

**Jasper County, Mississippi**  
Audited Financial Statements  
and Special Reports  
For the Year Ended  
September 30, 2016

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

**Jasper County, Mississippi**  
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## FINANCIAL REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Jasper County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jasper County, Mississippi (the County) as of and for the year ended September 30, 2016, 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.

**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 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.

### **Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit**

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component unit has not been determined.

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of Jasper County, Mississippi, as of September 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified Opinion on the Governmental Activities**

As discussed in Note 1 (I) to the financial statements, the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets and accordingly, has not recorded the appropriate depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that adequate records must be maintained to document the existence, completeness and valuation of capital assets including the County's infrastructure, and also that the depreciation on capital assets, including infrastructure, be adequately documented. The amount by which this departure would affect the assets and expenses on the governmental activities is not reasonably determinable.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Jasper County, Mississippi, as of September 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Jasper County, Mississippi, as of September 30, 2016, 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.

## **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 and the Schedule of the County's Contributions and corresponding notes, 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 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.

### *Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2020, on our consideration of the Jasper 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 Jasper County, Mississippi's internal control over financial reporting and compliance.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
July 22, 2020

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Jasper County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016

## **INTRODUCTION**

The following discussion and analysis of Jasper County, Mississippi's financial performance provides an overview of the County's financial activities for the year ended September 30, 2016. The intent of this discussion and analysis is to look at the County's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the County's financial performance.

## **FINANCIAL HIGHLIGHTS**

- Jasper County remains financially stable. The County, through the Board of Supervisors and County Administrator's Office, continues to excel in fiscal management by employing sound financial planning, disciplined budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.
- There was a decrease in expenses of \$2,980,867 from the prior year in governmental activities.
- Total net position for governmental activities increased \$1,222,508, including a prior period adjustment of (\$325,760). This represents a 10% increase from the prior fiscal year.
- The County had \$14,960,732 in total governmental activities revenues, which represents a decrease of \$2,232,968 or 13%, decrease from the prior year. Property tax revenues account for \$10,718,392 or 71% of total revenues.
- The County had \$14,633,284 in total expenditures, which represents a decrease of \$3,002,174 or 17% decrease from the prior fiscal year.
- Among major funds, the General Fund had \$7,877,120 in revenues and \$7,021,721 in expenditures. The General Fund's fund balance increased \$191,294 over the prior year.
- Capital assets, net of accumulated depreciation, increased by \$1,713,784 over the prior year in governmental activities.
- Capital assets, net of accumulated depreciation, increased by \$24,396 over the prior year in business-type activities.
- Long-term debt decreased by \$747,305 over the prior year in governmental activities.



**Jasper County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

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

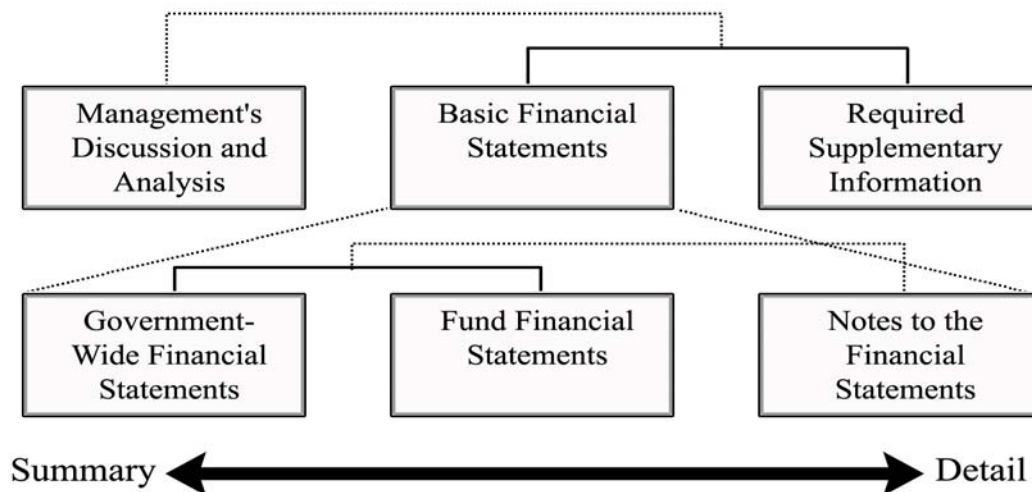


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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

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

**Jasper County, Mississippi**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2016**

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

**Jasper County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016

**Government-wide Financial Statements**

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

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

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

The government-wide financial statements distinguish functions of the County that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, pension expense and interest on long-term debt. The business-type activities of the County include solid waste collection and pension expense.

The Government-wide financial statements can be found on pages 22 - 23 of this report.

**Fund Financial Statements**

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

**Governmental funds** - Most of the County's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The

**Jasper County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016

approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the County's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may gain a better understanding of the long-term impact of the County's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on page 25 and 27, respectively.

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

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 31 of this report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process and pension standards.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 65 through 70 of this report.

Additionally, a Schedule of Surety Bonds for County Officials can be found on page 72 of this report.

**Jasper County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Net position may serve over time as a useful indicator of the County's financial position. In the case of Jasper County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,818,900 as of September 30, 2016, of which \$13,967,978 was governmental activities and (\$149,078), was business-type activities.

The largest portion of the County's net position in the governmental activities, 86% reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease, and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

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

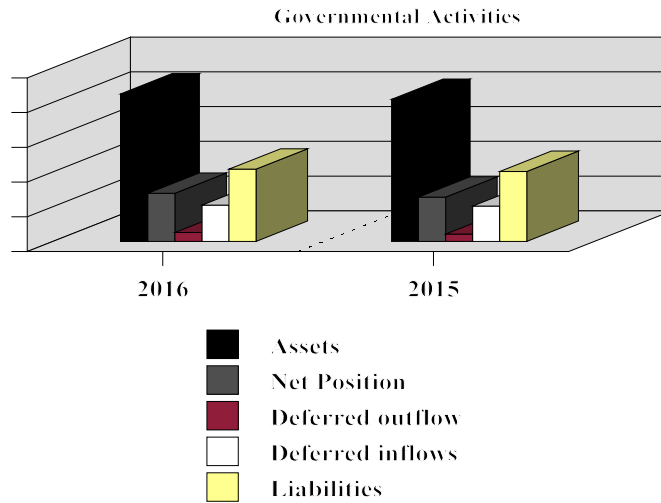
**Jasper County, Mississippi**  
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The following table presents a summary of the County's net position at September 30, 2016, as compared to September 30, 2015.

**Condensed Statement of Net Position**  
Total Primary Government  
Governmental and Business-type Activities

	09/30/16	09/30/15	% Change
<b>Assets:</b>			
Current assets	\$ 22,962,853	23,122,656	-1%
Capital assets, net	19,487,920	17,749,740	10%
Total Assets	<u>42,450,773</u>	<u>40,872,396</u>	<u>4%</u>
 <b>Deferred outflows of resources</b>	 <u>2,558,093</u>	 <u>2,098,933</u>	 <u>22%</u>
 <b>Liabilities:</b>			
Current liabilities	709,786	945,292	-25%
Long-term debt outstanding	7,603,663	8,350,887	-9%
Net pension liability	12,455,519	10,820,620	15%
Total Liabilities	<u>20,768,968</u>	<u>20,116,799</u>	<u>3%</u>
 <b>Deferred inflows of resources</b>	 <u>10,420,998</u>	 <u>10,133,791</u>	 <u>3%</u>
 <b>Net Position:</b>			
Net investment in capital assets	11,941,230	9,471,191	26%
Restricted	5,593,769	5,789,741	-3%
Unrestricted	(3,716,099)	(2,540,193)	-46%
Total Net Position	<u>\$ 13,818,900</u>	<u>12,720,739</u>	<u>9%</u>

**Jasper County, Mississippi**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2016**



**Changes in Net Position of Governmental Activities and Business-type Activities**

Jasper County's total revenues for the fiscal year ended September 30, 2016 were \$16,057,205 and \$18,454,915 for 2015. The total cost of all services provided was \$14,633,284 for 2016 and \$17,635,458 for 2015.

The following tables present a summary of the changes in net position for the governmental and business-type activities for the fiscal years ended September 30, 2016 and September 30, 2015.

