-	2,684,241	4,490,497	7,708,674
Advances from other funds	-	-	-	1,914,896	1,914,896
<b>Total Liabilities</b>	<b>8,255,369</b>	<b>1,189,681</b>	<b>2,746,460</b>	<b>9,774,005</b>	<b>21,965,515</b>
Deferred Inflows of Resources:					
Deferred revenue - property taxes	50,178,388	15,157,706	-	15,314,758	80,650,852
Deferred revenue - fines	4,424,247	-	-	-	4,424,247
<b>Total Deferred Inflows of Resources</b>	<b>54,602,635</b>	<b>15,157,706</b>	<b>-</b>	<b>15,314,758</b>	<b>85,075,099</b>
Fund Balances:					
Nonspendable					
Advances	1,914,896	-	-	-	1,914,896
Loans receivable	-	-	-	13,337	13,337
Restricted					
Debt service	-	-	-	14,926,512	14,926,512
Public safety	-	-	1,044,772	3,708,398	4,753,170
Public works	-	7,549,529	-	4,022,440	11,571,969
Health and welfare	-	-	-	101,054	101,054
Culture and recreation	-	-	-	3,037,078	3,037,078
Conservation of natural resources	-	-	-	1,746	1,746
Economic development and assistance	-	-	-	102,371	102,371
Tort claims	1,050,508	-	-	-	1,050,508
Unemployment compensation	-	-	-	47,533	47,533
Unassigned	26,607,684	-	-	-	26,607,684
<b>Total Fund Balances</b>	<b>29,573,088</b>	<b>7,549,529</b>	<b>1,044,772</b>	<b>25,960,469</b>	<b>64,127,858</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 92,431,092</b>	<b>\$ 23,896,916</b>	<b>\$ 3,791,232</b>	<b>\$ 51,049,232</b>	<b>\$ 171,168,472</b>

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

**Jackson County, Mississippi****Exhibit 3-1**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2015**Total fund balances for governmental funds** \$ 64,127,858Amounts reported for governmental activities in the statement of net position  
are different because:Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds. 227,224,694Other long-term assets are not available to pay current period expenditures  
and therefore are not reported in the funds 4,424,247Deferred outflows of resources related to pension reported in governmental  
activities is not a financial resource and therefore is not reported in the funds. 12,557,021Deferred amount on refunding of debt reported as deferred outflows of resources  
in governmental activities is not a financial resource and therefore is not  
reported in the funds. 473,178Prepaid items, such as prepaid insurance, are accounted for as expenditures in the  
period of acquisition and, therefore, are not reported in the funds. 739,811Long-term liabilities and related accrued interest are not due and payable  
in the current period and therefore are not reported in the funds (112,204,647)Other postemployment benefits are not due and payable in the current period and  
therefore are not reported in the funds. (1,698,680)Deferred inflows of resources related to pension are not due and payable  
in the current period and therefore are not reported in the funds. (204,012)Internal Service Funds are used by management to charge the costs of insurance  
to individual funds. The assets and liabilities of the Internal Service Funds are  
included in governmental activities in the statement of net position. 2,683,775**Net position of governmental activities** \$ 198,123,245

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2015

	<b>Major Funds</b>				Total Governmental Funds
	General Fund	Road Fund	Correctional Facility Fund	Other Governmental Funds	
<b>Revenues</b>					
Property taxes	\$ 51,735,881	\$ 15,809,997		\$ 17,679,744	\$ 85,225,622
Road and bridge privilege taxes		2,249,328			2,249,328
Licenses, commissions, and other revenues	2,327,531				2,327,531
Fines and forfeitures	1,399,148			42,301	1,441,449
Intergovernmental revenues	4,603,813	5,364,479		20,519,766	30,488,058
Charges for services	862,717				862,717
Interest income	400,833		41,908	152,107	594,848
Miscellaneous revenues	3,087,356	309,316		2,468,991	5,865,663
<b>Total Revenues</b>	<b>64,417,279</b>	<b>23,733,120</b>	<b>41,908</b>	<b>40,862,909</b>	<b>129,055,216</b>
<b>Expenditures</b>					
Current:					
General government	29,684,048			5,388,194	35,072,242
Public safety	16,807,772		17,891,928	5,059,741	39,759,441
Public works	2,508,356	21,943,676		16,921,455	41,373,487
Health and welfare	2,579,798			30,274	2,610,072
Culture and recreation	4,230,347			1,782,048	6,012,395
Education	367,618				367,618
Conservation of natural resources	317,047				317,047
Economic development and assistance	1,803,220			7,109,480	8,912,700
Debt service:					
Principal	1,257,100			5,880,600	7,137,700
Interest and other fiscal charges	1,033,556			430,356	1,463,912
<b>Total Expenditures</b>	<b>60,588,862</b>	<b>21,943,676</b>	<b>17,891,928</b>	<b>42,602,148</b>	<b>143,026,614</b>
Excess (Deficiency) of Revenues over (under) Expenditures	3,828,417	1,789,444	(17,850,020)	(1,739,239)	(13,971,398)
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	40,770	73,130		9,855	123,755
Compensation for loss of capital assets	12,056			269,742	281,798
Transfers in	243,931	1,400,000		4,680,300	6,324,231
Transfers out	(2,886,643)	(1,727,955)		(2,093,931)	(6,708,529)
<b>Net Other Financing Sources (Uses)</b>	<b>(2,589,886)</b>	<b>(254,825)</b>	<b>-</b>	<b>2,865,966</b>	<b>21,255</b>
<b>Net Change in Fund Balances</b>	<b>1,238,531</b>	<b>1,534,619</b>	<b>(17,850,020)</b>	<b>1,126,727</b>	<b>(13,950,143)</b>
Fund Balances - Beginning, as previously reported	27,875,546	6,014,910	18,894,792	25,488,253	78,273,501
Prior period adjustments	459,011			(654,511)	(195,500)
Fund Balances - Beginning, as restated	28,334,557	6,014,910	18,894,792	24,833,742	78,078,001
Fund Balances - Ending	\$ 29,573,088	\$ 7,549,529	\$ 1,044,772	\$ 25,960,469	\$ 64,127,858

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

**Jackson County, Mississippi****Exhibit 4-1**

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2015

**Net change in fund balances - total governmental funds** \$ (13,950,143)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$34,644,136 exceeded depreciation expense of \$8,161,958. 26,482,178

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net income of the internal service funds is reported with governmental activities. 515,132

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$542,190 less the proceeds from the sale of \$123,755 in the current period. (418,435)

Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. 90,245

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities.

Payments of debt principal 7,137,700

Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period (8,489,421)  
Recording retirement contributions made during the fiscal year:  
    Before the measurement date 3,547,457  
    Subsequent to the measurement date 1,056,118

Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences (59,413)  
Increase in other post employment benefits payable (262,522)  
Decrease in accrued interest payable 52,279  
Decrease in prepaid items (62,470)  
Amortization of premiums 35,678  
Amortization of bond discount (8,574)  
Amortization of deferred amount on refunding (159,049)

**Change in net position of governmental activities** \$ 15,506,760

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

**Jackson County, Mississippi**  
Statement of Net Position - Proprietary Funds  
September 30, 2015

**Exhibit 5**

	<b>Business-type Activities Enterprise Funds</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Nonmajor Fund</b>	
<b>Assets</b>		
Current assets:		
Cash	\$ 46,937	\$ 2,890,306
Restricted Cash	122,217	-
Total Current Assets	<u>169,154</u>	<u>2,890,306</u>
Noncurrent assets:		
Capital assets:		
Land and construction in progress	275,607	-
Other capital assets, net	4,882,627	-
Total Noncurrent Assets	<u>5,158,234</u>	<u>-</u>
Total Assets	<u>5,327,388</u>	<u>2,890,306</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pension	188,776	-
Total Deferred Outflows of Resources	<u>188,776</u>	<u>-</u>
<b>Liabilities</b>		
Current liabilities:		
Claims payable	77,881	206,531
Total Current Liabilities	<u>77,881</u>	<u>206,531</u>
Noncurrent liabilities:		
Non-capital debt:		
Compensated absences payable	45,280	-
Net Pension Liability	1,080,303	-
Total Noncurrent Liabilities	<u>1,125,583</u>	<u>-</u>
Total Liabilities	<u>1,203,464</u>	<u>206,531</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pension	3,067	-
Total Deferred Inflows of Resources	<u>3,067</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	5,158,234	-
Restricted for:		
Inmate canteen supplies	117,483	-
Unrestricted	(966,084)	2,683,775
Total Net Position	<u>\$ 4,309,633</u>	<u>\$ 2,683,775</u>

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

**Jackson County, Mississippi****Exhibit 6**

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
 For the Year Ended September 30, 2015

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Major Fund</b>	<b>Internal Service Fund</b>
<b>Operating Revenues</b>		
Sales and Charges for services	\$ 888,348	\$ -
Premiums		8,245,996
Miscellaneous		748,723
Total Operating Revenues	<u>888,348</u>	<u>8,994,719</u>
<b>Operating Expenses</b>		
Personal services	804,075	
Contractual services	129,284	
Materials and supplies	225,656	
Depreciation expense	1,500,819	
Claims payments		6,483,852
Administrative		1,426,429
Insurance premiums		584,942
Total Operating Expenses	<u>2,659,834</u>	<u>8,495,223</u>
Operating Income (Loss)	<u>(1,771,486)</u>	<u>499,496</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	1,093	15,636
Gain on sale of capital assets	5,238	
Miscellaneous revenues	39,025	
Total Nonoperating Revenues	<u>45,356</u>	<u>15,636</u>
Net Income (Loss) Before Transfers	(1,726,130)	515,132
Transfers In	<u>384,298</u>	
Change in Net Position	<u>(1,341,832)</u>	<u>515,132</u>
Net Position - Beginning, as previously reported	198,835	2,168,643
Prior period adjustments	5,452,630	
Net Position - Beginning, as restated	<u>5,651,465</u>	<u>2,168,643</u>
Net Position - Ending	<u>\$ 4,309,633</u>	<u>\$ 2,683,775</u>

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

**Jackson County, Mississippi**  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2015

**Exhibit 7**

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities Self-insurance Internal Service Fund</b>
	<b>Nonmajor Funds</b>	
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	\$ 888,348	\$ -
Cash receipts/premiums from customers		8,245,996
Cash payments to suppliers for goods and services	(370,827)	-
Cash payments to employees for services	(700,753)	-
Cash payments for claims and benefits	-	(6,396,937)
Cash payments for insurance premiums	-	(2,133,443)
Other operating cash receipts	-	748,723
Net Cash Provided by (Used for) Operating Activities	<u>(183,232)</u>	<u>464,339</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers in	384,298	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>384,298</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(253,306)	-
Proceeds from sales of capital assets	6,287	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(247,019)</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>		
Investment income	1,093	15,636
Net Cash Provided by (Used for) Investment Activities	<u>1,093</u>	<u>15,636</u>
Net Change in Cash and Cash Equivalents	(44,860)	479,975
Cash and Cash Equivalents - Beginning	214,014	2,410,331
Cash and Cash Equivalents - Ending	<u>\$ 169,154</u>	<u>\$ 2,890,306</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>		
Operating income (loss)	\$ (1,771,486)	\$ 499,496
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	1,500,819	-
Change in deferred outflows of resources, liabilities and deferred inflow of resources:		
(Increase) decrease in deferred outflows of resources:		
Deferred outflow related to pension	(173,341)	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Claims payable	19,671	(35,157)
Net Pension Liability	228,692	-
Compensated absences payable	9,346	-
Deferred inflow - Pensions	3,067	-
Total adjustments	<u>1,588,254</u>	<u>(35,157)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (183,232)</u>	<u>\$ 464,339</u>

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

**Jackson County, Mississippi**  
Statement of Fiduciary Assets and Liabilities  
September 30, 2015

**Exhibit 8**

	<b>Agency Funds</b>
<b>Assets</b>	
Cash	\$ 144,986
Due from other funds	135,707
Total Assets	<u>\$ 280,693</u>
<b>Liabilities</b>	
Intergovernmental payables	280,693
Total Liabilities	<u>\$ 280,693</u>

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

**Jackson County, Mississippi**

Notes to the Financial Statements  
For the year ended September 30, 2015

## JACKSON COUNTY, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

### Note 1 – Summary of Significant Accounting Policies

#### A. Financial Reporting Entity

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

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

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

#### B. Individual Component Unit Disclosures

##### Discretely Presented Component Units

The component 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 they are legally separate from the County. A majority of the members of the governing bodies of these component units are appointed by the County Board of Supervisors.

- Singing River Mental Health / Mental Retardation Services
- Jackson County Port Authority
- Singing River Health System
- West Jackson County Utility District
- Jackson County Emergency Communications District
- Jackson-George Regional Library System

Singing River Mental Health / Mental Retardation Services (“The Agency”) established by Section 41-19-31, Miss. Code Ann. (1972) authorizes the Agency to establish facilities within which to operate and maintain programs to serve the mentally ill and mentally retarded patients in Jackson County and George County. The Agency is governed by a two-member Board of Commissioners with each county Board of Supervisors appointing one member. Each of these Commissioners sits

## **JACKSON COUNTY, MISSISSIPPI**

### Notes to the Financial Statements For the Year Ended September 30, 2015

on the fifteen-member Board of Directors for the Agency which manages the day-to-day operations of the Agency.

Singing River Health System (“The Public Hospital”) established by Section 41-13-15, Miss. Code Ann. (1972) authorizes the Public Hospital to provide for the establishment, maintenance and operation of health facilities to serve community health needs in Jackson County. Facilities operated by the Public Hospital include: 1) Singing River Hospital, 2) Ocean Springs Hospital, 3) Singing River Medical Park and Ocean Springs Medical Park, 4) the Neuroscience Center, 5) the Regional Cancer Center and 6) five primary care clinics throughout the County. The Public Hospital is governed by a nine-member Board of Trustees with Jackson County appointing seven members.

Jackson County Port Authority (“The Port Authority”) was established in 1956 under Chapter 199 of the Laws of the State of Mississippi. The Port Authority was provided exclusive jurisdiction over improvements resulting from the acts (harbors, waters, vessels, etc.) for the purpose of importing and exporting under a tariff approved by the Federal Maritime Commission. The Port Authority is also charged with the operations of an industrial water supply, a water pollution control system and a water cooling lake. Jackson County appoints five members to the nine-member Port Commission with the remaining members appointed by the Governor of Mississippi.

West Jackson County Utility District (“The District”) was created in 1974 by the Jackson County Board of Supervisors under the provisions of Senate Bill 2251, under the Laws of the State of Mississippi 1966. The District provides water and sewer collection services to user customers in the unincorporated areas of Western Jackson County. The District is governed by a five-member Board of Commissioners appointed by the Jackson County Board of Supervisors.

Jackson-George Regional Library System (“The Library System”) was created by contract between the Jackson County Board of Supervisors and the George County Board of Supervisors under Section 39-3-9, Miss. Code Ann. (1972). Eight library facilities are maintained that provide services to the residents of both counties. The Library System is governed by a regional Board of Trustees with appointees made by each county’s Board of Supervisors.

Jackson County Emergency Communications District (“The District”) was established by Section 19-5-305, Miss. Code Ann. (1972) to provide E-911 services to Jackson County residents. The seven-member Board of Commissioners is appointed entirely by the Jackson County Board of Supervisors.

Certified public accounting firms other than the primary government auditor prepare audited financial statement information for each discretely-presented component unit listed above and provided to the County as the primary government. Financial information may be obtained from the Jackson County Chancery Clerk’s office at Post Office Box 998, Pascagoula, Mississippi 39568-0998.

## JACKSON COUNTY, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

### C. Basis of Presentation

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

#### Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of 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 Position 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 activities 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity 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 fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

### D. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

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

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 nonoperating.

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 fund(s):

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

Road Fund – This fund is used to account for the maintenance and preservation of local roads financed with various revenue sources restricted for this purpose.

Correctional Facility Fund -This fund is used to account for the construction of the County's correctional facility.

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 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, or assigned to expenditure for principal and interest.

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

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

#### PROPRIETARY FUND TYPES

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.

Internal Service Funds – These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. These activities include personnel services, information technology, and risk management. In the government-wide financial statements, Internal Service Funds are included in the governmental activities.

#### FIDUCIARY FUND TYPES

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

#### **E. Account Classifications**

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

#### **F. Deposits and Investments**

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three month 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.

## JACKSON COUNTY, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

### H. Interfund Transactions and Balances

Transactions between funds that 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 the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

### I. Inventories and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

### J. Restricted Assets

Proprietary fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

### K. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental 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, 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.