**Jasper County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016

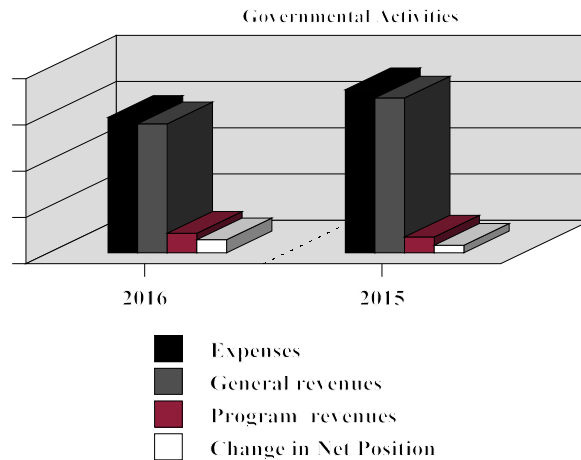
**Changes in Net Position**

Total Primary Government - Governmental and Business-type Activities

	Fiscal Year Ended 09/30/16	Fiscal Year Ended 09/30/15	% Change
Revenues:			
Program revenues:			
Charges for Services	\$ 1,616,752	1,591,609	2%
Operating Grants & Contributions	78,896	117,608	-33%
Capital Grants & Contributions	421,884		N/A
General Revenues:			
Property Taxes	10,718,392	11,429,779	-6%
Road and Bridges Privilege Taxes	195,102	178,764	9%
Grants and contributions not restricted			
To Specific Programs	2,564,975	4,412,046	-42%
Unrestricted Interest Income	74,292	101,506	-27%
Gain on Disposal of Capital Assets	299,871	110,833	171%
Miscellaneous	87,041	512,770	-83%
Total Revenues	<u>16,057,205</u>	<u>18,454,915</u>	<u>-13%</u>
Expenses:			
General Government	1,844,252	3,572,576	-48%
Public Safety	3,011,811	2,956,573	2%
Public Works	5,946,193	7,028,860	-15%
Health & Welfare	212,418	250,494	-15%
Culture & Recreation	110,008	30,466	261%
Conservation of Natural Resources	50,068		N/A
Education		46,371	-100%
Economic Development and Assistance	304,324	1,020,884	-70%
Pension Expense	1,706,229	1,261,646	35%
Interest on Long-Term Debt	227,161	225,461	1%
Solid Waste	1,220,820	1,242,127	-2%
Total Expenses	<u>14,633,284</u>	<u>17,635,458</u>	<u>-17%</u>
Change in Net Position	<u>\$ 1,423,921</u>	<u>819,457</u>	<u>74%</u>



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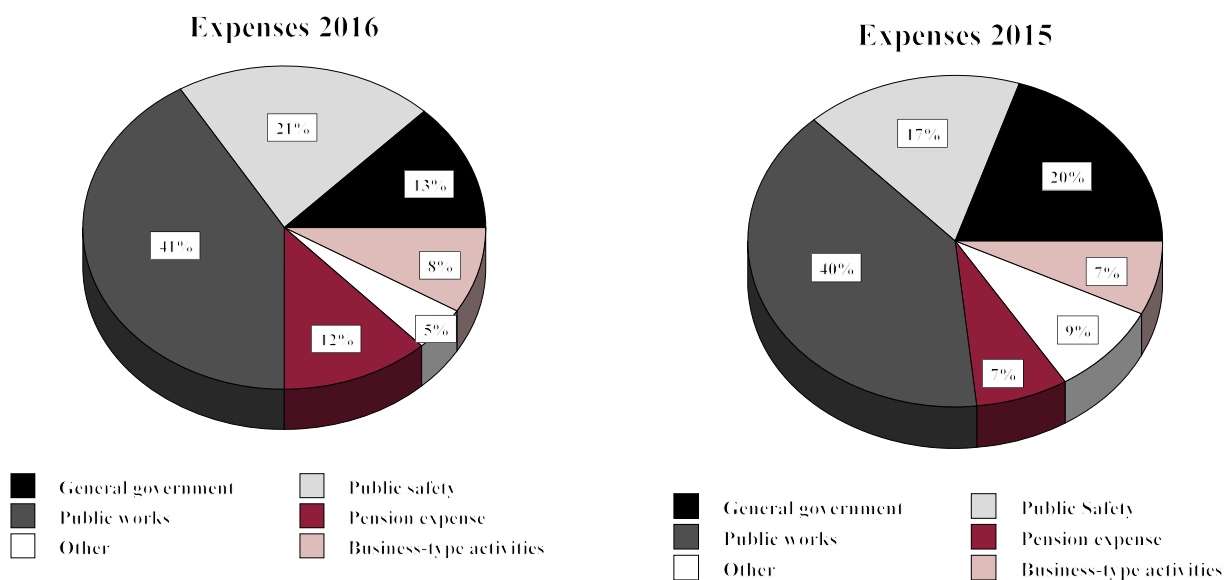
**Governmental Activities** – The following table presents the cost of major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development and Assistance, Pension Expense and Interest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

	2016 Total Cost	2016 Net Cost	2015 Total Cost	2015 Net Cost
<u>Governmental Activities:</u>				
General Government	\$ (1,844,252)	(1,721,684)	(3,572,576)	(3,447,773)
Public Safety	(3,011,811)	(2,380,204)	(2,956,573)	(2,233,374)
Public Works	(5,946,193)	(5,524,309)	(7,028,860)	(7,028,860)
Health and Welfare	(212,418)	(212,418)	(250,494)	(250,494)
Culture and Recreation	(110,008)	(110,008)	(30,466)	(30,466)
Conservation of Natural Resources	(50,068)	(50,068)		
Education			(46,371)	(46,371)
Economic Development and Assistance	(304,324)	(304,324)	(1,020,884)	(1,020,884)
Interest on Long-term Debt	(227,161)	(227,161)	(225,461)	(225,461)
Pension Expense	(1,706,229)	(1,706,229)	(1,261,646)	(1,261,646)
Total Expenses	<u>\$ (13,412,464)</u>	<u>(12,236,405)</u>	<u>(16,393,331)</u>	<u>(15,545,329)</u>

**Jasper County, Mississippi**  
Management's Discussion and Analysis  
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**Business-type Activities** - The following table presents the cost of the major functional activity of the County: Solid Waste. The table also shows net cost (total cost less revenue generated).

	2016 Total Cost	2016 Net Cost	2015 Total Cost	2015 Net Cost
<u>Business-type Activities:</u>				
Solid Waste	\$ (1,220,820)	(279,347)	(1,242,127)	(380,912)



## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

**Governmental funds.** At the close of the fiscal year, Jasper County's governmental funds reported a combined fund balance of \$10,271,559, an increase of \$259,699.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$191,294.

## BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

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

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

**Jasper County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Governmental Activities:**

**Capital Assets** - As of September 30, 2016, Jasper County's total capital assets were \$34,015,067. This includes land, infrastructure, buildings, improvements other than buildings, mobile equipment, furniture and equipment, and leased property under capital leases. This amount represents an increase from the previous year of \$2,794,581. Total accumulated depreciation as of September 30, 2016 was \$14,553,020 including \$1,297,510 of depreciation expense for the year. The balance in total net capital assets was \$19,462,047 at year-end.

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change</u>
Land	\$ 673,597	515,179	31%
Construction in progress		1,910,578	-100%
Infrastructure	12,347,577	12,347,577	0%
Buildings	9,357,770	5,902,622	59%
Improvements other than buildings	38,167	38,167	0%
Mobile equipment	7,992,570	7,505,829	6%
Furniture and equipment	1,048,755	700,372	50%
Leased property under capital leases	2,556,631	2,300,162	11%
Accumulated depreciation	(14,553,020)	(13,472,223)	8%
Total Capital Assets, net	<u>\$ 19,462,047</u>	<u>17,748,263</u>	10%

**Business-Type Activities:**

**Capital Assets**

As of September 30, 2016, Jasper County's total capital assets were \$39,164 in mobile equipment. This amount represents an increase from the previous year of \$24,396. Total accumulated depreciation as of September 30, 2016 was \$13,291 including \$0 of depreciation expense for the year. The balance in total net capital assets was \$25,873 at year-end.

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change</u>
Mobile equipment	\$ 39,164	14,768	165%
Accumulated depreciation	(13,291)	(13,291)	0%
Total Capital Assets, net	<u>\$ 25,873</u>	<u>1,477</u>	1652%

**Jasper County, Mississippi**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016

**Debt Administration**

**Governmental Activities:**

At September 30, 2016, Jasper County had \$7,602,867 in long-term debt outstanding.

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change</u>
General obligation bonds	\$ 3,370,000	4,120,000	-18%
Capital leases	1,233,143	1,125,643	10%
Other loans	2,943,547	3,032,906	-3%
Compensated absences	56,177	71,623	-22%
Total Long-Term Debt	<u>\$ 7,602,867</u>	<u>8,350,172</u>	-9%

**Business-Type Activities:**

At September 30, 2016, Jasper County had \$796 in long-term debt outstanding.

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change</u>
Compensated absences	\$ <u>796</u>	<u>715</u>	11%

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Jasper County Administrator's office at 25 8th Avenue East, Bay Springs, MS 39422.