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

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 interests 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 donation.

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

	Capitalization Thresholds	Estimated Service Life
Land	\$ 0	N/A
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 10 years
Leased assets under capital leases	*	*
Infrastructure	0	20 to 50 years

\*Leased assets are capitalized and depreciated in accordance with the policy applicable to each asset.

#### L. Deferred Outflows/Inflows of Resources

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

Deferred amount on refunding – For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, the difference between the reacquisition price and the net carrying amount of old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 14 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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

Deferred inflows related to pensions – This amount represents the County’s proportionate share of the deferred inflows of resources reported by the pension plan which the County participates. See Note 14 for additional details.

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

#### **M. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees’ Retirement System of Mississippi (PERS) and additions to/deductions from PERS’ fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **N. Long-term Liabilities**

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

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

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

## JACKSON COUNTY, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

### O. Equity Classifications

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and related deferred outflows of resources reduced by outstanding balances for bonds, notes and other debt net of unspent debt proceeds and related deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted net position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

When an expense is incurred for purposes in which both restricted and unrestricted (assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (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 assigned resources first, and then unassigned amounts.

Fund Financial Statements:

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

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

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

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

*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.

*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 Board of Supervisors pursuant to authorization established by Section 19-3-59, Miss. Code Ann. (1972). Currently, there is no assigned fund balance.

*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 or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

#### Fund Balance Flow Assumption:

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

#### **P. 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 taxes 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.

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

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.

#### **Q. Intergovernmental Revenues**

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

#### **R. 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.

#### **S. Changes in Accounting Standards**

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

## JACKSON COUNTY, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

### Note 2 – Prior Period Adjustments

Significant adjustments were made to beginning net position/fund balances as described below:

#### Exhibit 2 - Statement of Activities:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Net effect of prior year errors in recording revenues and expenses	\$ (195,500)	\$ -
To implement GASB 68 and 71	(55,620,784)	(836,175)
To correct balances in capital assets	(4,878,004)	6,288,805
Total Adjustments	\$ (60,694,288)	\$ 5,452,630

#### Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds:

	<b>General Fund</b>	<b>Other Governmental Funds</b>
Net effect of prior year errors in recording revenues and expenses	\$ 459,011	\$ (654,511)

#### Exhibit 6 - Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds:

	Amount
To implement GASB 68 and 71	\$ (836,175)
To correct balances in capital assets	6,288,805
Total Adjustments	\$ 5,452,630

### Note 3 – Deposits and Investments

#### Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$73,619,357 and the bank balance was \$79,107,131. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

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

#### Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the operations of the Jackson County, Mississippi Tort Claims Trust.

As of September 30, 2015, investment balances and maturities for the Jackson County Tort Claims Trust are as follow:

<u>Investment Type</u>	<u>&lt;1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>&gt;10 years</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon	\$ 30,464				\$ 30,464	AAAm
GNMA Pools		2,035	20,322	153,384	175,741	AAA
U.S. Treasury Notes	181,833	611,321	25,519	25,630	844,303	AAA
	<u>\$ 212,297</u>	<u>\$ 613,356</u>	<u>\$ 45,841</u>	<u>\$ 179,014</u>	<u>\$ 1,050,508</u>	

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the operations of the Jackson County Correctional Facility Fund.

As of September 30, 2015, investment balances and maturities for the Jackson County Correctional Facility Fund are as follows:

<u>Investment Type</u>	<u>&lt;1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>&gt;10 years</u>	<u>Fair Value</u>	<u>Rating</u>
Federated Prime Cash						
Obligation	1,229,597				1,229,597	AAAm
	<u>\$ 1,229,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,229,597</u>	

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 Sections 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 addresses credit risk.

**JACKSON COUNTY, MISSISSIPPI**

Notes to the Financial Statements  
For the Year Ended September 30, 2015

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 investments in the Hancock Horizon Treasury Securities Money Market Mutual Fund are uninsured and unregistered and are not backed by the full faith and credit of the federal government. The investments in the U.S. Treasury Notes were held by the investment's counter party (trustee) not in the name of the County.

**Note 4 – Interfund Transactions and Balances**

The following is a summary of interfund balances at September 30, 2015:

A. Due From/To Other Funds:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Correctional Facility Fund	\$ 2,684,241
General Fund	Other Governmental Funds	4,490,497
Road Fund	General Fund	266,737
Other Governmental Funds	General Fund	131,492
Fiduciary Funds	General Fund	135,707
Total		\$ 7,708,674

The receivables represent the tax revenue collected, but not settled until October 2015 and capital projects. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Other Governmental Funds	\$ 1,914,896

Advances from the other governmental funds represent loans made to funds in the anticipation of grant receipts.

# JACKSON COUNTY, MISSISSIPPI

## Notes to the Financial Statements For the Year Ended September 30, 2015

### C. Transfers In/Out:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General Fund	Other Governmental Funds	\$ 243,931
Road Fund	Other Governmental Funds	1,400,000
Other Governmental Funds	General Fund	2,502,345
Other Governmental Funds	Road Fund	1,727,955
Other Governmental Funds	Other Governmental Funds	450,000
Proprietary Funds	General Fund	384,298
Total		\$ 6,708,529

### Note 5 – Intergovernmental Receivables

Intergovernmental receivables at September 30, 2015, consisted of the following:

<b>Description</b>	<b>Amount</b>
Governmental Activities	
10.553 - Child Nutrition - Breakfast	\$ 571
10.555 - Child Nutrition - Lunch	910
97.042 EMPG2015	17,439
14.228 - CDBGR-103-030-05-KED (HWY 611 improvements)	12,701
14.228 - CDBGR-103-030-08-KED (Signet Marine)	44,650
14.228 - CDBGR - 103-030-09-KED (Halter Marine)	614,661
14.251 EDI Grant (Vancleave Horse Arena)	31,177
15.668 CIAP (City of Ocean Springs)	113,012
15.668 CIAP (Ocean Springs - Land acquisition)	8,161
15.668 CIAP (Ocean Springs Harbor Storm Water)	30,015
15.668 CIAP (Moss Point Sewer Project)	671,760
15.668 CIAP (Administration)	45,898
16.738 Edward Byrne (14DC1301)	9,823
20.106 FAA Grant (3-28-0101-031-2015)	36,522
20.616 - Occupant Protection Grant (15-CP-130-1)	2,591
20.616 - Impaired Driving (115-ST-130-1)	13,414
EPA Water Project	924,856
Hazard Mitigation	218,197
FEMA	178,349
Total	\$ 2,974,707

# JACKSON COUNTY, MISSISSIPPI

## Notes to the Financial Statements For the Year Ended September 30, 2015

### Note 6 – Loans Receivable

Loans receivable balances at September 30, 2015, are as follows:

<u>Description</u>	<u>Date of Inception</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Sandco Industries*	10/01/1991	4.00%	11/04/2004	\$ 50,000
Bayou Blend*	09/22/1994	4.00%	09/01/1999	86,254
Lagniappe House	12/02/1997	4.00%	02/01/2017	13,337
Total				149,591
Less: Allowance for doubtful accounts*				(136,254)
Total (Net of allowance for doubtful accounts)				<u>\$ 13,337</u>

### Note 7 – Restricted Assets

The balances of the restricted asset accounts are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
MS Tort Claims Trust	\$ 1,050,508	\$ -
Correctional Facility Project	1,229,597	-
Inmate canteen supplies	-	122,217
	<u>\$ 2,280,105</u>	<u>\$ 122,217</u>

# JACKSON COUNTY, MISSISSIPPI

## Notes to the Financial Statements For the Year Ended September 30, 2015

### Note 8 – Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2015:

#### Governmental Activities:

	Beginning Balance	Acquisitions	Deletions	Adjustments	Ending Balance
Capital assets not being depreciated:					
Land	\$ 15,220,975	\$ 97,278	\$ -	\$ -	\$ 15,318,253
Construction in progress	31,165,558	26,834,210		(17,623,838)	40,375,930
Total capital assets not being depreciated	<u>46,386,533</u>	<u>26,931,488</u>	<u>-</u>	<u>(17,623,838)</u>	<u>55,694,183</u>
Capital assets being depreciated:					
Buildings	69,323,900	147,259		2,108,227	71,579,386
Improvements other than buildings	8,943,396	557,224		4,993,601	14,494,221
Mobile equipment	30,126,517	2,092,529	(1,292,178)	391,969	31,318,837
Furniture & equipment	5,780,480	308,093	(216,732)	37,439	5,909,280
Leased property under capital leases	1,214,671			(1,214,671)	-
Infrastructure	181,825,036	4,607,543		6,414,888	192,847,467
Total capital assets being depreciated	<u>297,214,000</u>	<u>7,712,648</u>	<u>(1,508,910)</u>	<u>12,731,453</u>	<u>316,149,191</u>
Less accumulated depreciated for:					
Buildings	16,806,132	1,253,457		42,165	18,101,754
Improvements other than buildings	6,031,840	1,771,986		(56,913)	7,746,913
Mobile equipment	16,755,747	2,218,995	(908,742)	215,065	18,281,065
Furniture & equipment	4,772,233	255,608	(181,733)	48,172	4,894,280
Leased property under capital lease	262,870			(262,870)	-
Infrastructure	92,932,756	2,661,912			95,594,668
Total accumulated depreciation	<u>137,561,578</u>	<u>8,161,958</u>	<u>(1,090,475)</u>	<u>(14,381)</u>	<u>144,618,680</u>
Total capital assets being depreciated, net	<u>159,652,422</u>	<u>(449,310)</u>	<u>(418,435)</u>	<u>12,745,834</u>	<u>171,530,511</u>
Governmental activities capital assets, net	<u>\$ 206,038,955</u>	<u>\$ 26,482,178</u>	<u>\$ (418,435)</u>	<u>\$ (4,878,004)</u>	<u>\$ 227,224,694</u>

Adjustments were made to properly present completed construction projects, completion of lease purchases and differences with county inventory records.

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

**Business-type Activities:**

	<u>Beginning Balance</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 6,478	\$ 199,029	\$ -	\$ -	\$ 205,507
Construction in progress	22,500	47,600			70,100
 Total capital assets not being depreciated	 28,978	 246,629	 -	 -	 275,607
Capital assets being depreciated:					
Improvements other than buildings				7,660,033	7,660,033
Mobile equipment	106,517	38,668	(7,642)	159,789	297,332
Furniture & equipment	113,220	7,035	(5,708)	20,771	135,318
 Total capital assets being depreciated	 219,737	 45,703	 (13,350)	 7,840,593	 8,092,683
Less accumulated depreciated for:					
Improvements other than buildings		1,455,408		1,455,408	2,910,816
Mobile equipment	72,415	35,306	(6,878)	98,197	199,040
Furniture & equipment	97,335	10,105	(5,423)	(1,817)	100,200
 Total accumulated depreciation	 169,750	 1,500,819	 (12,301)	 1,551,788	 3,210,056
 Total capital assets being depreciated, net	 49,987	 (1,455,116)	 (1,049)	 6,288,805	 4,882,627
 Business-type activities capital assets, net	 \$ 78,965	 \$ (1,208,487)	 \$ (1,049)	 \$ 6,288,805	 \$ 5,158,234

Adjustments are to transfer completed projects and to adjust capital asset records.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<b>Governmental Activities:</b>	
General government	\$ 2,196,819
Public safety	1,399,315
Public works	3,947,889
Health and welfare	204,870
Culture and recreation	404,545
Conservation of natural resources	8,520
Total governmental activities depreciation expense	<u>\$ 8,161,958</u>

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

	Amount
<b>Business-type Activities:</b>	
Harbor	\$ 1,459,831
Golf Course	40,988
Total depreciation expense - business-type activities	\$ 1,500,819

Commitments with respect to unfinished projects at September 30, 2015, consisted of the following:

Cambridge Blvd/Orleans Dr (2016-01-365)	120,000	16-Dec
Forts Lake Overlay Project	160,000	1-Jun
Frank Snell Rd Bridge (2014-10-281)	57,000	16-Jun
Goff Farm Bridge Replacement (2014-08-265)	69,000	16-Aug
Goffville Road Bridge (2016-01-358)	114,000	17-Mar
Going Country Drainage Design (2015-04-313)	20,000	16-Dec
Gorenflo Road (2015-03-300)	35,000	16-Aug
Grand Bature Project (LSBP-30-12)	360,000	16-Dec
Graveline Bridge (STP-BR-9191 (1)B)	50,000	12-Jul
Hanover Drive Drainage (2015-03-299)	50,000	16-Dec
I-10 Connector Road (2013-03-159)	1,500,000	17-Dec
Independence Road Drainage (2016-01-359)	200,000	17-Jun
Isaac Williams Street Bridge (2016-01-360)	75,000	17-Mar
John Holder Road Bridge (2013-06-187)	262,000	17-Dec
Lemoyne Blvd Drainage (2015-02-293)	750,000	17-Dec
Lemoyne Blvd - Brittany (STP-9186-00(033)	332,000	17-Jun
Lilly Orchard Lyons Creek Bridge (2014-09-273)	212,000	17-Dec
Martin Bluff Road Bridge Replacement (2012-05-110)	308,000	17-Jun
McGregor Road Pavement (2013-06-176)	200,000	16-Aug
Ocean Springs - Vancleave Road (STP-9065-(2)B)	40,000	18-Dec
Old Biloxi Road Bridge (BR-0116(14)B)	42,000	16-Jun
Old Fort Bayou Rd (curve) Realignment (2012-11-146)	400,000	17-Mar
Old Fort Bayou Rd/Yellow Jacket (2013-06-181)	1,450,000	17-Jun
Old Spanish Trail (Sidewalk Project) (STP-9064-00(11)	1,025,000	17-Dec
Ollie Vice Road Bridge (2013-06-184)	114,000	17-Jun
Pat Harrison Drainage (2016-01-362)	600,000	17-Dec
Rayford Shumock Road Bridge (2014-10-279)	150,000	16-Dec
Spring Lake Dam Improvements	50,000	17-Dec
Walker Road Extension Project (2014-02-233)	650,000	17-Dec
Wolf Ridge Road Bridge (LSBP-30-(14))	15,000	16-Apr
Woodlake Lane Improvements (2015-03-295)	285,000	16-Jun

## JACKSON COUNTY, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

### Note 9 – Defined Benefit Pension Plan

#### General Information about the Pension Plan

Plan Description. Jackson 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.

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

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$4,672,783, \$4,374,610 and \$4,010,792, respectively, equal to the required contributions for each year.

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

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

At September 30, 2015, liabilities were reported in the Governmental Activities in the amount of \$71,859,639 and the Business Type Activities in the amount of \$1,080,303 for its proportionate share of the net pension liabilities. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's employer contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2015, the County's proportion was 0.471858 percent, which was a decrease of 0.0018 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Governmental Activities and the Business Type Activities recognized pension expense of \$8,489,421 and \$127,626, respectively. At September 30, 2015, the Governmental Activities and the Business Type Activities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# JACKSON COUNTY, MISSISSIPPI

## Notes to the Financial Statements For the Year Ended September 30, 2015

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Governmental Activities:</b>		
Differences between expected and actual experience	\$ 1,105,883	\$ -
Changes of assumptions	6,190,462	-
Net difference between projected and actual earnings on pension plan investments	4,204,558	-
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	-	204,012
County contributions subsequent to the measurement date	1,056,118	-
Total	\$ 12,557,021	\$ 204,012
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Business Type Activities:</b>		
Differences between expected and actual experience	\$ 16,625	\$ -
Changes of assumptions	93,065	-
Net difference between projected and actual earnings on pension plan investments	63,209	-
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	-	3,067
County contributions subsequent to the measurement date	15,877	-
Total	\$ 188,776	\$ 3,067

Deferred outflows of resources reported in the Governmental Activities, in the amount of \$1,056,118, and Business Type Activities, in the amount of \$15,877, are related to pensions resulting from County contributions subsequent to the measurement date. These will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# JACKSON COUNTY, MISSISSIPPI

## Notes to the Financial Statements For the Year Ended September 30, 2015

### Year ending September 30:

2016	\$ 3,713,617
2017	3,713,617
2018	2,972,548
2019	1,066,942

**Actuarial Assumptions** – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75-19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016 with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34.00%	5.20%
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	100.00%	

**Discount rate** – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate** – The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 96,141,525	\$ 72,939,942	\$ 53,686,965

**Pension plan fiduciary net position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at [www.pers.ms.gov](http://www.pers.ms.gov).

#### **Note 10 – Other Postemployment Benefit (OPEB) Obligations**

##### **Plan Description**

The Jackson County Board of Supervisors (the Board) administers the County’s health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972) and may be amended only by the Board. The County purchases health insurance coverage from a commercial insurance company and offers the benefit of health insurance coverage through the County’s health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as a single-employer defined benefit healthcare plan. Effective October 1, 2009, the County implemented GASB Statement 45 prospectively, which requires reporting on an accrual basis the liability associated with other postemployment benefits. The County does not issue a publicly available financial report for the Plan.

#### **Funding Policy**

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

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2015, retiree monthly premiums range from \$799 to \$1,049 depending on dependent coverage and Medicare eligibility.

#### **Actuarial Valuation**

The County's Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of October 1, 2015. The plan presently has an actuarial valuation performed biannually in order to be in compliance with GASB Statement 45.

#### **Annual OPEB Cost and Net OPEB Obligation**

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC was determined assuming the plan would fund the OPEB liability on a pay-as-you-go basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC of \$301,085 is 1.23 percent of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2015:

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

Annual required contribution	\$	301,085
Interest on net OPEB obligation		64,627
Adjustment to annual required contribution		(73,693)
Annual OPEB cost (expense)		292,019
Contributions made		(29,497)
Increase (Decrease) in net OPEB obligation		262,522
Net OPEB obligation - beginning of year		1,436,158
Net OPEB obligation - end of year	\$	1,698,680

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/15	\$ 292,019	10.10%	\$ 1,698,680
9/30/14	367,388	12.20%	1,436,158
9/30/13	340,805	11.90%	1,113,474

### Funding Status and Funding Progress

The following table provides funding information for the most recent actuarial valuation date:

Actuarial valuation date		10/1/2015
Actuarial value of assets	\$	-
Actuarial accrued liability (AAL) entry age normal	\$	1,857,971
Unfunded AAL (UAAL)	\$	1,857,971
Funded ratio		0.00%
Annual covered payroll	\$	24,526,365
UAAL as a percentage of annual covered payroll		7.60%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# JACKSON COUNTY, MISSISSIPPI

## Notes to the Financial Statements For the Year Ended September 30, 2015

### Actuarial Methods and Assumptions

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

Actuarial valuation date	10/1/2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed basis
Remaining amortization period	30 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return*	4.50%
Projected salary increases**	2.00%
Healthcare cost trend rate*	10.00%
Ultimate trend rate	9.00%
Year of ultimate trend rate	2025
*Includes price inflation at	0.00%
**Includes wage inflation at	2.00%

### Note 11 – Risk Management

#### Workers' Compensation Benefits

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 with a one-time \$750,000 deductible, which completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2015 to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

#### Health and Accident Benefits

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 1990 and pursuant to Section 25-15-IO I, Miss. Code Ann. (1972), the County established

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. Each participating public entity, including Jackson County, pays the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased coinsurance which functions on specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$125,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2015, the amount of these liabilities was \$206,531. An analysis of claims activities is presented below:

	<b>Liability at Beginning of Fiscal Year</b>	<b>Current-Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at End of Fiscal Year</b>
2013 - 2014	\$ 693,936	\$ 7,956,123	\$ 8,408,371	\$ 241,688
2014 - 2015	\$ 241,688	\$ 8,460,066	\$ 8,495,223	\$ 206,531

#### Tort Liability

The County has chosen to manage tort claims through the retention of liability exposure up to \$250,000 per occurrence in accordance with Section 11-46-17, Miss. Code Ann. (1972). Jackson County has submitted its annual plan of coverage against exposure to the risk of tort claims to the Mississippi Tort Claims Board and has received approval for its plan of coverage from the Tort Claims Board. Jackson County also purchases commercial insurance protection for coverage in excess of the retention amount noted above.

#### Note 12 – Operating Leases

As Lessee:

The County has entered into certain operating leases for equipment and real property which do not give rise to property rights. Maturity dates range from June 2015 through May 2019. Real property leased for the sheriff's substation is renewed in five year intervals; real property leased for the harbor is renewed in ten year intervals. Historically equipment leased by the County is returned after the initial lease term. Total costs for such leases were \$31,075 for the fiscal year ended September 30, 2015. The future minimum lease payments for these leases are as follows:

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

Year ending September 30,	Amount
2016	\$ 109,475
2017	109,475
2018	109,475
2019	109,475
Total minimum payments required	\$ 437,900

### Note 13 – Long-term Debt

#### Long-term Debt Outstanding at Year End

The County had the following types of long-term debt outstanding as of September 30, 2015:

#### Governmental Activities:

Description	Amount	Interest Rates	Maturity Date
General Obligation Bonds			
Road Improvement 05	\$ 1,935,000	3.00-5.00%	12/2016
2011 refunding	1,410,000	2.00-3.50%	05/2018
2013 refunding	6,375,000	.50-2.80%	06/2020
Total General Obligation Bonds	\$ 9,720,000		
Limited Obligation Bonds			
COP – Series 2013, Correctional Facility	\$26,465,000	3.50%	07/2032
Other Loans			
Rail Loan	\$ 694,442	0-1.00%	03/2026
Fort Bayou Building	78,242	5.26%	01/2017
Forts Lake/Franklin Creek VFD	65,911	4.26%	03/2017
2012 General Obligation Note	1,230,000	2.57%	03/2015
Total Other Loans	\$ 2,068,595		

#### Legal Debt Margin

Except for specifically exempted debt, the amount of debt that can be incurred by the County is limited by state statute to 15 percent of the assessed value of the taxable property within the County, as determined by the most recently completed assessment. However, the limitation is increased to 20 percent if the county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt subject to the limit was

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

equal to .56% percent of the most recent assessment.

Certificates of Participation - In accordance with Section -31-8-1 et seq. Mississippi Code Ann., (1972), the County issued Certificates of Participation and transferred the proceeds to the Jackson County Governmental Facilities Corporation. The funds are to be used to construct a County Jail Complex. At completion, the Corporation will enter into a twenty year lease with the County. The County is obligated to pay the principal and interest on the debt. At the completion of the lease, the County will assume ownership of the facility. This obligation is not a general obligation and does not constitute a pledge of full faith and credit of the County.

### Changes in Long-term Liabilities

Changes in the County's long-term liabilities for the year ended September 30, 2015 are summarized below:

#### Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 1,709,839	\$ 59,413	\$ -	\$ -	\$ 1,769,252	\$ -
General obligation bonds	12,885,000		3,165,000		9,720,000	2,465,000
Premium	48,542		35,678		12,864	
Discount	(34,294)		(8,574)		(25,720)	
Limited obligation bonds	27,540,000		1,075,000		26,465,000	1,120,000
Capital leases	191,833		191,833		-	
Other loans	4,774,462	-	2,705,867	-	2,068,595	771,625
	<u>\$ 47,115,382</u>	<u>\$ 59,413</u>	<u>\$ 7,164,804</u>	<u>\$ -</u>	<u>\$ 40,009,991</u>	<u>\$ 4,356,625</u>

#### Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 35,934	\$ 9,346	\$ -	\$ -	\$ 45,280	\$ -

For governmental funds, compensated absences are paid from the fund in which the employees' salaries are recorded, generally the General Fund, Road Fund, Solid Waste Fund, and the Jackson County Fire District Fund.

### Debt Service Requirements

At September 30, 2015, the annual debt service requirements for the County's long-term debt are as follows:

## JACKSON COUNTY, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

### 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>
2016	\$ 2,465,000	\$ 244,462	\$ 1,120,000	\$ 976,413
2017	2,880,000	174,931	1,165,000	931,612
2018	1,755,000	111,243	1,210,000	885,012
2019	1,295,000	69,475	1,260,000	836,612
2020	1,325,000	37,100	1,325,000	773,612
2021 - 2025	-	-	7,545,000	2,945,460
2026 - 2030	-	-	8,860,000	1,622,886
2031 - 2035	-	-	3,980,000	210,176
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Totals	\$ 9,720,000	\$ 637,211	\$ 26,465,000	\$ 9,181,783

  

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 771,625	\$ 26,641
2017	735,862	11,661
2018	66,667	-
2019	66,667	-
2020	66,667	-
2021 - 2025	333,335	-
2026 - 2030	27,772	-
	<u>                    </u>	<u>                    </u>
Totals	\$ 2,068,595	\$ 38,302

### Note 14 – Deferred Outflows/Inflows of Resources

The County reports the following items in these categories:

#### Government-wide Statement of Net Position:

- **Deferred charge on refunding.** A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- **Deferred outflows related to pensions.** This amount represents the County’s proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. Refer to Note 9 for additional details.
- **Deferred revenue – property taxes.** Deferred revenue – property taxes results from recording a receivable for property tax revenue when the revenue will not be available until a future reporting period.
- **Deferred inflows related to pensions.** This amount represents the County’s proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. Refer to Note 9 for additional details.

## JACKSON COUNTY, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

### Governmental Funds Balance Sheet:

- **Deferred revenue – property taxes.** This item results from recording a receivable for property tax revenue that will not be available until a future reporting period.
- **Deferred revenue – fines.** This amount represents the portion of fines receivable that does not meet the *current financial resources* criteria, and accordingly, will not be available until a future reporting period.

### Proprietary Funds Statement of Net Position:

- **Deferred outflows related to pensions.** This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. Refer to Note 9 for additional details.
- **Deferred inflows related to pensions.** This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. Refer to Note 9 for additional details.

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

#### Note 15 – Segment Information

The county maintains three enterprise funds, which provide recreation and community services, rental services and food services. Summary financial information for each enterprise fund is presented for the year ended September 30, 2015.

Condensed Statement of Net Position:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Current assets	\$ 122,217	(1,489)	48,426	169,154
Capital assets	-	4,965,664	192,570	5,158,234
Total Assets	<u>122,217</u>	<u>4,964,175</u>	<u>240,996</u>	<u>5,327,388</u>
Deferred outflows of resources	-	32,631	156,145	188,776
Current liabilities	4,734	12,000	61,147	77,881
Noncurrent liabilities	-	193,845	931,738	1,125,583
Total Liabilities	<u>4,734</u>	<u>205,845</u>	<u>992,885</u>	<u>1,203,464</u>
Deferred inflows of resources	-	530	2,537	3,067
Net position:				
Net Investment in capital assets	-	4,965,664	192,570	5,158,234
Restricted	117,483	-	-	117,483
Unrestricted	-	(175,233)	(790,851)	(966,084)
Total Net Position	<u>\$ 117,483</u>	<u>4,790,431</u>	<u>(598,281)</u>	<u>4,309,633</u>

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

#### Condensed Statement of Revenues, Expenses and Changes in Net Position:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Operating revenues	\$ 28,984	207,028	652,336	888,348
Operating expenses	(26,923)	(279,042)	(853,050)	(1,159,015)
Depreciation expense	-	(1,459,831)	(40,988)	(1,500,819)
Operating Income (Loss)	<u>2,061</u>	<u>(1,531,845)</u>	<u>(241,702)</u>	<u>(1,771,486)</u>
Interest income	579	-	514	1,093
Gain on sale of capital assets	-	-	5,238	5,238
Miscellaneous revenues	-	6,731	32,294	39,025
Transfers in	-	184,298	200,000	384,298
Change in Net Position	<u>2,640</u>	<u>(1,340,816)</u>	<u>(3,656)</u>	<u>(1,341,832)</u>
Net Position – Beginning	120,918	64,050	13,867	198,835
Prior period adjustment	(6,075)	6,067,197	(608,492)	5,452,630
Net Position - Beginning, as restated	<u>114,843</u>	<u>6,131,247</u>	<u>(594,625)</u>	<u>5,651,465</u>
Net Position – Ending	<u>\$ 117,483</u>	<u>4,790,431</u>	<u>(598,191)</u>	<u>4,309,633</u>

#### Condensed Statement of Cash Flows:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Net cash provided (used) by:				
Operating activities	\$ 5,836	(51,184)	(137,884)	(183,232)
Noncapital financing activities	-	184,298	200,000	384,298
Capital and related financing activities	-	(199,333)	(47,686)	(247,019)
Investing activities	579	-	514	1,093
Net increase (decrease) in cash	<u>6,415</u>	<u>(66,219)</u>	<u>14,944</u>	<u>(44,860)</u>
Cash - Beginning of Year	<u>115,802</u>	<u>64,730</u>	<u>33,482</u>	<u>214,014</u>
Cash - End of Year	<u>\$ 122,217</u>	<u>(1,489)</u>	<u>48,426</u>	<u>169,154</u>

## JACKSON COUNTY, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

### Note 16 – Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 27-member board of directors, one appointed by the Board of Supervisors of each member county, one from each of the six participating cities and six appointed at large by minority members. The County appropriated \$34,917 for support of Southern Mississippi Planning and Development District in fiscal year 2015.

Jackson County Civic Action is jointly governed by various public entities, as well as by certain corporations and civic groups. The Jackson County Board of Supervisors appoints two of the 15 members of the board of directors. The County appropriated \$188,000 for support of the Jackson County Civic Action in fiscal year 2015.

Jackson County Economic Development Foundation is jointly governed by various public entities, as well as by certain corporations. The Jackson County Board of Supervisors appoints two of the 16 members of the board of directors. The County appropriated \$365,000 for support of the Jackson County Economic Development Foundation in fiscal year 2015.

Gulf Regional Planning and Development District operates in a district composed of the counties of Hancock, Harrison and Jackson. The governing body is a nine-member board of directors; three appointed by the Board of Supervisors of each member county. The County appropriated \$30,835 for support of Gulf Regional Planning and Development District in fiscal year 2015.

Harrison-Jackson County Emergency Medical Service District operates in a district composed of the counties of Harrison and Jackson and the Cities of Biloxi, Gulfport and Ocean Springs. The district's board is composed of five members, one appointed by each government. The County provided no financial support to Harrison Jackson County Emergency Medical Service District in fiscal year 2015.

LaPointe-Krebs Foundation is jointly governed by Jackson County, the City of Pascagoula and Jackson County Historical and Genealogical Society. The Jackson County Board of Supervisors appoints two of the 5 members of the board of directors. The County appropriated \$100,000 for financial support to the LaPointe-Krebs Foundation in fiscal year 2015.

Mississippi Gulf Coast Community College operates in a district composed of the counties of George, Harrison, Jackson and Stone. The college's board of trustees is composed of 23 members; three each appointed by George and Stone counties, eight each appointed by Harrison and Jackson counties, and one appointed at large. The County appropriated \$8,091,942 for maintenance and support of the college in the fiscal year 2015.

Mississippi Regional Housing Authority IV operates in a district composed of the counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners; one appointed

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

by the Board of Supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

#### **Note 17 – 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 an agency audit may become a liability of the county. The County estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

**Litigation** - The County is party to legal proceedings that arise in the normal course of governmental operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the county's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

The County has been named as a defendant in various lawsuits seeking unspecified damages for incidents involving the Sheriff's Department. The County has excess liability insurance coverage that it believes would cover any judgment against the County up to a limit of \$1,000,000. The policy has a \$250,000 self-insured retention. No provision has been made in the accompanying financial statements for this contingent liability since the amount of the potential loss, if any, cannot be reasonably estimated.

Hospital Note Contingencies. The County previously issued two (2) notes currently payable from July 1, 2014 through July 1, 2036 to provide funds for constructing and improving capital facilities of the Singing River Hospital System ("SRHS") and refunding prior bonds issued for similar purposes for the SRHS. These notes are reported as a liability of the SRHS because such notes are payable primarily from the SRHS's revenues. However, the County remains contingently liable for the payment of these notes because it has pledged to levy up to five (5) mills in case of any shortfall in the payment of debt service on these notes by the SRHS. The principal amount of these notes outstanding at September 30, 2015, is \$94,465,000.