## FINANCIAL STATEMENTS

**JASPER COUNTY, MISSISSIPPI**

Statement of Net Position

September 30, 2016

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 10,336,321	62,706	10,399,027
Property tax receivable	10,128,382		10,128,382
Accounts receivable (net of allowance for uncollectibles of \$1,090,509)		244,985	244,985
Fines receivable (net of allowance for uncollectibles of \$1,577,940)	211,902		211,902
Capital leases receivable	1,651,319		1,651,319
Intergovernmental receivables	325,732		325,732
Other receivables	1,506		1,506
Internal balances	206,382	(206,382)	-
Capital assets:			
Land and construction in progress	673,597		673,597
Other capital assets, net	18,788,450	25,873	18,814,323
Total Assets	<u>42,323,591</u>	<u>127,182</u>	<u>42,450,773</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	2,507,856	50,237	2,558,093
Total Deferred Outflows of Resources	<u>2,507,856</u>	<u>50,237</u>	<u>2,558,093</u>
<b>Liabilities</b>			
Claims payable	471,742	78,429	550,171
Intergovernmental payables	126,640		126,640
Accrued interest payable	32,975		32,975
Long-term liabilities			
Due within one year:			
Capital debt	1,520,812		1,520,812
Due in more than one year:			
Capital debt	6,025,878		6,025,878
Non-capital debt	56,177	796	56,973
Net pension liability	12,210,911	244,608	12,455,519
Total Liabilities	<u>20,445,135</u>	<u>323,833</u>	<u>20,768,968</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	132,970	2,664	135,634
Deferred revenues - property taxes	10,128,382		10,128,382
Deferred inflows - capital lease interest	156,982		156,982
Total Deferred Inflows of Resources	<u>10,418,334</u>	<u>2,664</u>	<u>10,420,998</u>
<b>Net Position</b>			
Net investment in capital assets	11,915,357	25,873	11,941,230
Restricted for:			
Expendable:			
General government	492,483		492,483
Public safety	139,080		139,080
Public works	1,576,098		1,576,098
Culture and recreation	56,065		56,065
Economic development and assistance	2,326,063		2,326,063
Debt service	1,003,980		1,003,980
Unrestricted	(3,541,148)	(174,951)	(3,716,099)
Total Net Position	<u>\$ 13,967,978</u>	<u>(149,078)</u>	<u>13,818,900</u>

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

**JASPER COUNTY, MISSISSIPPI**  
Statement of Activities  
For the Year Ended September 30, 2016

**Exhibit 2**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (1,844,252)	122,568			(1,721,684)		(1,721,684)
Public safety	(3,011,811)	552,711	78,896		(2,380,204)		(2,380,204)
Public works	(5,946,193)			421,884	(5,524,309)		(5,524,309)
Health and welfare	(212,418)				(212,418)		(212,418)
Culture and recreation	(110,008)				(110,008)		(110,008)
Conservation of natural resources	(50,068)				(50,068)		(50,068)
Economic development and assistance	(304,324)				(304,324)		(304,324)
Interest on long-term debt	(227,161)				(227,161)		(227,161)
Pension expense	(1,706,229)				(1,706,229)		(1,706,229)
Total Governmental Activities	(13,412,464)	675,279	78,896	421,884	(12,236,405)		(12,236,405)
Business-type activities:							
Garbage and solid waste	(1,220,820)	941,473				(279,347)	(279,347)
Total Business-type Activities	(1,220,820)	941,473	-	-		(279,347)	(279,347)
Total Primary Government	\$ (14,633,284)	\$ 1,616,752	\$ 78,896	\$ 421,884	\$ (12,236,405)	\$ (279,347)	\$ (12,515,752)
General revenues:							
Property taxes					\$ 10,718,392		10,718,392
Road & bridge privilege taxes					195,102		195,102
Grants and contributions not restricted to specific program					2,564,975		2,564,975
Unrestricted interest income					74,292		74,292
Gain or loss on disposal of capital assets					299,871		299,871
Miscellaneous					87,041		87,041
Transfers					(155,000)	155,000	-
Total General Revenues and Transfers					13,784,673	155,000	13,939,673
Changes in Net Position					1,548,268	(124,347)	1,423,921
Net Position - Beginning, as previously reported					12,745,470	(24,731)	12,720,739
Prior period adjustments					(325,760)		(325,760)
Net Position - Beginning, as restated					12,419,710	(24,731)	12,394,979
Net Position - Ending					\$ 13,967,978	\$ (149,078)	13,818,900

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

**JASPER COUNTY, MISSISSIPPI**  
Balance Sheet - Governmental Funds  
September 30, 2016

**Exhibit 3**

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Economic</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Development</u>	<u>Funds</u>	<u>Funds</u>
		<u>Trust Fund</u>		
Assets				
Cash	\$ 5,991,389	685,524	3,659,408	10,336,321
Property tax receivable	6,451,309		3,677,073	10,128,382
Fines receivable (net of allowance for uncollectibles of \$1,577,940)	211,902			211,902
Capital lease receivable		1,651,319		1,651,319
Intergovernmental receivables	119,367		206,365	325,732
Other receivables	1,506			1,506
Due from other funds	13,123		35,851	48,974
Advances to other funds	352,270	3,241	12,922	368,433
Total Assets	<u>\$ 13,140,866</u>	<u>2,340,084</u>	<u>7,591,619</u>	<u>23,072,569</u>
Liabilities				
Liabilities:				
Claims payable	\$ 178,175		293,567	471,742
Intergovernmental payables	132,376			132,376
Due to other funds	44,115			44,115
Advances from other funds			161,174	161,174
Total Liabilities	<u>354,666</u>	<u>0</u>	<u>454,741</u>	<u>809,407</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	6,451,309		3,677,073	10,128,382
Unavailable revenue - capital leases		1,651,319		1,651,319
Unavailable revenue - fines	211,902			211,902
Total deferred inflows of resources	<u>6,663,211</u>	<u>1,651,319</u>	<u>3,677,073</u>	<u>11,991,603</u>
Fund Balances:				
Nonspendable				
Advances	352,270			352,270
Restricted				
General government			492,483	492,483
Public safety			139,080	139,080
Public works			1,589,020	1,589,020
Culture and recreation			56,065	56,065
Economic development and assistance		688,765	146,202	834,967
Debt service			1,036,955	1,036,955
Unassigned	5,770,719			5,770,719
Total Fund Balances	<u>6,122,989</u>	<u>688,765</u>	<u>3,459,805</u>	<u>10,271,559</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 13,140,866</u>	<u>2,340,084</u>	<u>7,591,619</u>	<u>23,072,569</u>

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



**JASPER COUNTY, MISSISSIPPI****Exhibit 3-1**

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2016

<b>Total fund balances for governmental funds</b>	\$	10,271,559
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Amounts reported for governmental activities in the statement of net position  
are different because:

Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$14,553,020.	19,462,047
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	211,902
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(7,602,867)
---	-------------

Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(32,975)
--	----------

Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,494,337
---	-----------

Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	2,507,856
---	-----------

Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	(132,970)
--	-----------

Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(12,210,911)</u>
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<b>Net position of governmental activities</b>	\$	<u><u>13,967,978</u></u>
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The notes to the financial statements are an integral part of this statement.

**JASPER COUNTY, MISSISSIPPI****Exhibit 4**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2016

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Economic Development Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Property taxes	\$ 6,927,630		3,790,762	10,718,392
Road and bridge privilege taxes			195,102	195,102
Licenses, commissions and other revenue	244,983			244,983
Fines and forfeitures	164,942		3,426	168,368
Intergovernmental revenues	477,560		2,588,195	3,065,755
Charges for services	21,640		171,026	192,666
Interest income	15,078	45,399	13,815	74,292
Miscellaneous revenues	25,287	15,989	45,765	87,041
Total Revenues	<u>7,877,120</u>	<u>61,388</u>	<u>6,808,091</u>	<u>14,746,599</u>
<b>Expenditures</b>				
Current:				
General government	3,556,589		19,534	3,576,123
Public safety	3,107,766		501,633	3,609,399
Public works			6,122,280	6,122,280
Health and welfare	238,363			238,363
Culture and recreation			103,460	103,460
Conservation of natural resources	50,068			50,068
Economic development and assistance			316,092	316,092
Debt service:				
Principal	66,867	38,208	1,502,182	1,607,257
Interest	2,068	11,513	218,774	232,355
Total Expenditures	<u>7,021,721</u>	<u>49,721</u>	<u>8,783,955</u>	<u>15,855,397</u>
Excess of Revenues over (under) Expenditures	<u>855,399</u>	<u>11,667</u>	<u>(1,975,864)</u>	<u>(1,108,798)</u>
<b>Other Financing Sources (Uses)</b>				
Long-term capital debt issued	263,801		611,597	875,398
Proceeds from sale of capital assets	2,615		375,913	378,528
Transfers in			838,021	838,021
Transfers out	(930,521)		(62,500)	(993,021)
Lease principal payments		269,571		269,571
Total Other Financing Sources and Uses	<u>(664,105)</u>	<u>269,571</u>	<u>1,763,031</u>	<u>1,368,497</u>
Net Changes in Fund Balances	<u>191,294</u>	<u>281,238</u>	<u>(212,833)</u>	<u>259,699</u>
Fund Balances - Beginning	<u>5,931,695</u>	<u>407,527</u>	<u>3,672,638</u>	<u>10,011,860</u>
Fund Balances - Ending	<u>\$ 6,122,989</u>	<u>688,765</u>	<u>3,459,805</u>	<u>10,271,559</u>

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

**JASPER COUNTY, MISSISSIPPI****Exhibit 4-1**

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2016

**Net changes in fund balances - total governmental funds** \$ 259,699

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$3,128,845 exceeded depreciation of \$1,297,510 in the current period. 1,831,335

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 gain of \$299,871 and the proceeds from the sale of \$378,528 in the current period. (78,657)

Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. 69,261

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,607,257 exceeded debt proceeds of \$875,398. 731,859

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

Decrease in compensated absences liability	15,446
Decrease in accrued interest payable	5,194

In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from the change in fund balances by the principal collections on the capital leases of \$269,571. (269,571)

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	(1,706,229)
Recording of contributions made during the measurement period	689,930

Rounding adjustment	<u>1</u>
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**Change in net position of governmental activities** \$ 1,548,268