#### **Debt Contingencies**

**No Commitment Debt** – From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. These bonds either bear the County's name or constitute a moral responsibility of the County that is not an enforceable promise to pay. However, because the debt includes an explicit statement as to the absence of obligation of the County, other than possibly an agreement to assist creditors in exercising their rights in the event of default, these bonds are classified as no commitment debt and are not reported as liabilities in the accompanying financial statements. Default on these bonds may adversely affect the County's ability to borrow; accordingly, outstanding issuances of such debt are disclosed as follows:

## JACKSON COUNTY, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

<u>Description</u>	<u>Amount outstanding</u>
Industrial revenue bonds and notes	<u>\$ 36,480,000</u>

#### Note 18 – Subsequent Events

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

Subsequent to September 30, 2015, the County issued the following debt obligation:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>
03/16	1.58%	\$2,950,000	General Obligation Note

On January 2, 2016, the Jackson County Board of Supervisors entered into a contribution agreement with Singing River Health System, a county-owned hospital. Jackson County has offered to contribute \$13,600,000 over a period of ten years for support of indigent care at the Health System. The first payment to the Hospital System will be made by Jackson County upon U.S. District Court approval of a settlement agreement between both parties. Currently, the settlement agreement reached is under appeal. The settlement will reduce the pension liability from \$304 million to approximately \$156 million. Contingent upon these contributions, Jackson County will appoint a Turnaround Firm at county expense to review the systems and operations of Singing River Health System and to make recommendations needed to improve and direct the Hospital System towards financial stability. The Turnaround Firm will report to both the Singing River Hospital System Board of Trustees and the Jackson County Board of Supervisors on a monthly basis.

**Component Unit**  
**Singing River Health/Mental Retardation Services**

Notes to the Financial Statements  
For the year ended September 30, 2015

## Singing River Health/Mental Retardation Services

Notes to Financial Statements  
For the Year Ended June 30, 2015

### Capital Assets

A summary of the District's changes in capital assets for the year ended September 30, 2015, is as follows:

Description	Balance 07/1/14	Additions	Balance 6/30/15
Land	\$ 10,000	\$ -0-	\$ 10,000
Buildings	1,765,550	-0-	1,765,550
Building improvement	548,855	18,018	566,783
Equipment	1,373,051	240	1,373,291
Software	18,851	-0-	18,851
Assets held for completion	<u>-0-</u>	<u>222,498</u>	<u>222,498</u>
Totals	3,716,307	240,756	3,957,063
Less: Accumulated depreciation	<u>(1,838,900)</u>	<u>(119,165)</u>	<u>(1,958,065)</u>
Total capital assets	<u>\$ 1,877,407</u>	<u>\$ 121,591</u>	<u>\$ 1,998,998</u>

Depreciation expenses for the year ending June 30, 2015 were 146,956.

### Pension Plan

#### A. Description

Singing River Health/Mental Retardation Services contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined 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 Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

#### B. Funding Policy

PERS members are required to contribute 9% of their annual covered salary and Singing River Health/Mental Retardation Services is required to contribute at an actuarially determined rate. The rate as of June 30, 2015 was 15.75% of annual covered payroll. The contribution requirement of PERS members are established and may be obtained only by the State of Mississippi Legislature. Singing River Health/Mental Retardation Services' contributions to PERS for the year ending June 30, 2015, 2014, 2013 was \$567,994, 648,436 and 590,687, respectively.

**Component Unit**  
**Singing River Health System**

Notes to the Financial Statements  
For the year ended September 30, 2015

**Singing River Health System**  
Notes to the Financial Statements  
For the Year Ended September 30, 2015

**Capital Assets**

Capital assets and related activity consisted of the following for the year ended September 30, 2015:

	<u>Balance September 30, 2014</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance September 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 7,461,539	\$ -	\$ -	\$ 7,461,539
Construction in progress	<u>1,048,332</u>	<u>3,670,261</u>	<u>(1,051,138)</u>	<u>3,667,455</u>
Total capital assets not being depreciated	<u>8,509,871</u>	<u>3,670,261</u>	<u>(1,051,138)</u>	<u>11,128,994</u>
Capital assets being depreciated:				
Land improvements	6,328,701	56,630	(21,660)	6,363,671
Buildings and improvements	212,454,456	299,804	(12,522)	212,741,738
Fixed equipment	14,446,299	213,910	(149,010)	14,511,199
Movable equipment	<u>244,600,282</u>	<u>2,385,423</u>	<u>(6,296,654)</u>	<u>240,689,051</u>
Total capital assets being depreciated	<u>477,829,738</u>	<u>2,955,767</u>	<u>(6,479,846)</u>	<u>474,305,659</u>
Less accumulated depreciation for:				
Land improvements	3,857,108	268,410	(21,660)	4,103,858
Buildings and improvements	99,590,248	8,254,045	(12,523)	107,831,770
Fixed equipment	12,065,691	352,662	(149,010)	12,269,343
Movable equipment	<u>168,654,988</u>	<u>13,125,022</u>	<u>(6,255,428)</u>	<u>175,524,582</u>
Total accumulated depreciation	<u>284,168,035</u>	<u>22,000,139</u>	<u>(6,438,621)</u>	<u>299,729,553</u>
Capital assets being depreciated, net	<u>193,661,703</u>	<u>(19,044,372)</u>	<u>(41,225)</u>	<u>174,576,106</u>
Capital assets, net	<u>\$ 202,171,574</u>	<u>\$ (15,374,111)</u>	<u>\$ (1,092,363)</u>	<u>\$ 185,705,100</u>

Construction in progress as of September 30, 2015 consisted primarily of expenditures associated with the addition of a new patient care floor, renovations to patient care areas, pharmacy, as well as the expansions of the emergency department, labor and delivery, relocation of emergency power system electrical upgrade and capitalized software license and support fees related to the information technology contract described in Note 9. The Health System has associated purchase commitments totaling approximately \$14,640,000 at September 30, 2015, which will be funded through grant proceeds and designated funds. Completion dates are expected to range from fiscal 2015 through 2017.

**Singing River Health System**  
Notes to the Financial Statements  
For the Year Ended September 30, 2015

**Long-Term Debt**

A summary of long-term debt based on contractual requirements is as follows at September 30, 2015:

Mississippi Development Bank Special Obligation Bonds – Series 2011	\$ 31,700,000
Plus unamortized bond premium	<u>793,486</u>
	<u>32,493,486</u>
Mississippi Development Bank Special Obligation Bonds – Series 2009A	31,580,000
Less unamortized bond discount	<u>(789,018)</u>
	<u>30,790,982</u>
Mississippi Development Bank Special Obligation Refunding Bonds – Series 2009B	31,185,000
Less unamortized bond discount	<u>(109,617)</u>
	<u>31,075,383</u>
	94,359,851
Less current installments, based on contractual terms	<u>6,550,000</u>
Long-term debt, excluding current contractual installments	<u>\$ 87,809,851</u>

On April 2, 2009, the Health System issued \$35,000,000 of Special Obligation Bonds (the Series 2009A Bonds) through Mississippi Development Bank (“MDB”). The purpose of the bonds was to provide funding for constructing, remodeling, adding to, equipping and furnishing an addition to and expansion of the Health System, funding a debt service reserve fund for the Series 2009A bonds and paying cost of issuance on the Series 2009A bonds. The bonds consist of \$6,455,000 of serial bonds and \$28,545,000 term bonds bearing fixed rates ranging from 3.0 percent to 5.625 percent secured by a bond insurance policy provided by Assured Guaranty.

On October 27, 2009 the Health System refunded the Series 2008A bonds, outstanding in the amount of \$44,000,000, with the Series 2009 B-1 and 2009 B-2 bonds. The Series 2009 B-1 and 2009 B-2 bonds bearing fixed rates ranging from 2.0 percent to 5.0 percent secured by a bond insurance policy provided by Assured Guaranty and a five mill pledge of the assessed real and personal property by Jackson County.

The Series 2009 B-1 and B-2 Bonds were issued by the MDB as fixed interest rate securities and pay interest semiannually (January 1 and July 1) and principal annually (July 1 with the exception of the 2023 payment which is March 1). The Series 2009 B-1 Bonds of \$48,340,000 mature on March 1, 2023 and the Series 2009 B-2 Bonds of \$2,395,000 matured on July 1, 2012.

On July 27, 2011, the Health System issued \$36,610,000 of Special Obligation Bonds (the Series 2011 Bonds). The purpose of the 2011 Bonds is to provide funding for an electronic medical record system, constructing, remodeling, adding to, equipping and furnishing an addition to and expansion of the Health System, funding a debt service reserve fund, paying capitalized interest and paying costs of issuance on the Series 2011 Bonds. The bonds are fixed rate bonds secured by a bond insurance policy provided by Assured Guaranty and a five mill pledge of the assessed real and personal property by Jackson County. The Series 2011 Bonds were issued by the MDB and pay interest semiannually (January 1 and July 1) and principal annually (July 1). The bonds consist of \$28,255,000 Serial Bonds maturing on July 1, 2023,

**Singing River Health System**  
Notes to the Financial Statements  
For the Year Ended September 30, 2015

\$4,490,000 of Term Bonds maturing on July 1, 2031 and \$3,865,000 of Term Bonds maturing on July 1, 2036 and are at fixed rates ranging from 3.0 percent to 5.375 percent.

As the Health System is a political subdivision of the State of Mississippi and is owned by Jackson County, Mississippi (the "County"), legally available mills have been pledged by the County as additional security for the 2009 and 2011 Revenue Bonds. To date, no such mills have been levied to support these or any other borrowings of the Health System.

Under the terms of the respective loan agreements in connection with the Series 2009 Bonds and Series 2011 Bonds, the Health System is obligated to meet certain financial covenants on March 31<sup>st</sup> and September 30<sup>th</sup> of each year, including availability of cash, debt service coverage and limitations on additional debt. On July 15, 2014, the loan agreements were amended to state that a failure to comply with the financial covenants set forth in the bond agreements are not events of default. Rather, the amendments provide that the Bond Insurer may determine, at their sole discretion, whether a financial covenant violation constitutes an event of default.

At September 30, 2015, the Health System was in violation of Section 10.4 of the Loan Agreements, which requires the Health System to maintain 65 days cash on hand. This violation requires the Health System to engage a management consultant and maintain 50 days cash on hand. The Health System subsequently received a waiver of the requirement to engage a management consultant from the Bond Insurer of the 2009 and 2011 bonds. As the Health System maintained greater than 50 days cash on hand at September 30, 2015 there was no event of default.

Through its investment in SRHSAS, the Health System had \$1,000,000 and \$400,000 line of credit agreements with a bank to finance operating costs. No amounts have been advanced on either line of credit as of September 30, 2015. Interest on both agreements accrues at 5.0 percent. The agreements mature on October 15, 2016.

Debt service requirements associated with the Health System's long-term debt are as follows at September 30, 2015:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,550,000	\$ 4,677,506	\$ 11,227,506
2017	6,835,000	4,462,494	11,297,494
2018	7,135,000	4,238,494	11,373,494
2019	7,420,000	4,030,431	11,450,431
2020	7,745,000	3,789,419	11,534,419
2021 – 2025	28,550,000	11,341,484	39,891,484
2026 – 2030	9,145,000	7,342,150	16,487,150
2031 – 2035	11,865,000	4,619,425	16,484,425
2036 – 2040	<u>9,220,000</u>	<u>1,254,206</u>	<u>10,474,206</u>
	<u>\$ 94,465,000</u>	<u>\$ 45,755,609</u>	<u>\$ 140,220,609</u>

To reconcile the debt in this note and the debt on page 128, please, consider the effect of the bonds and premiums amortization.

**Singing River Health System**  
Notes to the Financial Statements  
For the Year Ended September 30, 2015

A schedule of changes in the Health System's long-term debt balances are as follows for the year ended September 30, 2015:

<u>Description</u>	<u>Date of Issuance</u>	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance September 30, 2015</u>	<u>Due Within One Year</u>
Series 2009B	10/27/2009	34,420,000	-	(3,235,000)	31,185,000	3,365,000
Series 2009A	4/2/2009	32,270,000	-	(690,000)	31,580,000	715,000
Series 2011	7/27/2011	<u>34,055,000</u>	<u>-</u>	<u>(2,355,000)</u>	<u>31,700,000</u>	<u>2,470,000</u>
		<u>\$100,745,000</u>	<u>\$ -</u>	<u>\$ (6,280,000)</u>	<u>\$94,465,000</u>	<u>\$ 6,550,000</u>

**Pension Plan**

***General Information about the Pension Plan***

*Plan description.* The Health System's defined benefit pension plan, Singing River Health System Employees' Retirement Plan and Trust (the "Pension Plan"), provides pensions for certain full-time employees of the Health System that were employed prior to October 1, 2011. The Pension Plan is a single-employer defined benefit pension plan administered by the Health System.

*Benefits provided.* The Pension Plan provides retirement, disability, and death benefits. Retirement benefits are calculated as a percentage of the employee's highest average monthly salary during any nineteen consecutive quarters of compensation during the forty consecutive quarters of employment immediately preceding the date of termination, plus the last quarter of employment compensation ("Average Monthly Compensation"). Normal retirement benefits are calculated as the sum of a) 1.625 percent of Average Monthly Compensation multiplied by years of credited service, up to twenty years, b) 1.75 percent of Average Monthly Compensation multiplied by years of credited service in excess of twenty years, up to thirty years, c) 2 percent of Average Monthly Compensation multiplied by years of credited service in excess of thirty years. Average Monthly Compensation is reduced by 50 percent in calculating benefits for participants with less than twenty years of service. In no case is the amount of normal retirement benefit to be less than years of credited service multiplied by five dollars.

Employees with ten years of credited service are eligible for normal retirement at age 65, or early retirement at age 60. The amount of early retirement benefit is equal to normal retirement benefit, reduced by 3 percent for each year that commencement precedes the normal retirement date. A participant with thirty years or more of credited service may commence early retirement without any reductions. Employees are eligible for disability benefits after 10 years of service if they are eligible for Social Security Disability. Disability retirement benefits are determined using final average earnings at the date of disability and the amount of service that would have been accrued if the participants worked to the later of the age of sixty or the date of disability, reduced 3 percent for each year that commencement precedes the normal retirement date, up to 15 percent. Death benefits equal the amount that would have been paid had the participant separated from service on the date of death and retired with a 100 percent qualified joint and survivor annuity, reduced 3 percent for each year the date of death precedes the normal retirement date. An employee who terminates service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments subsequent to the employee's retirement date. The annual adjustments are one-half of the change in the Consumer Price Index, limited to a maximum increase in retirement allowance of 2.5 percent

**Singing River Health System**  
Notes to the Financial Statements  
For the Year Ended September 30, 2015

*Employees covered by benefit terms.* At September 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	618
Inactive employees entitled to but not yet receiving benefits	147
Inactive employees not entitled to benefits but with employees contributions	949
Active employees	1,429
	3,143

Effective October 1, 2011, the Pension Plan was amended to freeze entry to new participants.

*Contributions.* As a governmental entity, the Health System is exempt from the requirements of the Employee Retirement Income Security Act of 1974, and is otherwise not required by law or statute to make annual contributions to the Plan. The Health System did not make any contributions to the Pension Plan during fiscal 2015.

Through November 2014, active participants were required to contribute 3 percent of annual pay to the Pension Plan. Effective November 20, 2014, the Pension Plan was amended whereby employee contributions ceased subsequent to the first payroll period paid in December 2014.

***Net Pension Liability***

The Health System's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014.

*Actuarial assumptions.* The total pension liability in the October 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Cost of living increases	1.25%
Salary increases	2.8%
Investment rate of return	6.5%

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables, projected generationally with adjustments for mortality improvements based on Scale MP-2014.

The long-term expected rate of return on pension plan investments was determined based on input provided by the investment advisor regarding expected returns and standard deviations by asset class and a decision by the plan sponsor to select a conservative expected return within that model.

*Discount rate.* The discount rate used to measure the total pension liability at September 30, 2015 was 3.93 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will not be made in the future and that Health System contributions will be made at actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected not to be available to make all projected future benefit payments of current active and inactive employees. Therefore, a blended rate of that utilizes the long-term expected rate of return on the Pension Plan investments of 6.5 percent and the twenty-year general obligation Federal Reserve Bond Buyer Index rate ("Muni Bond Rate") of 3.71 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate changed from the rate of 4.11 percent used at the previous measurement date at September 30, 2014 due to changes in the Muni Bond Rate.

**Singing River Health System**  
Notes to the Financial Statements  
For the Year Ended September 30, 2015

***Changes in the Net Pension Liability***

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Service cost	\$ 1,636,685	\$ -	\$ 1,636,685
Interest	17,939,427	-	17,939,427
Changes in benefit terms	(77,583,377)	-	(77,583,377)
Differences between expected and actual experience	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	395,038	(395,038)
Net investment income	-	1,750,750	(1,750,750)
Changes of assumptions	22,058,366	-	22,058,366
Benefit payments, including refunds of employee Contributions	(14,368,870)	(14,368,870)	-
Administrative expense	-	(557,024)	557,024
Net change	(50,317,769)	(12,780,106)	(37,537,663)
Balance, beginning of year	<u>492,186,069</u>	<u>150,193,105</u>	<u>341,992,964</u>
Balance, end of year	<u>\$441,868,300</u>	<u>\$137,412,999</u>	<u>\$ 304,455,301</u>

Effective November 20, 2014, the Health System froze benefit accruals for all Pension Plan participants. The effect of the benefit freeze is reflected in the total pension liability at September 30, 2015 and pension expense for the year then ended.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the Health System, calculated using the discount rate of 3.93 percent, as well as what the Health System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Sensitivity</u>	<u>Discount Rate</u>	<u>Net Pension Liability</u>
Current discount rate	3.93%	\$ 304,455,301
1% decrease in discount rate	2.93%	\$ 383,758,913
1% increase in discount rate	4.93%	\$ 242,660,737

*Pension plan fiduciary net position.* Detailed information about the Pension Plan's fiduciary net position is available in the separately issued financial report.

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended September 30, 2015, the Health System recognized (contra) pension expense of approximately (\$59,975,000), which includes the effect of the benefit accrual freeze of approximately \$77,583,000. Excluding the effect of this curtailment, pension expense totaled approximately \$17,608,000.

**Singing River Health System**  
Notes to the Financial Statements  
For the Year Ended September 30, 2015

At September 30, 2015, the Health System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Changes of assumptions	\$ 16,402,375
Net difference between projected and actual earnings on investments	<u>6,034,714</u>
Total	<u>\$ 22,437,089</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Year ended June 30:</u>		
2016	\$	7,164,670
2017		7,164,670
2018		6,599,071
2019		1,508,678
2020		-
Thereafter		-

**Component Unit**  
**West Jackson County Utility District**

Notes to the Financial Statements  
For the year ended September 30, 2015

**West Jackson County Utility District**  
**(A Component Unit of Jackson County, Mississippi)**  
Notes to Financial Statements  
For the Year Ended September 30, 2015

**Capital Assets**

A summary of the District's changes in capital assets for the year ended September 30, 2015, is as follows:

Description	Balance 10/1/15	Additions	Deletions	Balance 9/30/15
Office furniture and equipment	\$ 367,751	\$ 13,887	\$ 5,363	\$ 376,275
Buildings	532,505	2,352	-0-	534,857
Machinery and equipment	605,866	153,931	17,376	742,421
Vehicles	650,939	-0-	6,816	644,123
Utility systems	50,154,164	1,536,211	-0-	51,690,375
Land	29,544	-0-	-0-	29,544
Construction in progress	<u>356,942</u>	<u>1,857,692</u>	<u>1,397,643</u>	<u>816,991</u>
Totals	52,697,711	3,564,073	1,427,198	54,834,586
Less: Accumulated depreciation	<u>13,101,794</u>	<u>1,763,067</u>	<u>29,555</u>	<u>14,835,306</u>
Total capital assets	<u>\$39,595,917</u>	<u>\$ 1,801,006</u>	<u>\$ 1,397,643</u>	<u>\$39,999,280</u>

In addition to the capital asset additions purchased and constructed during the year, on July 1, 2014, the City of D'Iberville conveyed to the District the sewer assets of the Cherry Park Subdivision. Under the agreement, the District bills the customers of the area for sewer fees and pays the City of D'Iberville for wastewater treatment until such time as the District connects the subdivision to its collection system on or before July 1, 2016.

**Long-Term Debt**

Details of the District's long-term debt are as follows:

**Regions Bank as Trustee, Series 2013 Bond Issue** – During the year ended September 30, 2013, the District secured financing in the form of a bond issue through Mississippi Development Bank in the amount of \$12,155,000 for the purpose of refinancing a portion of the existing USDA debt and acquiring additional funding for the expansion of the utility system. The loan agreement provides for annual principal payments and semi-annual interest payments with interest rates ranging between 1.0% and 5.0%, based on maturity date of the bonds. The bond issue has a maturity date of December 1, 2033. At September 30, 2015, the principal balance of the loan was \$11,605,000.

**Mississippi Department of Health, Water Facilities Plan Phase I** – The District secured financing for the installation of new water mains, new automatic-read meters and abandonment of nine wells within the Gulf Hills area, through a loan from the Mississippi Department of Health in the amount of \$5,000,000. The project was completed in October, 2013 at a total loan amount of \$4,104,258. The note is payable \$21,025 monthly beginning March 15, 2014, bearing interest at 1.95% for a period of 235 months. At September 30, 2015, the principal balance of the loan was \$3,812,662.

**West Jackson County Utility District**  
**(A Component Unit of Jackson County, Mississippi)**  
Notes to Financial Statements  
For the Year Ended September 30, 2015

**Long-Term Debt (Continued)**

**Mississippi Department of Health, Water Facilities Plan Phase II** – The District secured financing from the Mississippi Department of Health in the amount of \$4,104,258 for the completion of various distribution upgrades and improvements in the Gulf Hills and Laura Acres areas of the system. The project was completed in September, 2014; and the loan was finalized in January, 2015. The note bears interest at 1.95% and is payable at \$21,025 per month for a period of 237 months. At September 30, 2015, the principal balance of this note was \$3,496,986.

**Mississippi Department of Environmental Quality Revolving Loan Fund, Sewer System Extension Project** – During the year ended September 30, 2001, the District entered into an agreement with the Mississippi Department of Environmental Quality for financing for the construction of an extension of the District’s sewer system. The final loan totaled \$4,202,135 and is payable over a period of 236 months at \$21,398 per month. The note bears interest at 1.75%. At September 30, 2015, the principal balance of this note was \$1,896,986.

**Mississippi Department of Health, Tucker Road Water Main** – During the year ended September 30, 2001, the District entered into an agreement with the Mississippi Department of Health, for financing through the Drinking Water Systems Improvements Revolving Loan Fund for the construction of the Tucker Road Water Main. The original loan was approved for \$139,351 and the final amount totaled \$123,060. The note is payable \$691 monthly and bears interest at 3.0%. At September 30, 2015, the principal balance of this note was \$46,051.

**Mississippi Department of Environmental Quality, Lemoyne Water Tank Project** – The District has secured financing for the construction of an elevated water tank to serve as part of the water system for Lemoyne Boulevard and adjoining areas. The financing is provided through the Water Pollution Control Revolving Loan Fund Program. The original loan was approved for \$752,635 and the final loan amount totaled \$719,093. The note is payable \$3,658 monthly bearing interest at 1.95%, with a term of 237 months. At September 30, 2015, the principal balance of this note was \$517,866.

**Mississippi Department of Health, Lemoyne Water Well and Distribution Project** – The District has secured financing for the construction of water well and distribution system to serve customers in the Lemoyne Boulevard and adjoining areas. The financing is provided through the Drinking Water Systems Improvements Revolving Loan Fund. The original loan was approved for \$1,505,065 and the final loan amount totaled \$1,441,641. The note is payable \$7,334 monthly, bearing interest at 1.95%, with a term of 237 months. At September 30, 2015, the principal balance of this note was \$1,038,222.

**Mississippi Department of Environmental Quality, North of I-10 Sewer Expansion Project** The District has secured financing for the installation of 57,000 feet of force main, pumping stations and other items necessary to serve approximately 300 customers, referred to as the Sewer Completion Project. The final loan amount totaled \$2,230,228; payable \$12,245 monthly, bearing interest at 2.75%, with a term of 237 months. At September 30, 2015, the principal balance of this note was \$1,613,137.

**West Jackson County Utility District**  
**(A Component Unit of Jackson County, Mississippi)**  
Notes to Financial Statements  
For the Year Ended September 30, 2015

**Long-Term Debt (Continued)**

**Rural Development, Water System Revenue Bond, 2007 issue** - During the year ended September 30, 2007, the District obtained financing from the United States Department of Agriculture, Rural Development in the amount of \$11,000,000, for the purchase of the utility systems of Coast Waterworks, Inc. and Magnolia Utilities, Inc. at a cost of \$8,500,000; and for the improvement of existing systems and the construction of new facilities for the administration and operation of the District. The financing was split into two notes by USDA, in the amounts of \$9,500,000 and \$1,500,000. During the year ended September 30, 2013, the District paid off the remaining balance of the \$1,500,000 loan. The payment terms for the \$9,500,000 note are 4.125% payable in monthly installments of \$42,845. At September 30, 2015, the principal balance of this note was \$8,222,649.

**Rural Development, Water System Revenue Bond, 2008 issue** – On May 27, 2008, the Board of Directors approved the issuance of \$882,000 in bonds through the USDA Rural Development for the purpose of purchasing the TESI water system and improving and extending the existing system in the area known as Old St. Martin. The District secured interim financing from Merchants and Marine Bank and on March 18, 2009, the interim loan was paid upon issuance of the bond proceeds. The bond bears interest at 4.125%, payable interest only for the first two years and thereafter at \$4,117 monthly. At September 30, 2015, the principal balance of this note was \$817,870.

**Mississippi Department of Health, Distribution Lines Replacements and Upgrades** - On November 7, 2014, the District entered into a loan agreement with the Mississippi Department of Health for a project consisting of the replacement and/or upgrade of approximately 92,000 linear feet of distribution lines with associated valves and appurtenances. The loan is authorized in the amount of \$5,000,000 bearing interest at 1.95%; payable in monthly installments of \$25,437 for a period of 237 months based on the initial repayment schedule per the loan agreement. As of September 30, 2015, the District had outstanding advances under the agreement totaling \$137,500.

The debt service requirements on the above long-term debts are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,242,773	\$ 1,171,778	\$ 2,414,551
2017	1,404,125	1,140,401	2,544,526
2018	1,291,146	1,105,529	2,396,675
2019	1,501,359	1,065,617	2,566,976
2020	1,547,285	1,018,491	2,565,776
2021-2025	7,953,112	4,293,844	12,246,956
2026-2030	8,119,879	2,852,918	10,972,797
2031-2035	7,013,604	1,272,784	8,286,388
2036-2040	2,407,438	410,282	2,817,720
2041-2045	<u>724,208</u>	<u>23,857</u>	<u>748,065</u>
Totals	\$ <u>33,204,929</u>	\$ <u>14,355,501</u>	\$ <u>47,560,430</u>

**West Jackson County Utility District**  
**(A Component Unit of Jackson County, Mississippi)**  
Notes to Financial Statements  
For the Year Ended September 30, 2015

**Defined Benefit Pension Plan**

*Plan Description*

*Plan Description.* The District contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**West Jackson County Utility District**  
**(A Component Unit of Jackson County, Mississippi)**  
Notes to Financial Statements  
For the Year Ended September 30, 2015

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the District is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The District's contributions to PERS for the fiscal years ending September 30, 2015, 2014 and 2013 were \$176,083, \$168,106 and \$152,062, respectively, which equaled the required contributions for each year.

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

At September 30, 2015, the District reported a liability of \$2,643,734 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial

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

valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the District's proportion was .017788 percent.

For the year ended September 30, 2015, the District recognized pension expense of \$261,584. At September 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,882	\$
Net difference between projected and actual earnings on pension plan investments		( 73,852)
Changes in assumptions	236,875	
District contributions subsequent to the measurement date	<u>40,032</u>	<u>          </u>
Total	<u>\$ 340,789</u>	<u>\$( 73,852)</u>

Deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date totaling \$40,032 will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**West Jackson County Utility District**  
**(A Component Unit of Jackson County, Mississippi)**

Notes to Financial Statements  
For the Year Ended September 30, 2015

**Defined Benefit Pension Plan (Continued)**

Year ended September 30,		
2016	\$	76,735
2017		74,070
2018		35,879
2019		40,221
Total	\$	<u>226,905</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan Investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016 with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34.00%	5.20%
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	<u>1.00</u>	(0.50)
Total	<u>100.00%</u>	

**West Jackson County Utility District**  
**(A Component Unit of Jackson County, Mississippi)**  
 Notes to Financial Statements  
 For the Year Ended September 30, 2015

**Defined Benefit Pension Plan (Continued)**

*Discount Rate* – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the District’s proportionate share of the net pension liability as of the measurement date, calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease <u>(6.75%)</u>	Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
District’s proportionate share of the net pension liability	\$ 3,624,322	\$ 2,749,674	\$ 2,023,880

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

**Component Unit**  
**Jackson County Emergency Communications District**

Notes to the Financial Statements  
For the year ended September 30, 2015

**JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

**PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at September 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets:				
Furniture and fixtures	\$ 443,020	5,725	(841)	447,904
Auto	26,642	-	-	26,642
Communications system	<u>9,804,245</u>	<u>45,708</u>	<u>-</u>	<u>9,849,953</u>
Total capital assets	<u>10,273,907</u>	<u>51,433</u>	<u>(841)</u>	<u>10,324,499</u>
Less accumulated depreciation for:				
Furniture and fixtures	194,317	38,189	(841)	231,665
Auto	26,642	-	-	26,642
Communications system	<u>8,043,551</u>	<u>437,380</u>	<u>-</u>	<u>8,480,931</u>
Total accumulated depreciation	<u>8,264,510</u>	<u>475,569</u>	<u>(841)</u>	<u>8,739,238</u>
Total capital assets, net	<u>\$ 2,009,397</u>	<u>(424,136)</u>	<u>-</u>	<u>1,585,261</u>

Depreciation expense for the year ended September 30, 2015 was \$475,569.

**JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

**LONG-TERM DEBT**

Changes in long-term debt during the year ended September 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 1,847,676	-	406,586	1,441,090	423,389

Capital lease obligations consisted of the following at September 30, 2015:

	<u>Original Amount</u>	<u>2015</u>
Lease obligation to a consumer lending company, due in quarterly installments of \$118,908 maturing December 2018, bearing interest at 4.07%.	\$ 3,632,070	1,441,090
Less: Current portion		<u>(423,389)</u>
Non-current portion		<u>\$ 1,017,701</u>

The future minimum lease obligation and net present value of these minimum lease payments as of September 30, 2015 were as follows:

2016	\$ 475,633
2017	475,633
2018	475,633
2019	<u>118,909</u>
Total minimum lease payments	1,545,808
Less amount representing interest	<u>(104,718)</u>
Present value of minimum payments	<u>\$ 1,441,090</u>

**PENSION PLAN**

**Plan Description**

The Jackson County Emergency Communications District contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

**JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

**Benefits Provided**

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

**Contributions**

PERS members are required to contribute 9.00% of their annual covered salary and the Jackson County Emergency Communications District is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

The Jackson County Emergency Communications District's contribution to PERS for the year ended September 30, 2015, 2014, and 2013 was \$19,174, \$18,438, and \$16,403 respectively, which equal to the required contributions for each year.

**JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

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

At September 30, 2015, the District reported a liability of \$230,625 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014 the District's proportion was 0.0019 percent, which was an increase of 0.0001 percent from its proportion measured as of June 30, 2013.

For the year ended September 30, 2015, the District recognized pension expense of \$19,142. At September 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ 3,598	-
Net difference between projected and actual earnings on pension plan investments	-	33,431
Changes in proportion and differences between District contributions and proportionate share of contributions	10,179	-
District contributions subsequent to the measurement date	23,425	-
Total	\$ 37,202	33,431

\$23,425 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended September 30, :**

2016	\$	(3,402)
2017		(3,402)
2018		(4,493)
2019		(8,358)
2020		-
Thereafter		-
<b>Total</b>	<b>\$</b>	<b>(19,655)</b>

**JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

**Actuarial assumptions**

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.25-19.50%, average, including inflation
Investment rate of return	8.00%, net of pension plan investments expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table with Scale AA to 2025, set forward two years for males.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return
U.S. Broad	34.00 %	5.20
International equity	19.00	5.00
Emerging markets equity	8.00	5.45
Fixed income	20.00	0.25
Real assets	10.00	4.00
Private equity	8.00	6.15
Cash	1.00	(0.50)
Total	100.00 %	

**JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	<b>1% Decrease (7.00%)</b>	<b>Current Discount Rate (8.00%)</b>	<b>1% Increase (9.00%)</b>
District's proportionate share of the net pension liability	\$ 314,411	230,625	160,735

**Pension plan fiduciary net position**

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

**Component Unit**  
**Jackson County Port Authority**

Notes to the Financial Statements  
For the year ended September 30, 2015

**JACKSON COUNTY PORT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

**Capital Assets:**

Capital asset activity for the year ended September 30, 2015 is summarized in the following table.