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

**JASPER COUNTY, MISSISSIPPI**  
Statement of Net Position - Proprietary Fund  
September 30, 2016

**Exhibit 5**

	Business-type Activities - Enterprise Fund Solid Waste Fund
<b>Assets</b>	
Current assets:	
Cash	\$ 62,706
Accounts receivable (net of allowance for uncollectibles of \$1,090,509)	244,985
Total Current Assets	<u>307,691</u>
Noncurrent assets:	
Other capital assets, net	25,873
Total Noncurrent Assets	<u>25,873</u>
Total Assets	<u>333,564</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	50,237
Total Deferred Outflows of Resources	<u>50,237</u>
<b>Liabilities</b>	
Current liabilities:	
Claims payable	78,429
Due to other funds	13,123
Advances from other funds	193,259
Total Current Liabilities	<u>284,811</u>
Noncurrent liabilities:	
Net pension liability	244,608
Non-capital debt:	
Compensated absences payable	796
Total Noncurrent Liabilities	<u>245,404</u>
Total Liabilities	<u>530,215</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	2,664
Total Deferred Inflows of Resources	<u>2,664</u>
<b>Net Position</b>	
Net investment in capital assets	25,873
Unrestricted	(174,951)
Total Net Position	<u>\$ (149,078)</u>

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

**JASPER COUNTY, MISSISSIPPI****Exhibit 6**

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
 For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Fund
	Solid Waste Fund
<b>Operating Revenues</b>	
Charges for services	\$ 941,473
Total Operating Revenues	<u>941,473</u>
<b>Operating Expenses</b>	
Personal services	107,312
Pension expense	34,179
Contractual services	1,046,147
Materials and supplies	20,059
Indirect administrative cost	13,123
Total Operating Expenses	<u>1,220,820</u>
Operating Income (Loss)	<u>(279,347)</u>
Net Income (Loss) Before Transfers	<u>(279,347)</u>
Transfers in	<u>155,000</u>
Changes in Net Position	<u>(124,347)</u>
Net Position - Beginning	<u>(24,731)</u>
Net Position - Ending	<u><u>\$ (149,078)</u></u>

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

**JASPER COUNTY, MISSISSIPPI****Exhibit 7**

Statement of Cash Flows - Proprietary Fund

For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Fund Solid Waste Fund
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 935,797
Payments to suppliers	(1,058,640)
Payments to employees	(148,333)
Net Cash Provided (Used) by Operating Activities	<u>(271,176)</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Cash received from other funds:	
Operating transfers in	155,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>155,000</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets	(24,396)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(24,396)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(140,572)
Cash and Cash Equivalents at Beginning of Year	203,278
Cash and Cash Equivalents at End of Year	<u>\$ 62,706</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ <u>(279,347)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	(5,676)
(Increase) decrease in deferred outflows of resources	(4,690)
Increase (decrease) in claims payable	(7,566)
Increase (decrease) in net pension liability	10,235
Increase (decrease) in compensated absences liability	81
Increase (decrease) in advances from other funds	11,375
Increase (decrease) in deferred inflows of resources	2,664
Increase (decrease) in interfund payables	1,748
Total Adjustments	<u>8,171</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (271,176)</u>

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

**JASPER COUNTY, MISSISSIPPI**  
Statement of Fiduciary Assets and Liabilities  
September 30, 2016

**Exhibit 8**

	Agency Funds
<b>Assets</b>	
Cash	\$ 380,622
Due from other funds	8,264
Total Assets	<u>388,886</u>
<b>Liabilities</b>	
Intergovernmental payables	374,886
Advances from other funds	14,000
Total Liabilities	<u>\$ 388,886</u>

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

**Jasper County, Mississippi**

Notes to the Financial Statements  
For the year ended September 30, 2016



## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

#### (1) Summary of Significant Accounting Policies

##### A. Financial Reporting Entity

Jasper 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 Jasper County, Mississippi to present these financial statements on the primary government and its component units which have a significant operational or financial relationship with the County.

Management has chosen to omit from these financial statements the following component unit which has significant operational or financial relationship with the County. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Jasper General Hospital

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's legal entity and therefore are reported as part of the primary government financial statements.

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

##### B. Individual Component unit Disclosures

###### Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit's balances and transactions are blended with the balances and transactions of the primary government.

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

Jasper County Economic Development District is a legally separate entity organized under Section 19-5-99, Miss. Code Ann. (1972). Its purpose is to foster, encourage and facilitate economic development in the County. The entity's board of trustees is composed of 16 members, 10 members appointed by the County Board of Supervisors, two members appointed by the City of Bay Springs, two members appointed by the City of Louin and two members appointed by the City of Heidelberg. The County funds the entity through a .75 mill tax levy.

#### 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. 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 non exchange 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.

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

#### Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, 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 accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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 judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

## **Jasper County, Mississippi**

Notes to the Financial Statements  
For the Year ended September 30, 2016

The County reports the following major Governmental Funds:

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

Economic Development Trust Fund - This fund is used to account for monies from specific revenue sources that are restricted for economic development in Jasper County.

The County reports the following major Proprietary fund:

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

Additionally, the County reports the following fund types:

### **GOVERNMENTAL FUND TYPES**

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

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

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

### **PROPRIETARY FUND TYPE**

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

### **FIDUCIARY FUND 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.

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

#### E. Account Classifications

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

#### F. Deposits

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

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

#### G. Receivables

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

#### H. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in 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 government-wide financial statements as "internal balances."

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

#### I. 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. The County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

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

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

#### J. 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 period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows as follows:

Deferred revenue - property tax/Unavailable revenue - property tax - 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.

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.

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

#### Deferred inflows - capital lease interest/Unavailable revenue - capital leases -

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.

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. See Note 14 for additional details.

#### K. 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.

#### L. Long-term Liabilities

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

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

#### M. Equity Classifications

Government-wide Financial Statements:

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

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



## Jasper County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2016

2. 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.
3. 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 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 expenses 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.

#### Fund Financial Statements:

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

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

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

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

*Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes

## **Jasper County, Mississippi**

### Notes to the Financial Statements For the Year Ended September 30, 2016

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.

#### N. Property Tax Revenues

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes 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.

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2016

#### O. Intergovernmental Revenues in Governmental Funds

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

#### P. Compensated absences

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

#### (2) Prior Period Adjustment

A summary of the significant net position/fund balance adjustments is as follows:

##### Exhibit 2 - Statement of Activities

##### **Governmental Activities**

Explanation		Amount
1. To properly record capital asset balances.	\$	(38,894)
2. To properly record net pension liability balances.		(274,716)
3. To correct recordings of revenues and expenses.		(12,150)
Total	\$	<u><u>(325,760)</u></u>

#### (3) Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$10,779,649, and the bank balance was \$11,429,685. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's

## Jasper County, Mississippi

### Notes to the Financial Statements

For the Year ended September 30, 2016

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).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages the 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.

#### (4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2016:

##### A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 13,123
Other Governmental Funds	General Fund	35,851
Agency Funds	General Fund	8,264
Total		<u>\$ 57,238</u>

The General Fund receivable is the amount of indirect costs due from the Solid Waste Fund. The Solid Waste Fund receivable represents the amount of user fees collected but not settled until October 2016. All other receivables represent the tax revenue collected but not settled until October 2016. All interfund balances are expected to be repaid within one year from the date of the financial statements.

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 193,259
General Fund	Agency Funds	14,000
Other Governmental Funds	Other Governmental Funds	12,922
Economic Development		
Trust Fund	Other Governmental Funds	3,241
General Fund	Other Governmental Funds	145,011
Total		<u>\$ 368,433</u>

The amounts payable to the General Fund from the Solid Waste Fund represents unpaid interest costs. Other advances were made to resolve cash flow problems in prior years.

#### C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 775,521
Other Governmental Funds	Other Governmental Funds	62,500
Solid Waste Fund	General Fund	155,000
Total		<u>\$ 993,021</u>

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

## Jasper County, Mississippi

Notes to the Financial Statements  
For the Year ended September 30, 2016

### (5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2016 consisted of the following:

#### Governmental Activities:

Description	Amount
Legislative Tax Credit	\$ 100,893
Gas Severance Receivable	18,474
State Aid Receivable	7,483
Oil Severance Receivable	149,156
Gas Tax Receivable	49,726
Total	\$ <u>325,732</u>

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

#### (6) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2016:

##### Governmental activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:					
Land	\$ 515,179	158,418			673,597
Construction in progress	1,910,578			(1,910,578)	0
Total non-depreciable capital assets	2,425,757	158,418	0	(1,910,578)	673,597
Depreciable capital assets:					
Infrastructure	12,347,577				12,347,577
Buildings	5,902,622	1,544,570		1,910,578	9,357,770
Improvements other than buildings	38,167				38,167
Mobile equipment	7,505,829	270,760	158,298	374,279	7,992,570
Furniture and equipment	700,372	392,683	44,300		1,048,755
Leased property under capital leases	2,300,162	762,414	131,666	(374,279)	2,556,631
Total depreciable capital assets	28,794,729	2,970,427	334,264	1,910,578	33,341,470
Less accumulated depreciation for:					
Infrastructure	2,874,506	349,335			3,223,841
Buildings	2,461,567	164,607			2,626,174
Improvements other than buildings	30,534				30,534
Mobile equipment	6,115,402	332,739	125,296	234,705	6,557,550
Furniture and equipment	565,097	149,001	39,870		674,228
Leased property under capital leases	1,425,117	301,828	90,441	(195,811)	1,440,693
Total accumulated depreciation	13,472,223	1,297,510	255,607	38,894	14,553,020
Total depreciable capital assets, net	15,322,506	1,672,917	78,657	1,871,684	18,788,450
Governmental activities capital assets, net	\$ 17,748,263	1,831,335	78,657	(38,894)	19,462,047

Adjustments were made to correctly present capital assets.