	<b>Primary Government</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 4,595,659	-	-	4,595,659
Construction in progress	<u>18,083,628</u>	<u>3,542,785</u>	<u>(20,856,141)</u>	<u>770,272</u>
Total capital assets not being depreciated	<u>22,679,287</u>	<u>3,542,785</u>	<u>(20,856,141)</u>	<u>5,365,931</u>
Capital assets being depreciated:				
Infrastructure	29,966,482	19,193,383	-	49,159,865
Buildings and improvements	61,310,963	1,772,074	-	63,083,037
Furniture fixtures and other equipment	<u>1,654,233</u>	<u>23,092</u>	<u>-</u>	<u>1,677,325</u>
Total capital assets being depreciated	<u>92,931,678</u>	<u>20,988,549</u>	<u>-</u>	<u>113,920,227</u>
Total capital assets at historical cost	<u>115,610,965</u>	<u>24,531,334</u>	<u>(20,856,141)</u>	<u>119,286,158</u>
Less accumulated depreciation for:				
Infrastructure	(14,664,485)	(1,531,916)	-	(16,196,401)
Buildings and improvements	(34,372,260)	(3,732,846)	-	(38,105,106)
Furniture fixtures and other equipment	<u>(1,043,817)</u>	<u>(230,490)</u>	<u>-</u>	<u>(1,274,307)</u>
Total accumulated depreciation	<u>(50,080,562)</u>	<u>(5,495,252)</u>	<u>-</u>	<u>(55,575,814)</u>
Governmental activities capital assets, net	<u>65,530,403</u>	<u>19,036,082</u>	<u>(20,856,141)</u>	<u>63,710,344</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	1,512,261	-	-	1,512,261
Construction in progress	<u>577,189</u>	<u>1,905,236</u>	<u>-</u>	<u>2,482,425</u>
Total capital assets not being depreciated	<u>2,089,450</u>	<u>1,905,236</u>	<u>-</u>	<u>3,994,686</u>
Capital assets being depreciated:				
Bayou Casotte Water Supply System	47,012,724	253,739	-	47,266,463
Black Creek Cooling Facility	1,434,907	47,789	-	1,482,696
Industrial Parks	834,922	-	-	834,922
Singing River Island	<u>21,459</u>	<u>99,286</u>	<u>-</u>	<u>120,745</u>
Total capital assets being depreciated	<u>49,304,012</u>	<u>400,814</u>	<u>-</u>	<u>49,704,826</u>
Total capital assets at historical cost	<u>51,393,462</u>	<u>2,306,050</u>	<u>-</u>	<u>53,699,512</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,884,044)	(524,809)	-	(20,408,853)
Furniture fixtures and other equipment	(1,089,640)	(246,155)	-	(1,335,795)
Infrastructure	<u>(1,978,589)</u>	<u>(740,976)</u>	<u>-</u>	<u>(2,719,565)</u>
Total accumulated depreciation	<u>(22,952,273)</u>	<u>(1,511,940)</u>	<u>-</u>	<u>(24,464,213)</u>
Business-type activities capital assets, net	<u>28,441,189</u>	<u>794,110</u>	<u>-</u>	<u>29,235,299</u>
<b>Total primary government</b>	<u>\$ 93,971,592</u>	<u>19,830,192</u>	<u>(20,856,141)</u>	<u>92,945,643</u>

**JACKSON COUNTY PORT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

During the fiscal year ended September 30, 2015 depreciation expense was charged as follows:

Governmental activities:	
Terminal operations	\$ <u>5,495,252</u>
Total governmental activities depreciation expense	<u><u>5,495,252</u></u>
Business-type activities:	
Bayou Casotte Water System	1,411,568
Singing River Island	3,293
Industrial Parks	40,642
Other Non-Major Funds	<u>56,437</u>
Total business-type activities depreciation expense	<u><u>\$ 1,511,940</u></u>

As of September 30, 2015, the Port Authority has active construction projects with total expenditures accumulated commitments as follows:

	<b>Spent to September 30, 2015</b>
Signet Maritime River Bulkhead	\$ 153,219
Rail, Wood Pellet	617,054
Phase I of new Distribution Pipeline*	526,061
Phase II of new Distribution Pipeline	71,772
Rehabilitation of Distribution Pipeline	456,208
New Pumps and Equipment for the Chemical Feed Tanks at IWP	120,918
New Filter System at IWP	109,500
Phase I of Embankment Rehabilitation Project	857,746
Phase II of Embankment Rehabilitation Project	<u>53,621</u>
Total	<u><u>\$ 2,966,099</u></u>

\* Phases I and II of the Distribution Pipeline will be capitalized together when total project is complete.

**JACKSON COUNTY PORT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

**Long-Term Liabilities:**

The Port Authority's long-term liabilities are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. Long-term liabilities for the year ended September 30, 2015 is summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental activities:</b>					
Other liabilities:					
Compensated absences	\$ 162,601	11,939	-	174,540	39,194
Net pension liability	<u>3,017,278</u>	<u>769,386</u>	-	<u>3,842,520</u>	-
	<u>3,179,879</u>	<u>781,325</u>	<u>-</u>	4,017,060	<u>39,194</u>
<b>Business-type activities:</b>					
Bonds and notes payable:					
Bonds payable	36,840,000	-	-	36,840,000	-
Less unamortized discount	<u>(135,321)</u>	-	<u>13,532</u>	<u>(121,789)</u>	-
Total bonds and notes payable	<u>36,704,679</u>	-	<u>13,532</u>	<u>36,718,211</u>	-
Other liabilities:					
Compensated absences	52,259	10,319	-	62,578	21,790
Net pension liability	<u>1,837,991</u>	<u>502,701</u>	-	<u>2,340,692</u>	-
	<u>\$ 38,594,929</u>	<u>513,020</u>	<u>13,532</u>	<u>39,121,481</u>	<u>21,790</u>

**JACKSON COUNTY PORT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

At September 30, 2015, bonds and notes payable consisted of the following individual issues:

**Business-type activities:**

**Bonds and notes:**

General obligation bonds, Series 1994 Refunding Bonds, payable in one lump sum, bearing interest at variable rates, interest payable monthly, maturing in 2024, interest and principal secured by Chevron	12,840,000
Special obligation bonds, Series 2009 Special Obligation Bonds, payable in one lump sum, bearing interest at variable rates, interest payable monthly, maturing in 2039, interest and principal secured by Chevron	<u>24,000,000</u>
Total general obligation bonds and notes	<u>36,840,000</u>
Less unamortized discount	<u>(121,789)</u>
Total business-type activities long-term debt due beyond one year	<u><u>\$ 36,718,211</u></u>

Debt service requirements as of September 30, 2015 are as follows:

	<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest*</b>
Amounts due fiscal year ending September 30,		
2016	\$ -	19,046
2017	-	19,046
2018	-	19,046
2019	-	19,046
2020	-	19,046
2021 - 2039	<u>36,840,000</u>	<u>361,874</u>
	<u><u>\$ 36,840,000</u></u>	<u><u>457,104</u></u>

\* Interest is estimated based on rates at September 30, 2015 for both the 1994 Refunding bonds and the 2009 Special Obligation bonds.

**A. General Obligation Bonds**

**Advance Refundings:**

Series 1994 Refunding – During November 1994, \$12,840,000 of General Obligation Bonds were issued to advance refund the Series A and Series B revenue bonds for the Bayou Casotte Water System (an enterprise fund). The bonds are carried on the balance sheet of the fund. The interest rates are variable and subject to change pursuant to a remarketing agreement. Chevron USA, Inc. has guaranteed the payment of principal and interest on these bonds.

Associated with this bond is an unamortized discount arising from the refunding. This discount is being

**JACKSON COUNTY PORT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

amortized over the remaining life of the refunded bonds using the straight-line method. The detail balance of this General Obligation Bond as of September 30, 2015 is as follows:

Bonds Payable	\$ 12,840,000
Unamortized discount	(121,789)
	\$ 12,718,211

**Special Obligation Bonds:**

Series 2009 Special Obligation - During December 2009, \$24,000,000 of Special Obligation Bonds were issued to provide funds to expand and improve the industrial water supply system established by Jackson County and the Port Authority and to provide water to various industries in Jackson County. The bonds are carried on the balance sheet of the Bayou Casotte fund. The interest rates are variable and subject to change pursuant to a remarketing agreement. Chevron USA, Inc. has guaranteed the payment of principal and interest on these bonds. In case of default by Chevron USA, Inc., the Port Authority is responsible for the payment of principal and interest of this debt from water revenues.

**B. Compensated Absences Payable**

Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Port Authority. Employees can only be paid vacation during time actually taken unless at termination, with a maximum limit of 240 hours. Any earned vacation hours in excess of 240 hours is certified and sent to the Public Employees Retirement System (PERS).

Full-time permanent employees are granted sick leave benefits for each month's employment with the Port Authority. Employees can only be paid sick leave for actual time missed due to qualified sick leave absences. Sick leave is not paid upon termination, however, any unused sick time is also certified and sent to PERS.

As of September 30, 2015, the following amounts were recorded as compensated absences payable:

**Business-type activities**

Bayou Casotte Water System	\$ 50,909
Black Creek Cooling Facility	11,669
	62,578

**Governmental activities**

Total government-wide compensated absences payable	237,118
Current portion	60,984
Noncurrent portion	\$ 176,134

**Defined Benefit Pension Plan**

**Plan Description:**

The Jackson County Port Authority contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability

**JACKSON COUNTY PORT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

**Benefits Provided:**

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

**Contributions:**

PERS members are required to contribute 9.00% of their annual covered salary and the Jackson County Port Authority is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

The Jackson County Port Authority's contribution to PERS for the year ended September 30, 2015, 2014, and 2013 were \$436,596, \$416,455, and \$374,747 respectively, which equal to the required contributions for each year.

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

At September 30, 2015, the Port Authority reported a liability of \$6,183,212 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority's

**JACKSON COUNTY PORT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

proportion of the net pension liability was based on a projection of the Port Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Port Authority's proportion was 0.04 percent.

For the year ended September 30, 2015, the Port Authority recognized pension expense of \$591,958. At September 30, 2015, the Port Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ 143,653	-
Changes of assumptions	532,662	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 166,070
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	23,770	-
Port Authority contributions subsequent to the measurement date	<u>122,458</u>	<u>-</u>
Total	<u>\$ 822,543</u>	<u>\$ 166,070</u>

**JACKSON COUNTY PORT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

\$122,458 reported as deferred outflows of resources related to pensions resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended September 30, :**

	2016	\$	181,294
	2017		175,300
	2018		86,974
	2019		90,447
	2020		-
	Thereafter		-
	<b>Total</b>	<b>\$</b>	<b><u>534,015</u></b>

**Actuarial assumptions:**

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75-19.00%, average, including inflation
Investment rate of return	7.75%, net of pension plan investments expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table with Scale BB to 2016, set forward one year for males.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**JACKSON COUNTY PORT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2015

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

<b>Asset class</b>	<b>Target Allocation</b>	<b>Long-term expected real rate of return</b>
U.S. Broad	34.00 %	5.20
International equity	19.00	5.00
Emerging markets equity	8.00	5.45
Fixed income	20.00	0.25
Real assets	10.00	4.00
Private equity	8.00	6.15
Cash	1.00	(0.50)
Total	<u>100.00 %</u>	

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Port Authority's proportionate share of the net pension liability to changes in the discount rate:**

The following table presents the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Port Authority's proportionate share of the net pension liability	\$ 8,150,039	6,183,213	4,551,112

**Pension plan fiduciary net position:**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report

**Component Unit**  
**Jackson-George Regional Library System**

Notes to the Financial Statements  
For the year ended September 30, 2015

**JACKSON-GEORGE REGIONAL LIBRARY SYSTEM**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2015

**CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Library materials	\$ 6,479,118	469,051	-	6,948,169
Furniture and equipment	395,109	7,716	-	402,825
Computer equipment	<u>245,887</u>	<u>62,520</u>	<u>(58,720)</u>	<u>249,687</u>
Total capital assets	<u>7,120,114</u>	<u>539,287</u>	<u>(58,720)</u>	<u>7,600,681</u>
Less accumulated depreciation for:				
Library materials	5,343,019	383,562	-	5,726,581
Furniture and equipment	365,485	10,319	-	375,804
Computer equipment	<u>163,411</u>	<u>30,553</u>	<u>(58,720)</u>	<u>135,244</u>
Total accumulated depreciation	<u>5,871,915</u>	<u>424,434</u>	<u>(58,720)</u>	<u>6,237,629</u>
Total capital assets, net	<u>\$ 1,248,199</u>	<u>114,853</u>	<u>-</u>	<u>1,363,052</u>

Depreciation expense was charged to programs for the year ended September 30, 2015, as follows:

<b>Governmental activities:</b>	
General government	\$ <u>424,434</u>
Total current year depreciation expense	\$ <u><u>424,434</u></u>

**LONG-TERM LIABILITIES**

Long-term liability activity for the year ended September 30, 2015, is shown as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amount due within one year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 150,800	2	-	150,802	75,401
Net Pension Liability	<u>4,937,702</u>	<u>-</u>	<u>(753,675)</u>	<u>4,184,027</u>	<u>-</u>
Total government activities long-term liabilities	<u>\$ 5,088,502</u>	<u>2</u>	<u>(753,675)</u>	<u>4,334,829</u>	<u>75,401</u>

**JACKSON-GEORGE REGIONAL LIBRARY SYSTEM**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2015

**PENSION PLAN**

**Plan Description:**

The Jackson-George Regional Library System contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

**Benefits Provided:**

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

**JACKSON-GEORGE REGIONAL LIBRARY SYSTEM**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2015

**Contributions:**

PERS members are required to contribute 9.00% of their annual covered salary and the Jackson-George Regional Library System is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

The Jackson-George Regional Library System's contribution to PERS for the year ended September 30, 2015, 2014, and 2013 was \$323,543, \$323,843, and \$321,292 respectively, which equal to the required contributions for each year.

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

At September 30, 2015, the Library System reported a liability of \$4,184,027 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library System's proportion of the net pension liability was based on a projection of the Library System's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Library System's proportion was 0.03447 percent, which was a decrease of 0.001166 percent from its proportion measured as of December 31, 2013.

For the year ended September 30, 2015, the Library System recognized pension expense of \$238,111. At September 30, 2015, the Library System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ 65,270	-
Net difference between projected and actual earnings on pension plan investments	-	606,506
Changes in proportion and differences between Library System contributions and proportionate share of contributions	-	118,930
Library system contributions subsequent to the measurement date	<u>402,149</u>	<u>-</u>
Total	<u>\$ 467,419</u>	<u>725,436</u>

**JACKSON-GEORGE REGIONAL LIBRARY SYSTEM**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2015

\$402,149 reported as deferred outflows of resources related to pensions resulting from Library System contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended September 30,**

	2016	\$ (170,929)
	2017	(170,929)
	2018	(166,682)
	2019	(151,626)
	2020	-
	Thereafter	-
	<b>Total</b>	<u>\$ (660,166)</u>

**Actuarial assumptions:**

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.25-19.50%, average, including inflation
Investment rate of return	8.00%, net of pension plan investments expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table with Scale AA to 2025, set forward two years for males.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**JACKSON-GEORGE REGIONAL LIBRARY SYSTEM**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2015

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return
U.S. Broad	34.00 %	5.20
International equity	19.00	5.00
Emerging markets equity	8.00	5.45
Fixed income	20.00	0.25
Real assets	10.00	4.00
Private equity	8.00	6.15
Cash	1.00	(0.50)
Total	<u>100.00 %</u>	

**Discount Rate:**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Library System's proportionate share of the net pension liability to changes in the discount rate:**

The following presents the Library System's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Library System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Library System's proportionate share of the net pension liability	\$ 5,704,076	4,184,027	2,916,080