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

#### Business-type activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Depreciable capital assets:					
Mobile equipment	\$ 14,768	24,396			39,164
Total depreciable capital assets	14,768	24,396	0	0	39,164
Less accumulated depreciation for:					
Mobile equipment	13,291				13,291
Total accumulated depreciation	13,291	0	0	0	13,291
Total depreciable capital assets, net	1,477	24,396	0	0	25,873
Business-type activities capital assets, net	\$ 1,477	24,396	0	0	25,873

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 111,884
Public safety	301,167
Public works	874,395
Health and welfare	3,516
Culture and recreation	6,548
Total depreciation expense	\$ 1,297,510

#### (7) Claims and Judgments

##### Risk Financing

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



## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

January 1, 2016 to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

#### (8) Operating Leases

##### As Lessor:

On July 12, 2011, Jasper County entered into a non-cancellable operating lease agreement with Jasper County Economic Development District for the lease of property/premises located in the Town of Stringer at 25 County Road 17, which is owned by the County. The operating lease stipulated that the lessee would pay \$1,000 per month in lease payments commencing on July 1, 2011 for a term of 10 years. On July 13, 2011, Jasper County Economic Development District assigned and sublet the property to Southern Industrial Technologies for the purpose of conducting business of fabricated structural metal. On June 25, 2013, the lease agreement was modified to add \$22,000 of past due rent, which is to be amortized over the remaining lease term. As of July 1, 2013, the total amount due per month is \$1,229.16. It is agreed that in the event Southern Industrial Technologies pays rental payments when due, no demand will be made for the arrearage of \$22,000. At the end of the initial 10 year term, the lease shall automatically be extended for two additional five year terms.

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$6,146 for the year ended September 30, 2016. The future minimum lease receivables for these leases are as follows:

Year Ending September 30,		Amount
2017	\$	23,354
2018		14,750
2019		14,750
2020		14,750
2021		11,062
Total	\$	<u>78,666</u>

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

#### (9) Capital Leases

##### As Lessor:

On February 3, 2004, Jasper County entered into a capital lease agreement with Hol-Mac Corporation for the real estate lease purchase of property/premises for the expansion of a manufacturing facility. The capital lease stipulated that the lessee would pay monthly payments of \$3,242 commencing on March 1, 2004 for a term of 10 years, and then monthly payments of \$9,756 for years 11 through 15. The lessee also agrees to pay a sum equivalent to and in lieu of West Jasper Consolidated School District ad valorem taxes which would be due on the lands, building and other improvements thereon during the years of this lease. This sum shall be due and payable on the first day of January each year. At the end of the lease term, Hol-Mac Corporation has the option to purchase the premises for \$10.

On March 1, 2004, Jasper County entered into two capital/lease agreements with Hol-Mac Corporation. One capital lease stipulated that the lessee would pay monthly payments of \$4,327 commencing on April 1, 2004 and ending on February 1, 2019. The second capital lease stipulated that the lessee would pay monthly payments of \$2,928 commencing on April 1, 2004 and ending on February 1, 2019.

On November 12, 2009, Jasper County entered into a capital lease agreement with Hol-Mac Corporation for the real estate lease purchase of property/premises for the expansion of a manufacturing facility. The capital lease stipulated that the lessee would pay monthly payments of \$4,216 commencing on December 12, 2009 for a term of 15 years. At the end of the lease term, Hol-Mac Corporation has the option to purchase the premises for \$10.

On May 2, 2011, Jasper County entered into a capital lease agreement with Hol-Mac Corporation for the real estate lease purchase of property/premises for the expansion of a manufacturing facility. The capital lease stipulated that the lessee would pay monthly payments of \$3,461 commencing on June 1, 2011 for a term of 10 years. The lessee also agrees to pay a sum equivalent to and in lieu of West Jasper Consolidated School District ad valorem taxes which would be due on the lands, buildings, and any other improvements thereon during the years of this lease. This sum shall be due and payable on the first day of January each year. At the end of the lease term, Hol-Mac Corporation has the option to purchase the premises for \$10.

On September 23, 2013, Jasper County entered into a capital lease agreement with Hol-Mac Corporation for the real estate lease purchase of property/premises for the expansion of a manufacturing facility. The capital lease stipulated that the lessee would pay monthly payments of \$2,932 commencing on October 23, 2013 for a term of 10 years. At the end of the lease term, Hol-Mac Corporation has the option to purchase the premises for \$10.

On March 27, 2015, Jasper County entered into a capital lease agreement with Chatham Enterprises, Inc. for the real estate lease purchase of property/premises for the expansion of

## Jasper County, Mississippi

### Notes to the Financial Statements

For the Year ended September 30, 2016

a manufacturing facility. The capital lease stipulated that the lessee would pay monthly payments of \$1,913 commencing on June 1, 2015 for a term of ten years. At the end of the lease term, Chatham Enterprises, Inc. has the option to purchase the premises for \$10.

On November 4, 2014, Jasper County entered into a capital lease agreement with Firebird Properties, LLC for the real estate lease purchase of property/premises for the expansion of a manufacturing facility. The capital lease stipulated that the lessee would pay monthly payments of \$3,339 commencing on December 4, 2014 for a term of 10 years. At the end of the lease term, Firebird Properties, LLC has the option to purchase the premises for \$10.

As Lessor:

The County leases the following property with a varying terms and options as of September 30, 2016:

<u>Class of Property</u>	<u>Amount</u>
Buildings	<u>\$ 2,790,000</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2016, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 256,526	40,426
2018	274,534	32,855
2019	211,975	27,105
2020	169,822	20,505
2021	157,925	15,097
2022-2025	423,555	20,994
Total	<u>\$ 1,494,337</u>	<u>156,982</u>

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

Classes of Property	Amount
Mobile equipment	\$ 2,485,702
Furniture and equipment	<u>70,929</u>
Total	<u>2,556,631</u>
Less: Accumulated depreciation	<u>1,440,693</u>
Leased Property Under Capital Leases	\$ <u><u>1,115,938</u></u>

The following is a schedule by years of the total payments due as of September 30, 2016:

Year Ending September 30,	Principal	Interest
2017	\$ 508,645	14,182
2018	416,486	7,774
2019	255,899	2,702
2020	<u>52,113</u>	<u>335</u>
Total	\$ <u><u>1,233,143</u></u>	<u><u>24,993</u></u>

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

#### (10) Long-Term Debt

Debt outstanding as of September 30, 2016, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
Fire Department G.O. Bonds Series - 2005	\$ 320,000	2.92%	9/2017
General Obligation Road & Bridge Bonds - 2013	540,000	2.75/3.75%	9/2023
District 1 Road & Bridge Bonds, Series 2013	795,000	2.40/2.75%	9/2023
District 2 Road & Bridge Bonds, Series 2013	870,000	2.125/2.25%	9/2023
District 3 Road & Bridge Bonds, Series 2013	685,000	2.50/3.50%	6/2023
District 5 Road & Bridge Bonds, Series 2013	160,000	2.875%	6/2023
	<u>3,370,000</u>		
Total General Obligation Bonds	\$ <u>3,370,000</u>		
B. Capital Leases:			
2014 Dodge Charger	\$ 8,379	1.00%	9/2017
IBM 720 Computer System	20,464	1.00%	2/2018
CAT Excavator	89,574	1.00%	6/2019
(2) 2016 2016 Ford F-150	62,517	1.00%	4/2020
(8) 2016 Ford taurus	179,997	1.70%	5/2020
District 1 - 2013 Ford F-150	3,932	1.00%	9/2016
District 1 - 5 Metric Ton Excavator	57,076	1.44%	7/2019
District 1 - John Deere 6430 Tractor	9,628	1.00%	1/2017
District 1 - 2013 Ford F-350 Truck	3,444	1.00%	3/2017
District 1 - 2013 Ford F-750 Truck	23,689	1.18%	7/2018
District 1 - Cab Utility Tractor	17,742	1.00%	8/2019
District 1 - John Deere 6115D Tractor	41,232	1.00%	12/2017
District 1 - John Deere 5100E Tractor	28,063	1.00%	1/2018
District 1 - Asphalt Power	135,426	1.50%	7/2019
District 2 - 2015 Chevy Silverado	24,227	1.25%	8/2019
District 2 - 2 Tractors and 1 Cutter	92,739	1.65%	1/2019
District 2 - 2016 Ford F-150	31,188	1.50%	4/2019
District 2 - 5 Metric Ton Excavator	60,206	1.44%	7/2019
District 2 - 2012 Mack Truck	7,850	1.40%	12/2016
District 2 - 2016 Chevy Silverado	31,320	1.70%	7/2020

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

District 2 - 2013 Chevy Silverado	4,075	1.00%	3/2017
District 3 - 5 Metric Ton Excavator	55,697	1.44%	7/2019
District 3 - 2013 Ford F-750 Truck	56,328	1.00%	8/2019
District 4 - John Deere 6430 Tractor	9,627	1.00%	1/2017
District 5 - Backhoe Loader	70,748	1.20%	3/2019
District 5 - Metric Ton Excavator	57,076	1.44%	7/2019
District 5 - 2014 New Holland TS6125 Tractor	10,552	1.25%	4/2019
District 5 - 2011 Ford F-250 Truck	14,902	1.00%	8/2019
District 5 - 2015 Ford F-150	25,445	1.20%	11/2019

Total Capital Leases	\$	<u>1,233,143</u>
----------------------	----	------------------

#### C. Other Loans:

Imaging and indexing machine	\$	1,705	2.00%	11/2016
Negotiable Note		280,000	1.35%	2/2020
Holmac Building		362,984	3.00%	12/2024
MDA CAP Revolving Loan		962,373	2.00%	9/2029
Workforce Training Loan		1,336,485	3.25%	9/2036
Total Other Loans	\$	<u>2,943,547</u>		

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

#### Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2017	\$ 775,000	90,044	237,167	74,433
2018	620,000	68,751	240,243	68,663
2019	380,000	53,516	245,165	62,750
2020	385,000	43,833	250,235	56,688
2021	395,000	33,649	189,273	51,103
2022 - 2026	815,000	34,578	918,173	171,771
2027 - 2031			625,450	55,299
2032 - 2036			237,841	10,042
Total	\$ <u>3,370,000</u>	<u>324,371</u>	<u>2,943,547</u>	<u>550,749</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2016, the amount of outstanding debt was equal to 1.66% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016	Amount due within one year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 4,120,000		750,000	3,370,000	775,000
Capital leases	1,125,643	723,327	615,827	1,233,143	508,645
Other loans	3,032,906	152,071	241,430	2,943,547	237,167
Compensated absences	71,623		15,446	56,177	
Total	<u>\$ 8,350,172</u>	<u>875,398</u>	<u>1,622,703</u>	<u>7,602,867</u>	<u>1,520,812</u>
<u>Business-type Activities:</u>					
Compensated absences	<u>\$ 715</u>	<u>81</u>		<u>796</u>	

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, Road Maintenance Fund and Solid Waste Fund.

#### (11) Contingencies

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

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

## **Jasper County, Mississippi**

Notes to the Financial Statements  
For the Year ended September 30, 2016

### **(12) Joint Ventures**

The County participates in the following joint venture:

Jasper County is a participant with Clarke County in a joint venture authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the East Mississippi Regional Library System (Regional Library). The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a five member board. The two counties rotate board appointments so that each county has a majority of board members in alternate years. Each county is obligated by contract to levy not less than one-half mill tax as provided by Section 39-3-35, Miss. Code Ann. (1972), for the ongoing financial support of the joint venture. For the fiscal year 2016, Jasper County contributed \$130,000. Complete financial statements for the East Mississippi Regional Library System can be obtained from the East Mississippi Regional Library, Quitman, Mississippi.

### **(13) Jointly Governed Organizations**

The County participates in the following jointly governed organizations:

Mid-Mississippi Development District operates in a district composed the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in the member counties. The district's board of trustees is composed of 30 members, five each from the six member counties. The County appropriated \$31,500 for support of the district.

East Central Mississippi Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Jasper County Board of Supervisors appoints one of the fifteen members of the board of directors. The County contributed only a small part of the entity's total revenue for the support of the district in fiscal year 2016.

Jones County Junior College operates in a district composed of the counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Jasper County Board of Supervisors appoints two of the twenty members of the college board of trustees. The County appropriated \$621,402 for maintenance and support of the college in fiscal year 2016.

Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton and Wayne. The entity was created to administer programs conducted by community action agencies, limited purpose agencies, and related programs authorized by federal law. The Jasper County Board of Supervisors appoints one of the twenty-four members of the board of directors. Most of the funding for the entity is derived from federal funds. The County pays a modest amount of the agency's monthly bills. The County appropriated \$20,000 for support in fiscal year 2016.



## Jasper County, Mississippi

Notes to the Financial Statements  
For the Year ended September 30, 2016

Region Ten Mental Health-Mental Retardation Commission operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Jasper County Board of Supervisors appoints one of the nine members of the board commissioners. The County appropriated \$35,357 for support of the commission in fiscal year 2016.

### (14) Defined Benefit Pension Plan

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

Plan Description. Jasper 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

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2016, 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, 2016 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, 2016, 2015 and 2014 were \$703,750, \$702,558, and \$656,637, respectively. The contributions for each year met the required contributions.

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

At September 30, 2016, the County reported a liability of \$12,455,519 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2016 net pension liability was .069730 percent, which was based on a measurement date of June 30, 2016. This was a decrease of .00027 percent from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$1,740,408. At September 30, 2016 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## Jasper County, Mississippi

Notes to the Financial Statements  
For the Year ended September 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 311,130	
Net difference between projected and actual earnings on pension plan investments	822,096	
Change of assumptions	1,460,675	33,098
Changes in proportion and differences between the County's contributions and proportionate share of contributions	(221,256)	102,536
County contributions subsequent to the measurement date	185,448	
Total	\$ 2,558,093	135,634

\$185,448 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. 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 ending June 30:

2017	\$ 823,839
2018	727,053
2019	440,057
2020	246,062
Total	\$ 2,237,011

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included 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

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

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, 2016 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, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34%	5.20%
International Equity	19%	5.00%
Emerging Markets Equity	8%	5.45%
Fixed Income	20%	0.25%
Real Assets	10%	4.00%
Private Equity	8%	6.15%
Cash	1%	-0.50%
Total	100%	

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 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

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

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 (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 15,970,768	\$ 12,455,519	\$ 9,539,002

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Financial Report.

#### (15) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$3,541,148) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$181,739 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$2,326,117 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years.

The governmental activities' and business-type activities' unrestricted net position amount of (\$3,716,099) includes the effect deferred inflows of resources related to pensions. The \$135,634 balance of deferred inflows of resources at September 30, 2016, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The governmental activities' unrestricted net position amount of (\$3,541,148) includes the effect of recognition of deferring the recognition of revenue resulting from capital lease interest. The \$156,982 balance of deferred inflows of resources at September 30, 2016, will be recognized as revenue and will increase the unrestricted net position over the next few years.

The business-type activities' unrestricted net position amount of (\$174,951) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$3,709 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$46,528 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years.

## Jasper County, Mississippi

### Notes to the Financial Statements For the Year ended September 30, 2016

#### (16) 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 Jasper County evaluated the activity of the County, through the date the financial statements were available to be issued, and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements.

The County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11/22/2016	1.50%	\$ 135,151	Capital Lease	Ad Valorem Taxes
1/1/2017	1.69%	33,026	Capital Lease	Ad Valorem Taxes
3/3/2017	1.75%	35,950	Capital Lease	Ad Valorem Taxes
8/24/2017	1.98%	39,167	Capital Lease	Ad Valorem Taxes
9/29/2017	1.89%	53,905	Capital Lease	Ad Valorem Taxes
9/29/2017	1.69%	39,500	Capital Lease	Ad Valorem Taxes
9/29/2017	1.49%	65,500	Capital Lease	Ad Valorem Taxes
2/6/2018	1.89%	86,500	Capital Lease	Ad Valorem Taxes
2/23/2018	2.49%	159,850	Capital Lease	Ad Valorem Taxes
5/9/2018	2.99%	350,000	Capital Lease	Ad Valorem taxes
7/23/2018	2.99%	300,000	Other Loan	Ad Valorem Taxes
7/23/2018	2.99%	300,000	Other Loan	Ad Valorem Taxes
7/23/2018	2.99%	300,000	Other Loan	Ad Valorem Taxes
8/24/2018	2.94%	106,059	Capital Lease	Ad Valorem Taxes
12/27/2018	3.19%	114,380	Capital Lease	Ad Valorem Taxes
2/4/2019	3.19%	120,814	Capital Lease	Ad Valorem Taxes
7/1/2019	2.70%	103,699	Capital Lease	Ad Valorem Taxes

## **Jasper County, Mississippi**

### Notes to the Financial Statements For the Year ended September 30, 2016

8/19/2019	2.75%	66,376	Capital Lease	Ad Valorem Taxes
8/19/2019	2.75%	60,742	Capital Lease	Ad Valorem Taxes
8/19/2019	2.75%	66,797	Capital Lease	Ad Valorem Taxes
3/4/2020	1.97%	151,910	Capital Lease	Ad Valorem Taxes
4/21/2020	1.97%	193,191	Capital Lease	Ad Valorem Taxes

On June 12, 2017, the County approved a loan receivable to Holmac for \$500,000.

On December 22, 2017, the County approved an addition of \$200,000 on the original Holmac Loan Receivable.