**Pension plan fiduciary net position:**

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

REQUIRED SUPPLEMENTARY INFORMATION

**Jackson County, Mississippi**

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

General Fund

For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Property taxes	\$ 51,136,597	\$ 51,684,758	\$ 51,662,456	\$ (22,302)
Licenses, commissions and other revenue	1,889,300	2,221,014	2,221,014	-
Fines and forfeitures	1,405,500	1,400,030	1,400,030	-
Intergovernmental revenues	4,362,514	4,600,856	4,600,856	-
Charges for services	568,000	862,716	862,716	-
Interest income	162,800	399,247	397,564	(1,683)
Miscellaneous revenues	993,371	3,099,939	3,077,192	(22,747)
<b>Total Revenues</b>	<u>60,518,082</u>	<u>64,268,560</u>	<u>64,221,828</u>	<u>(46,732)</u>
<b>Expenditures by Major Budgetary Function</b>				
General government	30,737,713	27,989,019	27,989,019	-
Public safety	20,627,860	16,265,857	16,265,857	-
Public works	3,794,424	2,421,839	2,421,839	-
Health and welfare	2,846,813	2,578,269	2,578,269	-
Culture and recreation	4,178,262	4,157,966	4,157,966	-
Education	350,000	350,115	350,115	-
Conservation of natural resources	345,663	324,590	324,590	-
Economic development and assistance	1,863,465	1,812,436	1,812,436	-
Debt service:				
Principal	-	2,101,908	2,101,908	-
Interest	-	188,748	188,748	-
<b>Total Expenditures</b>	<u>64,744,200</u>	<u>58,190,747</u>	<u>58,190,747</u>	<u>-</u>
 Excess of Revenues Over (Under) Expenditures	 <u>(4,226,118)</u>	 <u>6,077,813</u>	 <u>6,031,081</u>	 <u>(46,732)</u>
<b>Other Financing Sources (Uses)</b>				
Other financing sources	401,600	296,755	296,755	-
Other financing uses	(497,000)	(2,886,642)	(2,886,642)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(95,400)</u>	<u>(2,589,887)</u>	<u>(2,589,887)</u>	<u>-</u>
 Net Change in Fund Balance	 (4,321,518)	 3,487,926	 3,441,194	 (46,732)
 Fund Balances - Beginning	 <u>20,436,896</u>	 <u>30,419,950</u>	 <u>30,419,950</u>	 <u>-</u>
 Fund Balances - Ending	 <u>\$ 16,115,378</u>	 <u>\$ 33,907,876</u>	 <u>\$ 33,861,144</u>	 <u>\$ (46,732)</u>

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

**Jackson County, Mississippi**

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

Road Fund

For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Property taxes	\$ 17,409,332	\$ 15,801,306	\$ 15,801,306	\$ -
Road and bridge privilege taxes	-	2,247,894	2,247,894	-
Intergovernmental revenues	969,000	5,317,806	5,317,806	-
Interest income	-	39,500	39,500	-
Miscellaneous revenues	-	316,489	316,489	-
Total Revenues	<u>18,378,332</u>	<u>23,722,995</u>	<u>23,722,995</u>	<u>-</u>
<b>Expenditures by Major Budgetary Function</b>				
Public works	21,045,773	21,808,831	21,808,831	-
Debt service:				
Principal	1,706,210	-	-	-
Interest	21,745	-	-	-
Bond issue costs	-	-	-	-
Total Expenditures	<u>22,773,728</u>	<u>21,808,831</u>	<u>21,808,831</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,395,396)</u>	<u>1,914,164</u>	<u>1,914,164</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Other financing sources	1,675,000	1,473,130	1,473,130	-
Transfers out	-	(1,727,955)	(1,727,955)	-
Total Other Financing Sources (Uses)	<u>1,675,000</u>	<u>(254,825)</u>	<u>(254,825)</u>	<u>-</u>
Net Change in Fund Balance	(2,720,396)	1,659,339	1,659,339	-
Fund Balances - Beginning	<u>(13,551,964)</u>	<u>6,813,134</u>	<u>6,813,134</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (16,272,360)</u>	<u>\$ 8,472,473</u>	<u>\$ 8,472,473</u>	<u>\$ -</u>

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

**Jackson County, Mississippi**

Schedule of Funding Progress – Other Postemployment Benefits

September 30, 2015

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (b - a)</b>	<b>Percent Funded (a ÷ b)</b>	<b>Annual Covered Payroll (ACR) (c)</b>	<b>Unfunded AAL as a Percentage of ACR [(b-a) ÷ c]</b>
1-Oct-15	\$ -	\$ 1,857,971	\$ 1,857,971	0.00%	\$ 24,526,365	7.60%
1-Oct-13	-	2,506,124	2,506,124	0.00%	24,326,330	10.30%
1-Oct-13	-	2,210,652	2,210,652	0.00%	23,849,343	9.30%

**Jackson County, Mississippi**

Schedule of the County's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years\*

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) \$	72,939,942	57,499,113
County's proportionate share of the net pension liability (asset)	0.471858%	0.473705%
County's covered - employee payroll	29,668,463	28,979,314
County's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	245.85%	198.41%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

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

\* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However GASB 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

**Jackson County, Mississippi**  
 Schedule of the County's Contributions  
 PERS  
 Last 10 Fiscal Years\*

	2015	2014
Contractually required contribution	\$ <u>4,672,783</u>	<u>4,374,610</u>
Contributions in relation to the contractually required contribution	4,672,783	4,374,610
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>
County's covered - employee payroll	29,668,463	27,775,302
Contributions as a percentage of covered - employee payroll	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

## **Jackson County, Mississippi**

Notes to the Required Supplementary Information  
For the year ended September 30, 2015

### Budgetary Comparison Schedules

#### 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).

## Jackson County, Mississippi

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2015

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Road Fund</u>
Budget (Cash Basis)	\$ 3,441,194	1,659,339
Increase (Decrease)		
Net adjustments for revenue accruals	195,451	10,125
Net adjustments for expenditure accruals	(2,398,114)	(134,845)
GAAP Basis	<u>\$ 1,238,531</u>	<u>1,534,619</u>

### Pension Schedules

A. Change in benefit terms.

None.

B. Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2015 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

COMPONENT UNIT  
REQUIRED SUPPLEMENTARY INFORMATION

West Jackson County Utility District

**West Jackson County Utility District**  
**(A Component Unit of Jackson County, Mississippi)**  
Schedule of the District's Proportionate Share of the Net Pension Liability  
**PERS**  
Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	\$ 2,098,864	\$ 2,749,674
District's proportionate share of the net pension liability	0.017291%	0.017788%
District's covered – employee payroll	1,008,876	1,050,351
District's proportionate share of the net pension liability as a percentage of its covered – employee payroll	208.03%	261.79%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.70%

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

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**West Jackson County Utility District**  
**(A Component Unit of Jackson County, Mississippi)**  
Schedule of the District's Contributions  
PERS  
Last 10 Fiscal Years

	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 158,898	\$ 165,430
Contributions in relation to the contractually required contribution	<u>158,898</u>	<u>165,430</u>
Contribution deficiency (excess)	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>
District's covered – employee payroll	1,008,876	1,050,351
Contributions as a percentage of covered – employee payroll	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**West Jackson County Utility District**  
**(A Component Unit of Jackson County, Mississippi)**  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2015

**Pension Schedules**

- (1) Changes of benefit terms

None

- (2) Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

- (3) Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2015 Employer contributions are developed from 2013 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	32.2 years
Asset valuation method	5-year smoothed market
Price inflation	3.50 percent
Salary increase	4.25 percent to 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

COMPONENT UNIT  
REQUIRED SUPPLEMENTARY INFORMATION  
Jackson County Emergency Communications District

**JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY\***

Public Employees Retirement System of Mississippi  
 Last 10 Fiscal Years (Only 1 Year Shown)\*\*

	<b>2015</b>
District's proportion of the net pension liability (asset)	0.001900 %
District's proportionate share of the net pension liability (asset)	\$ 230,625
District's covered-employee payroll	\$ 116,001
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	198.81 %
Plan fiduciary net position as a percentage of the total pension liability	67.21 %

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the prior year to the fiscal year presented.

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS\***  
 Public Employees Retirement System of Mississippi  
 Last 10 Fiscal Years (Only 1 Year Shown)\*\*

	<b>2015</b>
Contractually required contribution	\$ 18,270
Contributions in relation to the contractually required contribution	(18,270)
Contribution deficiency (excess)	\$ -
 District's covered-employee payroll	\$ 116,001
 Contributions as a percentage of covered-employee payroll	15.75 %

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the prior year to the fiscal year presented.

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended September 30, 2015

**NOTE 1. PENSION SCHEDULES**

**A. Changes of Benefit Terms**

None.

**B. Changes of Assumptions**

None.

COMPONENT UNIT  
REQUIRED SUPPLEMENTARY INFORMATION

Jackson County Port Authority

SCHEDULE OF PORT AUTHORITY'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY\*  
Public Employees Retirement System of Mississippi  
Last 10 Fiscal Years (Only 2 Years Shown)\*\*

	<u>2015</u>	<u>2014</u>
Port Authority's proportion of the net pension liability (asset)	0.040 %	0.040 %
Port Authority's proportionate share of the net pension liability (asset) \$	6,183,212	4,855,268
Port Authority's covered-employee payroll \$	2,705,372	2,603,053
Port Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	228.55 %	186.52 %
Plan fiduciary net position as a percentage of the total pension liability	61.70 %	67.21 %

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the prior year to the fiscal year presented.

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

SCHEDULE OF PORT AUTHORITY CONTRIBUTIONS\*  
Public Employees Retirement System of Mississippi  
Last 10 Fiscal Years (Only 2 Years Shown)\*\*

	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 426,096	409,981
Contributions in relation to the contractually required contribution	(426,096)	(409,981)
Contribution deficiency (excess)	\$ -	-
Port Authority's covered-employee payroll	\$ 2,705,372	2,603,053
Contributions as a percentage of covered-employee payroll	15.75 %	15.75 %

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the prior year to the fiscal year presented.

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**JACKSON COUNTY PORT AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended September 30, 2015

**NOTE 1. PENSION SCHEDULES**

**A.Changes of Benefit Terms**

None.

**B.Changes of Assumptions**

- ◆ Inflation decreased from 3.50% to 3.00%
- ◆ Salary changed from 4.25 - 19.50%, average, including inflation to 3.75 - 19.00%
- ◆ Investment rate of return decreased from 8.00%, net of pension plan investment expense, including inflation to 7.75%

COMPONENT UNIT  
REQUIRED SUPPLEMENTARY INFORMATION

Jackson-George Regional Library System

**JACKSON-GEORGE REGIONAL LIBRARY SYSTEM**  
**SCHEDULE OF LIBRARY SYSTEM'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY\***  
Public Employees Retirement System of Mississippi  
Last 10 Fiscal Years (Only 1 Year Shown)\*\*

	<b>2015</b>
Library System's proportion of the net pension liability (asset)	0.034470 %
Library System's proportionate share of the net pension liability (asset)	\$ 4,184,027
Library System's covered-employee payroll	\$ 2,052,633
Library System's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	203.84 %
Plan fiduciary net position as a percentage of the total pension liability	67.21 %

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the prior year to the fiscal year presented.

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**JACKSON-GEORGE REGIONAL LIBRARY SYSTEM**  
**SCHEDULE OF LIBRARY SYSTEM CONTRIBUTIONS\***  
Public Employees Retirement System of Mississippi  
Last 10 Fiscal Years (Only 1 Year Shown)\*\*

	<b>2015</b>
Contractually required contribution	\$ 323,543
Contributions in relation to the contractually required contribution	(323,543)
Contribution deficiency (excess)	-
 Library System's covered-employee payroll	\$ 2,052,633
 Contributions as a percentage of covered-employee payroll	15.76 %

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the prior year to the fiscal year presented.

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**JACKSON-GEORGE REGIONAL LIBRARY SYSTEM**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended September 30, 2015

**NOTE 1. PENSION SCHEDULES**

**A. Changes of Benefit Terms**

None.

**B. Changes of Assumptions**

None.

## SUPPLEMENTARY INFORMATION

**Jackson County, Mississippi**  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U. S. Department of Agriculture			
Passed-through the Mississippi Department of Education			
Child Nutrition Cluster - School Breakfast Program	10.553	N/A	\$ 6,212
Child Nutrition Cluster - National School Lunch Program	10.555	N/A	<u>9,805</u>
			<u>16,017</u>
Passed-through the Mississippi State Treasurer's Office			
Schools and Roads - Grants to States	10.665	N/A	<u>34,486</u>
U. S. Department of Housing and Urban Development			
Passed-through the Mississippi Development Authority			
Community Development Block Grants/State's Program* (Note C)	14.228	R-103-030-05-KED	4,822,317
Community Development Block Grants/State's Program* (Note C)	14.228	R-103-030-08-KED	866,170
Community Development Block Grants/State's Program* (Note C)	14.228	R-103-030-09-KED	2,012,088
Community Development Block Grants/State's Program*	14.228	R-103-030-10-KED	<u>12,968</u>
			<u>7,713,543</u>
U. S. Department of Interior			
Office of Natural Resources			
Gulf of Mexico Energy Security Act of 2006 (Direct Award)	15.435	N/A	<u>9,253</u>
Fish and Wildlife Service / Sport Fish Restoration Program			
National Wildlife Refuge Fund (Direct Award)	15.659	N/A	<u>36,793</u>
Passed-through the Mississippi Department of Marine Resources			
Coastal Impact Assistance Program (Note B)	15.668	MS-30.703	113,012
Coastal Impact Assistance Program (Note B)	15.668	MS-30.704	20,191
Coastal Impact Assistance Program (Note B)	15.668	MS-30.705	88,687
Coastal Impact Assistance Program (Note B)	15.668	MS-30.706	130,390
Coastal Impact Assistance Program (Note B)	15.668	MS-30.712	1,357,486
Coastal Impact Assistance Program (Note B)	15.668	MS-30.713	618,886
Coastal Impact Assistance Program	15.668	MS-30.716	539,419
Coastal Impact Assistance Program	15.668	MS-30.719	<u>88,107</u>
			<u>2,956,178</u>
U. S. Department of Justice			
Passed through the MS Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14DC1301	<u>32,536</u>
U. S. Department of Transportation			
Federal Aviation Administration			
Airport Improvement Program (Direct Award)	20.106	3-28-0101-030-2014	201,308
Airport Improvement Program (Direct Award)	20.106	3-28-0101-031-2015	<u>37,602</u>
			<u>238,910</u>
Federal Highway Administration			
Passed through the MS Department of Transportation			
Highway Planning and Construction* (Note D)	20.205	MS134-030(1)B	4,012,412
Highway Planning and Construction*	20.205	STP-9068-00(001)	5,717
Highway Planning and Construction*	20.205	STP-9065(2)B	13,562
Highway Planning and Construction*	20.205	STP-9186-00(003)	39,733
Highway Planning and Construction*	20.205	STP-BR-9191(1)B	41,400
Highway Planning and Construction*	20.205	BR-0116(14)B	52,073
Highway Planning and Construction*	20.205	N/A	33,380
Highway Planning and Construction*	20.205	STP-9064-00(011)	36,552
Highway Planning and Construction*	20.205	STP-1127-00(004)	15,629
Highway Planning and Construction*	20.205	TCSP9129/49	<u>20,948</u>
			<u>4,271,406</u>

**Jackson County, Mississippi**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
National Highway Traffic Safety Administration Passed-through the Mississippi Department of Public Safety/ Division of Public Safety Planning			
Occupant Protection Grant	20.616	15-OP-130-1	2,591
Occupant Protection Grant	20.616	15-ST-130-1	<u>13,414</u>
			<u>16,005</u>
Passed-through the Mississippi Emergency Management Agency Hazardous Materials Emergency Preparedness Grant	20.703	15HMEP	<u>4,674</u>
U. S. Environmental Protection Agency Special Water Infrastructure Project (Direct Award)	66.202	XP984459-98-0	<u>2,473,031</u>
U. S. Department of Homeland Security Passed through the MS Emergency Management Agency			
Disaster Grants - Public Assistance	97.036	1604-DR-MS	1,067
Disaster Grants - Public Assistance	97.036	4081-DR-MS	<u>2,756,490</u>
			<u>2,757,557</u>
Hazard Mitigation Grant	97.039	1604-0204	82,688
Emergency Management Performance Grant	97.042	13EMPG-SP	1,420
Emergency Management Performance Grant	97.042	15EMPG	<u>90,424</u>
			<u>91,844</u>
Total Expenditures of Federal Awards			<u>\$ 20,734,921</u>

\* Denotes major federal award program.

**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.

Note B - Coastal Impact Assistance Program

Of the federal expenditures presented in the schedule, the county provided federal awards totaling \$2,328,652 to subrecipients during the year ended September 30, 2015.

Note C - Community Development Block Grants/State's Program

Of the federal expenditures presented in the schedule, the county provided federal awards totaling \$5,773,852 to subrecipients during the year ended September 30, 2015.

Note D - Highway Planning and Construction

Of the federal expenditures presented in the schedule, the county provided federal awards totaling \$4,012,412 to subrecipients during the year ended September 30, 2015.