## REQUIRED SUPPLEMENTARY INFORMATION



**JASPER COUNTY, MISSISSIPPI**  
Budgetary Comparison Schedule -  
Budget and Actual (Non-GAAP Basis)  
General Fund  
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Property taxes	\$ 6,568,020	\$ 6,927,113	\$ 6,927,113	\$ -
Licenses, commissions and other revenue	117,800	224,528	224,528	-
Fines and forfeitures	152,500	163,386	163,386	-
Intergovernmental revenues	1,160,900	637,435	637,435	-
Charges for services	10,000	21,640	21,640	-
Interest income	16,500	15,010	15,010	-
Miscellaneous revenues	50,000	127,976	127,976	-
Total Revenues	<u>8,075,720</u>	<u>8,117,088</u>	<u>8,117,088</u>	<u>-</u>
<b>Expenditures</b>				
General government	4,925,302	3,555,546	3,555,546	-
Public safety	2,552,892	2,734,056	2,734,056	-
Health and welfare	612,390	199,145	199,145	-
Culture and recreation	24,400	0	0	-
Conservation of natural resources	56,084	50,562	50,562	-
Debt service expenditures		68,935	68,935	-
Total Expenditures	<u>8,171,068</u>	<u>6,608,244</u>	<u>6,608,244</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(95,348)</u>	<u>1,508,844</u>	<u>1,508,844</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,030,000)	(1,080,521)	(1,080,521)	-
Other financing sources (uses)		2,615	2,615	-
Total Other Financing Sources (Uses)	<u>(1,030,000)</u>	<u>(1,077,906)</u>	<u>(1,077,906)</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,125,348)</u>	<u>430,938</u>	<u>430,938</u>	<u>-</u>
Fund Balances - Beginning	<u>4,704,131</u>	<u>7,055,720</u>	<u>7,055,720</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,578,783</u>	<u>\$ 7,486,658</u>	<u>\$ 7,486,658</u>	<u>\$ -</u>

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

**JASPER COUNTY, MISSISSIPPI**  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Economic Development Trust Fund  
 For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Charges for services	\$ 14,750	\$ 9,833	\$ 9,833	\$ -
Total Revenues	<u>14,750</u>	<u>9,833</u>	<u>9,833</u>	<u>-</u>
<b>Expenditures</b>				
Debt service expenditures	<u>208,222</u>	<u>49,722</u>	<u>49,722</u>	<u>-</u>
Total Expenditures	<u>208,222</u>	<u>49,722</u>	<u>49,722</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(193,472)</u>	<u>(39,889)</u>	<u>(39,889)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(150,000)			-
Other financing sources (uses)	<u>331,680</u>			-
Total Other Financing Sources (Uses)	<u>181,680</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(11,792)</u>	<u>(39,889)</u>	<u>(39,889)</u>	<u>-</u>
Fund Balances - Beginning	<u>(24,229)</u>	<u>580,199</u>	<u>618,859</u>	<u>38,660</u>
Fund Balances - Ending	<u>\$ (36,021)</u>	<u>\$ 540,310</u>	<u>\$ 578,970</u>	<u>\$ 38,660</u>

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

**Jasper County, Mississippi**

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

## PERS

## Last 10 Fiscal Years\*

	2016	2015	2014
County's proportion of the net pension liability (asset)	<u>0.069730%</u>	<u>0.070000%</u>	<u>0.069000%</u>
County's proportionate share of the net pension liability (asset) \$	12,455,519	10,820,620	8,375,337
County's covered - employee payroll \$	4,460,809	4,387,816	\$ 4,184,298
County's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	279.22%	246.61%	200.16%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	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 06/30 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.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 703,750	\$ 702,558	\$ 656,637
Contributions in relation to the contractually required contribution	703,750	702,558	656,637
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered - employee payroll	4,468,251	4,460,686	4,169,124
Contributions as a percentage of covered - employee payroll	15.75%	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.

## **Jasper County, Mississippi**

Notes to the Required Supplementary Information  
For the Year ended September 30, 2016

### 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 supplementary 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).

## Jasper County, Mississippi

### Notes to the Required Supplementary Information For the Year Ended September 30, 2016

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 Funds</u>	
	General Fund	Economic Development Trust Fund
Budget (Cash Basis)	\$ 430,938	(39,889)
Increase (Decrease)		
Net adjustments for revenue accruals	49,511	321,127
Net adjustments for expenditure accruals	(278,395)	
Other reconciling items	(10,760)	
GAAP Basis	\$ 191,294	281,238

#### Pension Schedules

##### A. Change of Benefit Provisions

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year within a minimum rate of one percent and a maximum rate of five percent.

##### B. Change 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 3.5% to 3% and 8% to 7.75%, respectively.

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

## OTHER INFORMATION

**JASPER COUNTY, MISSISSIPPI**

## Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2016

UNAUDITED

Name	Position	Company	Bond
Eddie Helms	Supervisor District 1	RLI Insurance	\$ 100,000
Sandy Stephens	Supervisor District 2	RLI Insurance	100,000
Doug Rogers	Supervisor District 3	RLI Insurance	100,000
Johnny Rowell	Supervisor District 4	RLI Insurance	100,000
Curtis Gray, Sr.	Supervisor District 5	RLI Insurance	100,000
Barbara Ravenhorst	Chancery Clerk	RLI Insurance	100,000
Sherrie Campbell	Purchase Clerk	RLI Insurance	75,000
Ruth Regions	Receiving Clerk	RLI Insurance	75,000
Kawana Cox	Receiving Clerk	Western Surety	75,000
Frederick Campbell	Assistant Receiving Clerk	RLI Insurance	50,000
Billy King	Assistant Receiving Clerk	RLI Insurance	50,000
Robert Triplett	Assistant Receiving Clerk	RLI Insurance	50,000
Andrew Craft	Assistant Receiving Clerk	RLI Insurance	50,000
Tina Gavin	Inventory Control Clerk	RLI Insurance	75,000
Gregory Terrell	Constable	RLI Insurance	50,000
Keith Barlow	Constable	RLI Insurance	50,000
Billy Rayner	Circuit Clerk	RLI Insurance	100,000
Mary Thigpen	Deputy Circuit Clerk	RLI Insurance	50,000
Teresa Jones	Deputy Circuit Clerk	RLI Insurance	50,000
Terry Stevens	Deputy Circuit Clerk	RLI Insurance	50,000
Dana Lewis	Deputy Circuit Clerk	RLI Insurance	50,000
Christopher Sargent	Sheriff	RLI Insurance	100,000
William Paul Spurlin	Deputy Sheriff	RLI Insurance	50,000
Frank Spurlin	Deputy Sheriff	RLI Insurance	50,000
Dexmand Cooley	Deputy Sheriff	RLI Insurance	50,000
Terrance McGill	Deputy Sheriff	RLI Insurance	50,000
Barry C. Gregg	Deputy Sheriff	RLI Insurance	50,000
Cynthia Robertson	Deputy Sheriff	RLI Insurance	50,000
Phillip McCreary	Deputy Sheriff	RLI Insurance	50,000
Christopher Thompson	Deputy Sheriff	RLI Insurance	50,000
Brent Jacob Welch	Deputy Sheriff	RLI Insurance	50,000
Styron Keller	Deputy Sheriff	RLI Insurance	50,000
Robert L. Morris	Deputy Sheriff	RLI Insurance	50,000
Kolby Waldrop	Deputy Sheriff	RLI Insurance	50,000
Marcus Arrington	Deputy Sheriff	Western Surety	50,000
Justin Gressett	Deputy Sheriff	RLI Insurance	50,000
Andrew Richardson	Deputy Sheriff	RLI Insurance	50,000
Chris McCullough	Deputy Sheriff	RLI Insurance	50,000
Joe Stringer	Deputy Sheriff	Western Surety	50,000
Brandon A. Johnson	Deputy Sheriff	Western Surety	50,000
Cornell White	Deputy Sheriff	RLI Insurance	50,000
Craig Campbell	Deputy Sheriff	RLI Insurance	50,000
Charles Woodrick	Deputy Sheriff	RLI Insurance	50,000
Cecil J. Gressett	Deputy Sheriff	RLI Insurance	50,000
Larry A. Hayes	Deputy Sheriff	RLI Insurance	50,000
Kirk Thornton	Deputy Sheriff	RLI Insurance	50,000
Thomas Ray Saul	Deputy Sheriff	RLI Insurance	50,000
Jeremy Pinson	Deputy Sheriff	RLI Insurance	50,000
Coty R. Blakeney	Deputy Sheriff	RLI Insurance	50,000
R.H. Stockman III	Deputy Sheriff	RLI Insurance	50,000
Andrew Spurlin	Deputy Sheriff	RLI Insurance	50,000
James L. Smith, Jr	Deputy Sheriff	RLI Insurance	50,000
Sullivan Dukes, Jr	Justice Court Judge	RLI Insurance	50,000
Joseph Marvin Jones	Justice Court Judge	RLI Insurance	50,000
Lydia Pittman	Justice Court Clerk	RLI Insurance	50,000
Rebecca Gavin	Deputy Justice Court Clerk	RLI Insurance	50,000
Ruthie Brown	Deputy Justice Court Clerk	RLI Insurance	50,000
Mary Stewart	Deputy Justice Court Clerk	Western Surety	50,000
Stephen C. Breland	Deputy Justice Court Clerk	RLI Insurance	50,000
Pattie Ishee	Tax Assessor - Collector	RLI Insurance	100,000
Melanie Sullivan	Deputy Tax Collector	RLI Insurance	50,000
Angelia McCain	Deputy Tax Collector	RLI Insurance	50,000
Kacie Breland	Deputy Tax Collector	RLI Insurance	50,000
Kathy Phillips	Deputy Tax Collector	RLI Insurance	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  
Jasper 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, each major fund, and the aggregate remaining fund information of Jasper County, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 22, 2020. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities because the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets as required by accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jasper County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a

combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings 2016-001, 2016-002, 2016-003 and 2016-004 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as Finding 2016-005 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jasper 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as Findings 2016-001.

We also noted certain matters which we have reported to the management of Jasper County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules dated July 22, 2020, included within this document.

### **Jasper County's Responses to the Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. However, this report is a matter of public record and its distribution is not limited.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard PC  
July 22, 2020

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  
Jasper County, Mississippi

We have examined Jasper 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, 2016. The Board of Supervisors of Jasper County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

The County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets.

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

The results of our audit procedures disclosed certain instance of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our finding and recommendation and your response is disclosed below:

1929 SPILLWAY ROAD, SUITE B  
BRANDON, MISSISSIPPI 39047  
TELEPHONE 601-992-5292 FAX 601-992-2033

Inventory Control Clerk.

Inadequate controls over the inventory control system.

### Finding

Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system to account for all capital assets of the County. An effective system of internal controls should include adequate subsidiary records documenting the existence, valuation and completeness of governmental activities' capital assets as well as the depreciation of these assets. As reported in the prior twelve years' audit reports, capital asset control procedures were inadequate for maintaining an accurate inventory or adequate subsidiary records documenting the existence, valuation and completeness of capital assets. We noted the following deficiencies in the capital asset records:

1. Infrastructure improvements are not being recorded by the County for current fiscal year activity. In addition projects are not being routinely evaluated to determine whether projects should be capitalized or expensed as routine maintenance.
2. Depreciation is calculated incorrectly on numerous assets. Some of these assets have been transferred between funds or departments with the transfer starting the depreciation expense process over again.
3. Construction in progress was not recorded in the current fiscal year. Several projects were recorded to the inventory listing subsequent to this audit year.
4. Six assets totaling \$159,573 recorded in the detailed general ledger under an object code other than capital outlay.

Therefore, the Independent Auditor's Report includes a qualified opinion on the Governmental Activities. The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

### Recommendation:

The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, valuation and completeness of capital assets. Construction in progress reports should be prepared and used to include current fiscal year additions in the capital asset listing. Depreciation should be calculated in accordance with state guidelines. Capital outlay should be recorded in the proper accounting object code instead of in contractual obligations in order to be captured by the inventory control clerk.

### Inventory Control Clerk's Response:

I will work diligently to see that the capital assets are recorded correctly. I will consult our engineer on the infrastructure improvements projects and maintenance projects. Assets transferred from one department to another will not be assigned a new asset number to keep depreciation expense process from starting over.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Jasper County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

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.

Jasper County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating Jasper 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  
July 22, 2020

Certified Public Accountants

**Jasper County, Mississippi**

**Schedule 1**

Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2016

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

**Jasper County, Mississippi**  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2016

**Schedule 2**

Our test results did not identify any emergency purchases.



**Jasper County, Mississippi**

**Schedule 3**

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2016

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL  
AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Jasper County, Mississippi

In planning and performing our audit of the financial statements of Jasper County, Mississippi for the year ended September 30, 2016, we considered Jasper 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 Jasper 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 July 22, 2020, on the financial statements of Jasper County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of 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  
July 22, 2020

Certified Public Accountants

1929 SPILLWAY ROAD, SUITE B  
BRANDON, MISSISSIPPI 39047  
TELEPHONE 601-992-5292 FAX 601-992-2033

## SCHEDULE OF FINDINGS AND RESPONSES

## **Jasper County, Mississippi**

### **Schedule of Findings and Responses For the Year Ended September 30, 2016**

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

##### **Financial Statements:**

1. Type of auditor's report issued on the financial statements:

Governmental activities	Qualified
Business-type activities	Unmodified
Aggregate discretely presented component unit	Adverse
General Fund	Unmodified
Economic Development Trust Fund	Unmodified
Solid Waste	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

- a. Material weakness identified? Yes.
- b. Significant deficiency identified? Yes.

3. Noncompliance material to financial statements noted? Yes.

#### **Section II: Financial Statement Findings**

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

##### **Finding 2016-001**

##### **Board of Supervisors**

##### **Material Weakness and Material Noncompliance**

##### **Criteria:**

Section 31-7-107 Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include descriptions of assets, costs, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information. The presence of these data elements in capital asset records help identify and distinguish County assets from one another, thereby safeguarding County assets from loss or misappropriation. The information is also very important to the financial reporting process.

Condition:

As reported in the prior twelve years' audit reports, deficiencies were noted in the capital asset records:

1. Infrastructure improvements are not being recorded by the County for current fiscal year activity. In addition, projects are not being routinely evaluated to determine whether projects should be capitalized or expensed as routine maintenance.
2. Depreciation is calculated incorrectly on numerous assets. Some of these assets have been transferred between funds or departments with the transfer starting the depreciation expense process over again.
3. Construction in progress was not recorded in the current fiscal year. Several projects were recorded to the inventory listing subsequent to this audit year.
4. Six assets totaling \$159,573 recorded in the detailed general ledger under an object code other than capital outlay.

Cause:

These errors in the capital asset records were caused by failure to implement internal control procedures to ensure that all items are recorded, valued properly, and classified properly in the County's capital asset records.

Effect:

Therefore, the Independent Auditor's Report includes a qualified opinion on the Governmental Activities. The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation:

The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, valuation and completeness of capital assets. Construction in progress reports should be prepared and used to include current fiscal year additions in the capital asset listing. Depreciation should be calculated in accordance with state guidelines. Capital outlay should be recorded in the proper accounting object code instead of in contractual obligations in order to be captured by the inventory control clerk.

Board of Supervisor's Response:

I will work diligently to see that the capital assets are recorded correctly. I will consult our engineer on the infrastructure improvements projects and maintenance projects. Assets transferred from one department to another will not be assigned a new asset number to keep depreciation expense process from starting over.

## **Finding 2016-002**

### **Justice Court Clerk**

#### **Material Weakness**

##### Criteria:

An effective system of internal control over cash should include an adequate segregation of duties.

##### Condition:

As reported in the prior three audits for District 1 and District 2, it was noted that cash collection and disbursement functions in the Justice Court Clerk's offices are not adequately segregated for effective internal control and therefore, controls over cash are inadequate.

##### Cause:

The Justice Court Clerk receipts cash, prepares all bank deposits, maintains the cash journals, reconciles the bank statements, calculates the monthly settlements and disburses all funds.

##### Effect:

Failure to implement controls over cash in the Justice Court Clerk's office could result in the loss or misappropriation of public funds.

##### Recommendation:

The Justice Court Clerk should ensure there is adequate segregation of duties in the collecting, recording and settlement functions.

##### Justice Court Clerk's Response:

Deputy clerks will be preparing bank deposits and monthly settlement reports.

## **Finding 2016-003**

### **Board of Supervisors**

#### **Material Weakness**

##### Criteria:

An effective system of internal control should include the reconciliation of garbage fee collections posted in the solid waste records with the collections recorded in the general ledger along with the reconciliation of the bank account to the solid waste records.

##### Condition:

As reported in the prior two year audits, garbage fee collections were not reconciled to the County's general ledger. Also, solid waste records were not reconciled to the bank statements in both District 1 and 2.

Cause:  
Inaction.

Effect:  
Failure to reconcile accounting records and maintain cash journals could result in the loss or misappropriation of public funds.

Recommendation:  
The Board of Supervisors should establish and maintain procedures to ensure solid waste records are reconciled to the bank statements and also to garbage fee collections recorded in the County's general ledger.

Board of Supervisor's Response:  
Each district has an employee designated to reconcile the bank statements.

#### **Finding 2015-004**

##### **Board of Supervisors**

##### **Material Weakness**

Criteria:  
An effective system of internal control over cash should include an adequate segregation of duties.

Condition:  
As reported in the prior two audits, cash collections and disbursement functions in both the District One and District Two Solid Waste offices were not adequately segregated for effective internal controls.

Cause:  
The Solid Waste Clerks receipt all collections, prepare daily check-up sheets, deposit monthly settlements, take deposits to the bank, post to computerized system and write checks for all disbursements.

Effect:  
Failure to implement adequate segregation of duties could result in the loss or misappropriation of public funds.

Recommendation:  
The Board of Supervisors should take steps to ensure that there is an adequate segregation of duties in the collection and disbursement functions in the Solid Waste offices or that there is external oversight over the operations in the Solid Waste offices.

Board of Supervisor's Response:

In each District, we have clerks who receives and receipt collections, made deposits, mail out delinquent notices and perform administrative duties. Also in each District, we have different clerks who keep daily cash journals, do monthly bank reconciliations and make settlements to our County.

**Finding 2016-005**

**Board of Supervisors**

**Significant Deficiency**

Criteria:

The County should have a written Policies and Procedures Handbook that addresses situations regarding employment with the County.

Condition:

As reported in the prior eleven audit reports, the County does not have a written fraud prevention policy in place for employees.

Cause:

Exclusion of written policy in the policies and Procedures handbook.

Effect:

Failure to have an adequate prevention policy could result in the occurrence of fraud.

Recommendation:

We recommend that the Board of Supervisors develop a written fraud prevention policy and incorporate this into its employee handbook.

Board of Supervisor's Response:

Upon recommendation of a previous auditor, we have corrected this item by including it within a revised Policies and Procedures Employee Handbook.

Auditor's Response:

The personnel policies and procedures was adopted by the Board of Supervisors on February 21, 2017.