**Jackson County, Mississippi**

Component Units - Combining Statement of Net Position  
September 30, 2015

	Singing River Health/Mental Retardation Services	Singing River Health System	West Jackson County Utility District	Jackson County Emergency Communications District	Jackson County Port Authority	Jackson-George Regional Library System	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 2,034,554	\$ 45,033,845	\$ 2,209,486	\$ 1,207,726	\$ 10,870,940	\$ 1,260,386	\$ 62,616,937
Restricted assets - cash		2,774,860	4,825,939		17,064,830		24,665,629
Deposits	30						30
Grants receivable	175,563						175,563
Receivables, net of allowance	404,420	33,713,001	858,676	218,768	3,333,904	123,581	38,652,350
Other receivables		2,014,681					2,014,681
Due from third-party payors		1,991,273					1,991,273
Inventories and prepaid items	169,903	6,393,546	176,437	134,198	764,055	101,473	7,739,612
Trusteed bond funds		10,486,958					10,486,958
Held by trustees for self-insurance funding		2,510,332					2,510,332
Land and construction in progress	10,000	11,128,994	846,535		9,074,019		21,059,548
Other capital assets, net of depreciation	1,988,998	174,576,106	39,152,745	1,585,261	83,871,624	1,363,052	302,537,786
Other assets		1,180,777					1,180,777
Total Assets	4,783,468	291,804,373	48,069,818	3,145,953	124,979,372	2,848,492	475,631,476
<b>Deferred Outflows of Resources</b>							
Deferred outflows related to pension		22,437,089	300,757	37,202	822,543	467,419	24,065,010
Deferred amount on refunding		2,961,005					2,961,005
Total Deferred Outflows of Resources		25,398,094	300,757	37,202	822,543	467,419	27,026,015
<b>Liabilities</b>							
Accounts payable	40,214	14,695,131	386,629	60,430	2,873,894	97,313	18,153,611
Payroll liabilities	116,087	18,832,229					18,948,316
Accrued liabilities	314,281	1,137,027	192,507			267	1,644,082
Accrued interest payable				1,929			1,929
Unearned revenues					10,527,233		10,527,233
Customer deposits			488,878				488,878
Long-term liabilities							
Due within one year:							
Capital debt		1,360,225		423,389			1,783,614
Non-capital debt	222,499	7,252,960	1,242,773		60,984	75,401	8,854,617
Due in more than one year:							
Capital debt		1,135,077	31,962,156	1,017,701			34,114,934
Non-capital debt		112,076,211		26,402	36,894,345	75,401	149,072,359
Net pension liability		304,455,301	2,643,734	230,625	6,183,212	4,184,027	317,696,899
Total Liabilities	693,081	460,944,161	36,916,677	1,760,476	56,539,668	4,432,409	561,286,472
<b>Deferred Inflows of Resources</b>							
Deferred inflows related to pension			73,852	33,431	166,070	725,436	998,789
Total Deferred Inflows of Resources			73,852	33,431	166,070	725,436	998,789
<b>Net Position</b>							
Net investment in capital assets	1,776,499	88,849,947	6,794,351	144,171	56,227,432	1,363,052	155,155,452
Restricted for:							
Debt service		13,261,818			1,352		13,263,170
Capital projects					407,157		407,157
Equipment replacement					923,762		923,762
Minority interest in blended component unit		869,840					869,840
Harbor maintenance					6,376,244		6,376,244
Other purposes			4,825,939		4,227		4,830,166
Unrestricted	2,313,888	(246,723,299)	(240,244)	1,245,077	5,156,003	(3,204,986)	(241,453,561)
Total Net Position	\$ 4,090,387	\$ (143,741,694)	\$ 11,380,046	\$ 1,389,248	\$ 69,096,177	\$ (1,841,934)	\$ (59,627,770)

**Jackson County, Mississippi**  
Statement of Revenues, Expenses, and Changes  
in Net Position - Component Units  
September 30, 2015

	Singing River Health/Mental Retardation Services	Singing River Health System	West Jackson County Utility District	Jackson County Emergency Communications District	Jackson County Port Authority	Jackson-George Regional Library System	Total
<b>Operating Revenues</b>							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 12,483,943	\$ 248,225	\$ 12,732,168
Clients fees and work activity fees	58,509						58,509
Connection fees			268,308				268,308
County revenue	453,000						453,000
Government grants	1,436,029						1,436,029
Grants and contributions					5,408,783	856,086	6,264,869
Medicaid	5,004,531						5,004,531
Other grants	126,731						126,731
Other revenues		15,239,120	248,779				15,487,899
Patient services revenues		336,685,603					336,685,603
Sales to customers			7,559,611				7,559,611
Self pay and third party reimbursement	494,492						494,492
Surcharges				1,554,614			1,554,614
<b>Total Operating Revenues</b>	<b>7,573,292</b>	<b>351,924,723</b>	<b>8,076,698</b>	<b>1,554,614</b>	<b>17,892,726</b>	<b>1,104,311</b>	<b>388,126,364</b>
<b>Operating Expenses</b>							
Acquisition						229,911	229,911
Administrative and general			707,810			1,170,804	1,878,614
Bayou Casotte					5,381,803		5,381,803
Black Creek					531,919		531,919
Client fee waiver	263,021						263,021
Commodities	507,097						507,097
Contractual services	1,559,187						1,559,187
Delivery						50,183	50,183
Depreciation and amortization	146,956	24,517,262	1,763,067	475,569			26,902,854
East Central						244,436	244,436
Employee benefits		(35,931,074)					(35,931,074)
Gautier						215,638	215,638
George County						181,675	181,675
Grants						20,310	20,310
Insurance				45,422			45,422
Industrial parks					139,931		139,931
Law library						80,730	80,730
Maintenance and operation			2,404,222	221,169			2,625,391
Mitigation						46,129	46,129
Moss Point						279,860	279,860
Ocean Springs						372,324	372,324
Other expenses		37,254,090					37,254,090
Pascagoula						531,339	531,339
Personnel costs	4,933,110						4,933,110
Port operations					12,754,433		12,754,433
Professional fees		11,039,444		39,667			11,079,111
Purchased services		44,103,034					44,103,034
Salaries and wages		133,325,340		222,226			133,547,566
Singing River Island					1,372,659		1,372,659
St. Martin						251,322	251,322
Supplies		71,391,958		147,407			71,539,365
Technology						297,421	297,421
Training						56,670	56,670
Travel	108,706						108,706
Treatment and collection fees			2,214,362				2,214,362
Utilities and telephone				425,876			425,876
Vanleave						242,872	242,872
Youth services						42,562	42,562
<b>Total Operating Expenses</b>	<b>7,518,077</b>	<b>285,700,054</b>	<b>7,089,461</b>	<b>1,577,336</b>	<b>20,180,745</b>	<b>4,314,186</b>	<b>326,379,859</b>
<b>Operating Income (Loss)</b>	<b>55,215</b>	<b>66,224,669</b>	<b>987,237</b>	<b>(22,722)</b>	<b>(2,288,019)</b>	<b>(3,209,875)</b>	<b>61,746,505</b>
<b>Non-Operating Revenues (Expenses)</b>							
Ad valorem taxes			291,508				291,508
Distributions to minority interest		(910,028)					(910,028)
Gain (loss) on disposal of assets	(2,662)	13,250	2,052				12,640
Interest and investment income (expense)	8,085	(4,663,934)	(1,173,470)	(63,506)	67,561	7,279	(5,817,985)
Jackson County						2,823,048	2,823,048
Miscellaneous income						13,476	13,476
State health grant						268,068	268,068
State life grant						3,353	3,353
State personnel grant						246,896	246,896
Transfer (to) from other governments					2,106,453		2,106,453
<b>Total Non-Operating Revenues (Expenses)</b>	<b>5,423</b>	<b>(5,560,712)</b>	<b>(879,910)</b>	<b>(63,506)</b>	<b>2,174,014</b>	<b>3,362,120</b>	<b>(962,571)</b>
<b>Change in Net Position</b>	<b>60,638</b>	<b>60,663,957</b>	<b>107,327</b>	<b>(86,228)</b>	<b>(114,005)</b>	<b>152,245</b>	<b>60,783,934</b>
Net Position - Beginning, as previously reported	4,029,749	(204,405,651)	13,604,047	1,702,362	74,581,557	2,533,297	(107,954,639)
Prior Period Adjustment			(2,331,328)	(226,886)	(5,371,375)	(4,527,476)	(12,457,065)
Net Position - Beginning, as restated	4,029,749	(204,405,651)	11,272,719	1,475,476	69,210,182	(1,994,179)	(120,411,704)
Net Position - Ending	\$ 4,090,387	\$ (143,741,694)	\$ 11,380,046	\$ 1,389,248	\$ 69,096,177	\$ (1,841,934)	\$ (59,627,770)

## OTHER INFORMATION

**Jackson County, Mississippi**

Schedule of Surety Bonds for County Officials  
 For the Year Ended September 30, 2015  
 UNAUDITED

Name	Position	Company	Bond
Barry Cumbest	Supervisor District 1	State Farm	\$100,000
Melton Harris, Sr.	Supervisor District 2	State Farm	\$100,000
Mike Mangum	Supervisor District 3	Travelers	\$100,000
Troy Ross	Supervisor District 4	Travelers	\$100,000
John McKay	Supervisor District 5	Travelers	\$100,000
Brian Fulton	County Administrator	Old Republic	\$100,000
Terry Miller	Chancery Clerk	Travelers	\$100,000
Cindy Steen	Purchase Clerk	Travelers	\$75,000
Susanne Samples	Assistant Purchase Clerk	Old Republic	\$50,000
Meleana Overstreet	Receiving Clerk	Old Republic	\$75,000
Belinda Y. Lamey	Assistant Receiving Clerk	Old Republic	\$50,000
Nancy M. Anglada	Inventory Control Clerk	Travelers	\$75,000
Diana Dixon	Assistant Inventory Control Clerk	Travelers	\$50,000
Joe O'Neal	Road Manager	Old Republic	\$50,000
Ty Thompson	Constable	Travelers	\$50,000
Donald E. Moffett	Constable	Travelers	\$50,000
K. Shane Langfitt	Constable	Travelers	\$50,000
Kerry B. Fountain	Constable	Travelers	\$50,000
Joe W. Martin, Jr.	Circuit Clerk	Travelers	\$100,000
Walter M. Ezell	Sheriff	Travelers	\$100,000
	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Western Surety	\$50,000
Kerry B. Fountain	Justice Court Judge	Travelers	\$50,000
Gerald Wayne Jones	Justice Court Judge	Travelers	\$50,000
Ennis Millender, Sr.	Justice Court Judge	Travelers	\$50,000
Jason Thornton	Justice Court Judge	Travelers	\$50,000
David McVeay	Justice Court Judge	Travelers	\$50,000
Lisa B. Fairley	Justice Court Clerk	Travelers	\$100,000
Sherri Lynette White	Deputy Justice Court Clerk	Travelers	\$50,000
Lizzie M. Worthy	Deputy Justice Court Clerk	Travelers	\$50,000
Cynthia A. Wilkerson	Deputy Justice Court Clerk	Travelers	\$50,000
Julia A. Peterson	Deputy Justice Court Clerk	Travelers	\$50,000
Theresa J. Wooten	Deputy Justice Court Clerk	Travelers	\$50,000
Shelia Cochran-Broome	Deputy Justice Court Clerk	Travelers	\$50,000
Patricia A. Vaughn	Deputy Justice Court Clerk	Travelers	\$50,000
Marsha S. Moore	Deputy Justice Court Clerk	Travelers	\$50,000
Marilynn Miller-Evans	Deputy Justice Court Clerk	Travelers	\$50,000
Joe Tucker	Tax Collector	Travelers	\$100,000
Benny Goff	Tax Assessor	Travelers	\$50,000
Jenna N. Pitts	Deputy Tax Assessor	Travelers	\$50,000
Mary Ann Fontenot	Deputy Tax Assessor	Travelers	\$50,000
Jessica K. Ferguson	Deputy Tax Assessor	Travelers	\$50,000
Janice Sharp	Deputy Tax Collector	Old Republic	\$50,000
Crystal G. Ables	Deputy Tax Collector	Travelers	\$50,000
Teresa J. White	Deputy Tax Collector	Travelers	\$50,000
Nancy K. Scott	Deputy Tax Collector	Travelers	\$50,000
Mary A. Rogers	Deputy Tax Collector	Travelers	\$50,000
Stephanie Chambers	Deputy Tax Collector	Western Surety	\$50,000
Ora P. Mounds	Deputy Tax Collector	Travelers	\$50,000
Mary S. Johnson	Deputy Tax Collector	Travelers	\$50,000
Angela E. Guy	Deputy Tax Collector	Travelers	\$50,000
Carey L. Crosby	Deputy Tax Collector	Travelers	\$50,000
Lequetta M. Cooley	Deputy Tax Collector	Travelers	\$50,000
Deborah O. Broome	Deputy Tax Collector	Travelers	\$50,000
Karen T. Brewer	Deputy Tax Collector	Travelers	\$50,000
Jessica D. Alexander	Deputy Tax Collector	Travelers	\$50,000
Sylvia J. Crawley	Deputy Tax Collector	Travelers	\$50,000
Bebe A. Sutherland	Deputy Tax Collector	Travelers	\$50,000

## 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 FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors  
Jackson County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 23, 2016. Our report includes a reference to other auditors who audited the financial statements of Singing River Health / Mental Retardation Services, Jackson County Port Authority, Singing River Health System, West Jackson County Utility District, Jackson County Emergency Communications District and Jackson-George Regional Library System, as described in our report on the Jackson County, Mississippi financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jackson County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### **Purpose of this Report**

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

Fortenberry & Ballard, PC

Fortenberry & Ballard PC  
September 23, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
AS REQUIRED BY OMB CIRCULAR A-133

Members of the Board of Supervisors  
Jackson County, Mississippi

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

We have audited Jackson 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, 2015. Jackson 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.

Jackson County's basic financial statements include the operations of the Jackson County Port Authority and Singing River Mental Health/Mental Retardation Services, which received \$2,981,250 and \$580,215, respectively, in federal awards which is not included in the schedule during the year ended September 30, 2015. Our audit, described below, did not include the operations of the Port Authority or the Singing River Mental Health/Mental Retardation Services because these component units engaged other auditors to perform an audit in accordance with Circular A-133.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Jackson County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Jackson County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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## Opinion on Each Major Federal Program

In our opinion, Jackson County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

## Report on Internal Control Over Compliance

Management of Jackson County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Jackson County, Mississippi's internal control over compliance.

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
September 23, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors  
Jackson County, Mississippi

We have examined Jackson 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, 2015. The Board of Supervisors of Jackson County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Jackson 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, Jackson County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

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This report is intended for use in evaluating Jackson County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
September 23, 2016

Certified Public Accountants

**Jackson County, Mississippi**Schedule of Purchases From Other than the Lowest Bidder  
For the Year Ended September 30, 2015**Schedule 1**

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
10/16/2014	Hydraulic Excavator with long under carriage and hydraulic Thumb.	\$ 246,829	Puckett Machinery	\$ 226,000	Low bidder did not meet specifications.
3/2/2015	Wheel Loader	\$ 179,552	Lyle Machinery		Only bidder to meet specifications.

**Jackson County, Mississippi**  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2015

**Schedule 2**

Our test results did not identify any emergency purchases.

**Jackson County, Mississippi****Schedule 3**

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2015

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
11/4/2014	Chiller #2 repairs	\$ 9,269	Johnson Controls
1/5/2015	Chiller #1 repairs	\$ 10,070	Johnson Controls
8/17/2015	Air Traffic Control Tower Recording System	\$ 16,930	Robinson Aviation (RVA), Inc.

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL  
AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Jackson County, Mississippi

In planning and performing our audit of the financial statements of Jackson County, Mississippi for the year ended September 30, 2015, we considered Jackson 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 Jackson 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 September 23, 2016, on the financial statements of Jackson County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the 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.

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  
September 23, 2016

Certified Public Accountants

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Jackson County, Mississippi

### Schedule of Findings and Question Costs For the Year Ended September 30, 2015

#### Section I: Summary of Auditor's Results

##### Financial Statements:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
  - a. Material weakness identified? No.
  - b. Significant deficiency identified? None reported.
3. Noncompliance material to financial statements noted? No.

##### Federal Awards:

4. Internal control over major federal programs:
  - a. Material weakness identified? No.
  - b. Significant deficiency identified? None reported.
5. Type of auditor's report issued on compliance for major federal programs: Unmodified.
6. Any audit findings disclosed that are required to be reported in accordance with Section \_\_\_\_\_.510(a) of OMB Circular A-133? No.
7. Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction Program

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

## Section II: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

## Section III: Federal Award Findings and Questioned Costs

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